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# DEVELOPING EFFECTIVE LEADERS

## PARTICIPANT'S PACKET

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# ETHICAL LEADERSHIP



**Sue E. Williams, Ph.D.**

Professor and Head  
Human Development and Family Science  
233 Human Environmental Sciences  
Oklahoma State University  
Stillwater, OK 74078  
(405) 744-5057  
sue.williams@okstate.edu



## Introduction

Making ethical decisions requires the ability to select among competing choices, and applying ethics to real life situations is challenging and often creates conflict within ourselves and with others. As community leaders, how do you make ethical decisions under economic, professional, and social pressure? Josephson, of the Josephson Institute of Ethics, asserts that making ethical decisions is worth it, if you want a better life and a better world and for good or ill, change is always a decision away.

## Objectives

The Ethical Leadership Module is designed to:

- Integrate principles of leadership and principles of ethics.
- Enhance the capabilities of community leaders to recognize and act according to their ethical beliefs.
- Provide a forum to discuss how to build and maintain an ethical society.

## Definitions of Terms

Scheffert and Hamersly offer the following synthesis of various definitions related to ethics, values, and behavior. The following list conveys the general meaning of each term as it is used in this module and in relation to ethical leadership.

**Values:** Values are core beliefs or desires that guide and motivate attitudes and actions. Everyone has thousands of values – ethical and non-ethical.

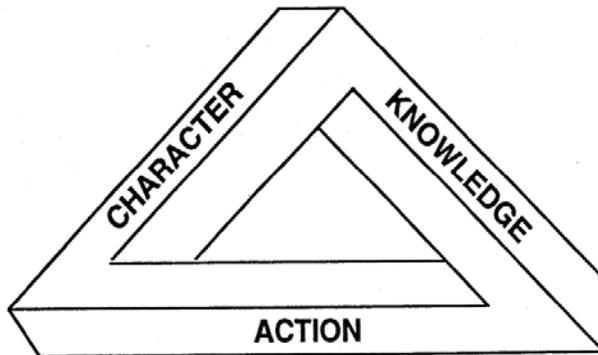
**Morals:** Morals refer to an individual's beliefs about what is right and wrong. Morals are a personal evaluation of values and behaviors. Morals can also serve as an internal alarm system. The word "mores" refers to the accepted societal customs surrounding moral issues.

**Ethics:** Ethics refer to standards of conduct that indicate how people ought to behave based on specific values and principles that define what is right. Ethics deal with the ability to distinguish right from wrong and the commitment to do what is right. There is not always a single ethical response to a problem.

There is often confusion between what people and cultures actually do (the way things are) and the more important question of what people should do (the way things ought to be). Ethics is not about the way things are but the way things ought to be.

### Three Qualities of Ethical Leadership

Scheffert and Hamersly developed a three-sided figure symbolizing the integration of three qualities of an ethical leader.



This figure is easy to envision, yet structurally impossible in practice. Instead of presenting a frame for acting ethically, it represents the dilemma created when one quality is out of sync with the other two qualities. Contemporary society puts a great emphasis on the intellectual and practical skills that make up the Knowledge and Action sides of the symbol—sometimes to the exclusion of Character. Virtue and ethics may easily be sacrificed to the pressures of the moment or the demands of knowledge. The challenge before community leaders, therefore, is to integrate the three qualities of an ethical leader.

*Ethics is about character and courage and how we meet the challenge when doing the right thing will cost more than we want to pay.*

Michael Josephson

*Ethics is a code of values which guide our choices and actions and determine the purpose and course of our lives.*

Ayn Rand

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## Activity: So, do you lie on the application?

(Slide 8)

Say you are the widowed parent of three children. You have no immediate family or close friends. A severe recession has left you jobless for 18 months. Your skills are not in demand. Six months ago you started looking outside your field, increasingly willing to take anything. But even minimum wage positions were scarce and did not pay enough for one person to live on, much less four. You're deep in debt and have filed for bankruptcy. The stress has triggered your diabetes; you have no medical coverage. You are three months overdue on the rent and have been served with an eviction notice. You've been trying to keep a cheerful, hopeful attitude for your children, who so far don't know the extent of the family's woes.

Now a job in a private household is available. The salary is higher than any you've ever received and the benefits package would cover your whole family. You are told the choice is between you and one other person, but you have to sign in writing that you have never taken illegal drugs. (This practice *is* legal in most cases.) Trouble is, you have. You used to smoke marijuana, not a lot, but regularly. You have never taken any other illegal drug and you don't use marijuana anymore either—but that hasn't changed your opinion that it is absurd and hypocritical that marijuana is illegal while alcohol and nicotine—which every year kills millions and cost society billions—aren't. (Josephson Institute of Ethics, 2002)

Would you lie on the application? Each of us may respond differently to this question. We each have reasons for our response but this difficult situation reminds us of the many challenges and ethical decisions we face daily. We come to realize that being an ethical person and an ethical leader is not easy.

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## Six Pillars of Character

Michael Josephson, founder of the Josephson Institute of Ethics in Marina Del Rey, California, convened top ethic educators across the nation in July 1992 in Aspen, Colorado, to see if the group could agree on a set of values that form the foundation of a democratic society. They created an unprecedented declaration that calls for character education based on six core values.

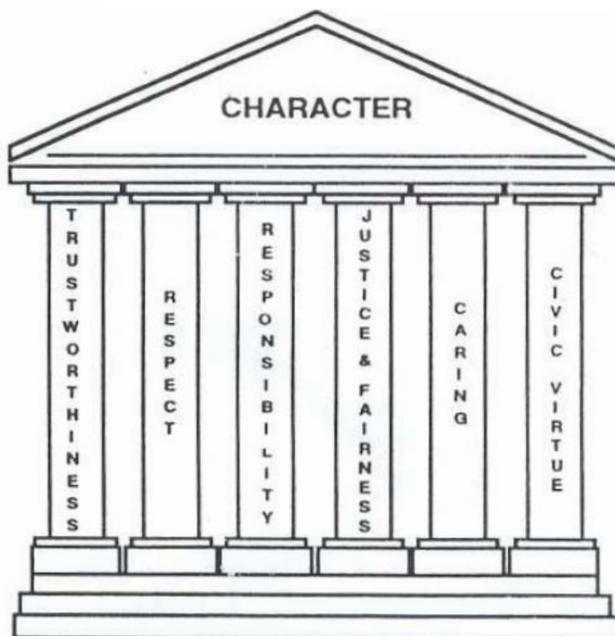
[Certain] core ethical values...form the foundation of a democratic society, in particular, trustworthiness, respect, responsibility, justice and fairness, caring and civic virtue, and citizenship. These core ethical values transcend cultural, religious, and socio-economic differences.

Aspen Declaration, July 1992

These are the core ethical values that form character. They are the values that we expect our fellow citizens to uphold.

### Pillars of Character

- Trustworthiness
- Respect
- Responsibility
- Justice and Fairness
- Caring
- Civic Virtue and Citizenship



**Trustworthiness** - Worthy of trust, honor, and confidence

- Honesty: trustful, sincere, non-deceptive, candid, not cheating
- Integrity: morally courageous, principled
- Promise-Keeping: dependable, reliable
- Loyalty: faithful, allegiant, supportive, maintains confidences

**Respect**

- Regard for the dignity, worth, and autonomy of all persons (including self)
- Treating others with courtesy, civility, politeness
- Tolerating others' beliefs
- Accepting individual differences without prejudice
- Refraining from violence, coercion, intimidation

**Responsibility** - Acknowledgment and performance of duties to others and self

- Accountability: answerable for consequences of decision
- Pursuit of excellence: diligence, perseverance
- Self-Discipline: self-control, restraint

**Justice and Fairness**

- Making decisions on appropriate factors: impartiality, avoidance of conflicts of interest
- Commitment to equity and equality
- Openness to information and ideas
- Reasonableness
- Due process
- Consistency
- Fair play

**Caring**

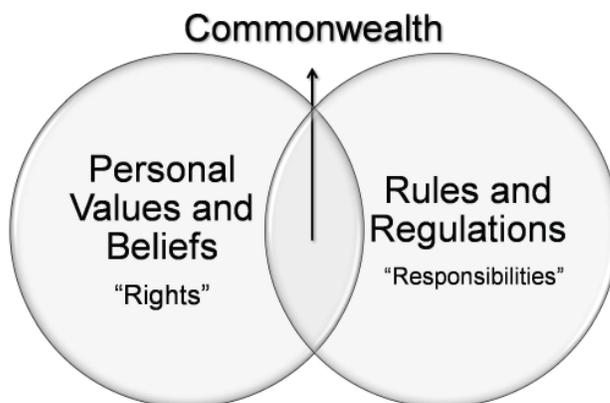
- Regard for the well-being of others
- Kindness
- Compassion
- Consideration
- Unselfishness
- Charity: altruism, giving

### Civic Virtue and Citizenship

- Recognition of and living up to social obligations
- Participation in democratic process
- Law obedience
- Protection of environment
- Community service
- Doing one's share

These six qualities are the ethical values that the leaders at the Aspen Summit agreed upon for the core of a democratic society and of good individual character. This is not a list of sure solutions to our ethical problems, but it is the list that thirty national leaders representing schools, family support organizations, faith communities, youth service groups, and ethics centers agreed to advance in their activities.

### The Commonwealth



Consider these two interlocking circles, one represents personal values and beliefs, the other, our country's rules and regulations. The middle area is referred to as the **commonwealth** (Scheffert and Hamersly, 1993).

In the Personal Values and Beliefs circle, ethics are a personal matter, and each person is entitled to equal respect regardless of beliefs. However, to refer to a practice as ethical simply because it is the result of a personal value system assumes that individuals have no connection or responsibility to others.

In the Rules and Regulations circle, the government and the rights of the majority overrule the rights of individuals. However, the law cannot regulate everything, and making all things subject to rules under-values people's common sense and willingness to do the right thing and tends to free them from taking personal responsibility for their actions.

The Commonwealth concept recognizes that citizens have both rights and responsibilities. Our actions affect others, and living up to the minimum standards imposed by society's rules is just the beginning of living an ethical life. The vast majority of actions we take and decisions we make are not governed by law, but by ethics. For example, the law does not require us to wave and say hello to our neighbor or to recycle to improve the quality of our environment. The Commonwealth concept assumes that citizens must have higher, ethical standards in order to hold the world together.

## Ethical Decision Making

When making an ethical decision, consider this thought: An ethical perspective is having the ability to be sensitive to ethical issues, make reasoned judgements, have the motivation to act ethically, follow through with action, and look back and learn from the situation.

### Aiming for Ethical Decisions

(Slide 12)

Consider each choice to be a chance to aim for a bull's eye. People who aim for the edge are hoping to get by with the minimum of ethical behavior and are more likely to miss the target altogether. Those who aim for the bull's eye aspire to more than the minimum and live with spirit and purpose. This is the aim of a person of good character.

### Difficult Situations, Competing Values

The more difficult types of ethical issues are right vs. right: deciding what to do when we must choose between competing "goods;" and wrong vs. wrong: choosing the lesser of evils. This time the playing cards say honesty, caring, and responsibility. There is no clear-cut choice, and individuals must do their best to decide which card to play.

The most difficult situations are called **ethical dilemmas**. An ethical dilemma occurs when there are several ethical responses to the situation.

*An ethical person often chooses to do more than the law requires and less than the law allows—there is a difference between what you have a right to do and what is right to do.*

Justice Potter Stewart

*Each time a person stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, [he or she] sends forth a tiny ripple of hope...and ripples build a current that can sweep down the mightiest walls.*

Robert F. Kennedy

## Classic Ethical Dilemma

The Nazi knocks on the door and asks, “Do you have any Jews in here?” The person must weigh the values of honesty, responsibility, caring, fairness, and citizenship. In this case, the answer “No, we have no Jews here” puts the values of caring and justice over the values of honesty and citizenship (following the law).

Is it okay to lie when you put a higher value on another ethical principle? If you lie, your trustworthiness is at stake, but you may choose to uphold your value of justice and caring for other people.

## Classic Ethical Conflicts

There are several tensions that are very common when making ethical decisions.

- Short-term vs. Long-term
- Principle vs. Expediency
- Self-interest vs. Others
- Conflicting loyalties
  - Self and family
  - Colleagues and co-workers
  - Division/department
  - Organization/institution
  - Constituent/stakeholder
  - Enterprise/industry
  - Community/country/public

### Example:

You are a member of a community committee that recognized outstanding community service. The nominee for this recognition put together a manual to assist local fundraising efforts. It is an excellent manual, but you know that all this person did was copy the manual from another state. Do you share your concerns with your committee who will make the decision about the award? You heard through the grapevine that you were also considered for the award.

In this example, the tensions are:

- Principle vs. Expediency—the criteria on which the award is given have not been met. But to go along with the committee would be a lot faster and easier.
- Self-interest vs. Others—although very innocently, you stand to gain if you tell what you know.

- Personal vs. Community—if your loyalty is stronger toward the individual, then you wouldn't tell what you know. If it is stronger toward the organization, then you would tell what you know.

## A Decision-Making Process

To behave ethically, it helps to closely examine behaviors and motives. People must **perceive, clarify, choose, act,** and **reassess** their behaviors based on ethical principles.

**Perceive** - recognize the ethical implications of the situation.

**Clarify** - identify the ethical values and principles of the stakeholders in the situation

**Select** - develop each option in a best/worst case scenario and choose the option that does least harm and most good for the people involved

**Act** - take action on the selected option

**Reassess** - evaluate the decision making and action and develop guidelines to avoid similar dilemmas in the future

This process can help us move beyond our internal value systems to create a fresh objective approach to an ethical dilemma.

## Ethical Decision-Making Models

As we become more conscious of everyday ethical behavior, there are several models to which we can refer for a more objective approach to ethical decision making.

How can we transform an ethical dilemma into a course of action? Decision making models help people look at ethical problems objectively. Three models are included here: Personal Warning Systems; the Bell, Book, and Candle Test; and the MORAL model. Several more complex models can be found in other literature. These models provide a framework and process to use when making ethical decisions.

### Personal Warning System (Josephson Institute of Ethics)

Ask yourself these questions. Your answer will provide clues to your course of action.

- **Kid on your shoulder:** Would you be comfortable if your children were watching you; are you setting the example you want them to follow?

- **Front page of newspaper:** Would you be comfortable if your reasoning and decision were to be publicized? For example, how would it be covered in tomorrow's papers?
- **Golden Rule:** Are you treating others as you want to be treated? Are you treating others as you honestly think they want to be treated?
- **Rule of Universality:** If everyone did this, would it still be OK?

## Bell, Book, and Candle Test

(Josephson Institute of Ethics)

- **Bell** Listen for the bells warning you of an ethical issue.
- **Book** Check to see if there are any laws, regulations, or rules that would govern/restrict your choices.
- **Candle** How will your decision look in the light? Could a reasonable and fair-minded person conclude you acted properly?

## MORAL Model (Patricia Crisham, University of Minnesota)

The MORAL model is useful when coping with more complex or difficult ethical dilemmas.

### M **Message the Dilemma**

- Identify all of the important points of the conflict.
- Decide whose interests are involved and consider their perspectives or key values.
- Identify the conflicting loyalties.

### O **Outline Options**

### R **Review Criteria and Resolve**

- Identify which principles are respected or violated in the various options.
- Add other options as they come to mind.
- Determine the priority of competing values so that you can weigh options.

### A **Act**

### L **Look Back and Evaluate**

The MORAL model is best suited for complex and ambiguous situations. As you can see from the example, it is a process to help sort options. The moral reasoning and judgment of the decision makers is still subjective but will likely be clearer than when no process is used.

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## Activity: Practicing Ethical Decision Making

### Case Study 1: The \$20 Bill

You are alone and find a \$20 bill outside of a small restaurant. What will you do?

*Using the Personal Warning Systems Model, discuss what you might consider doing in this case.*

- Kid on your shoulder
  
- Front page of newspaper
  
- Golden Rule
  
- Rule of Universality



### Case Study 3: The Caring Board of Directors

The Board of Directors of Caring Companions for Kids needs to select a new board member. They have two applications—one from a black, single mother who has volunteered extensively for the organization and one from a white male who has a track record of being the best fund-raiser in town. The Board is predominantly white male and has no representation from the consumer group. They have struggled with fund-raising and would like to get on firmer footing. Because of their by-laws, they cannot add a new seat to the Board until their annual meeting, which is almost a year away.

*Using the MORAL Model, discuss what you might consider doing in this case.*

- Massage the Dilemma
- Outline Options
- Review Criteria and Resolve
- Act
- Look Back

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## Common Rationalizations

(Josephson Institute, 1991)

In making decisions that involve ethical principles and conflicting interests of various stakeholders, it may be useful to take into account the most common rationalizations used to justify unethical conduct.

### **If it's necessary, it's ethical.**

Based on the false assumption that necessity breeds propriety. Necessity is an interpretation not a fact. Even actual necessity does not justify unethical conduct. This “end-justifies-the-means reasoning” leads to treating assigned tasks or desired goals as moral imperatives.

### **If it's legal and permissible, it's proper.**

Substitutes legal requirements (which establish minimal standards of behavior) for personal moral judgment. Does not embrace full range of ethical obligations, especially for those involved in upholding the public trust. Ethical people often choose to do less than they are allowed to do and more than they are required to do.

### **I was just doing it for you.**

Primary justification for “white lies” or withholding important information in personal or professional relationships. Consider the perspective of the person lied to. In discovering the lie, would they thank you for being considerate or feel betrayed, patronized, or manipulated?

### **I'm just fighting fire with fire.**

Based on false assumption that deceit, lying, promise-breaking, etc. are justified if they are of the same sort engaged in by those you are dealing with.

### **It doesn't hurt anyone.**

Rationalization used to excuse misconduct based on the false assumption that one can violate ethical principles so long as there is no clear and immediate harm to others.

### **Everyone's doing it. It can't be wrong.**

A false “safety in numbers” rationale fed by the tendency to uncritically adopt cultural, organizational, or occupational behavior systems as if they were ethical.

### **It's okay if I don't gain personally.**

Justifies improper conduct done for others or for institutional purposes on the false assumption that personal gain is the only

test of impropriety. A related, narrower excuse is that only behavior resulting in improper financial gain warrants ethical criticism.

### **I've got it coming.**

Persons who feel they are overworked or underpaid rationalize that minor “perks” or the acceptance of favors, discounts, or gratuities are nothing more than fair compensation for services rendered. Used to excuse all manner of personnel policy abuses (re: sick days, insurance claims, overtime, personal phone calls or photocopying, theft of supplies, etc.)

### **I can still be objective.**

Underestimates the subtle ways in which gratitude, friendship, anticipation of future favors, and the like affect judgment.

## **Why Worry About Ethical Leadership?**

It is no one person's or profession's job to care for the ethics of our society. Every person's contribution is necessary.

Ethical leaders try to tip the world's balance toward the good.

To many, ethical leadership is an oxymoron, like “jumbo shrimp,” just a contradiction in terms. To others, it is redundant, because leadership without ethics would be something else, such as coercion, manipulation, or tyranny. When ethical leadership is in the news, the story seems always to be about the ethics in leaders. Is it just the nature of the game to be pressing constantly against the limits of honesty and fairness in order to get things done?

Gary Edwards, director of the Ethics Resource Center, Inc., contends that leadership as the investment of trust into people who serve the common good. It creates value. It refines and develops services that enrich our lives. In fact, leadership is naturally ethical.

*Ethics is the name we give to our concerns for good behavior. We feel an obligation to consider not only our own personal well-being, but also that of others and of society as a whole.*

Dr. Albert Schweitzer

*When people accept responsibility for their own conduct and for the well-being of others, ethics serves to stabilize society. Ethical leadership is the antidote to despair and cynicism that is crushing our spirit and clouding our future. Ethics is our hope.*

Gary Edwards

Studies by James M. Kouzes and Barry Posner (2002) list honesty, fair-mindedness, and concern for others as qualities people look for in leaders. Kouzes and Posner challenge us to demand better from our leaders and better from ourselves as citizens. This will rebuild the trust that makes leadership work.

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*If you want to know how to live your life, think about what you would like people to say about you after you die. Then live backwards.*

Josephson Institute



1. Overall, how would you rate this module?	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
I learned something new	1	2	3	4	5
I learned something I can use	1	2	3	4	5
Materials were clear	1	2	3	4	5
The module met my needs	1	2	3	4	5

2. What did you get from the module? (Check any that apply)

Answers to questions
  Insight and support from others  
 Resource materials
  Other (specify) \_\_\_\_\_  
 Help in decision making
 \_\_\_\_\_

3. As a result of this module, I	Not At All	Slight Extent	Fair Extent	Great Extent
• View ethical leadership as an opportunity for reliable and honest actions to be made for the common good.	1	2	3	4
• Understand that when making an ethical decision you must evaluate and choose among alternatives.	1	2	3	4
• Have a better understanding of values, morals, principles, prudence and virtue, and their relation to ethical leadership.	1	2	3	4
• Appreciate that ethical leaders are individuals that are caring, fair and honest.	1	2	3	4
• Have a better understanding of the variety of ethical decision making models and how to utilize them.	1	2	3	4
• Have a better understanding of how ethical decisions can affect my community.	1	2	3	4

4. As a result of this module, I plan to make every effort to be an ethical person and leader.

Definitely Not	Probably Not	Undecided	Probably Will	Definitely
1	2	3	4	5

Please Explain:

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5. Further needs or comments:

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