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## What is Moral and (or) Ethical Leadership?

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**UNIVERSITY OF JYVÄSKYLÄ**

**School of Business**

What is Moral and (or) Ethical Leadership? A Descriptive  
Interpretative Study of Concepts

Leadership, Pro-Graduate Thesis

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# 1 INTRODUCTION

What several European revolutions, two world wars and numerous depressions could not do to London's Barings Bank in more than 200 years, one 28-yearold employee accomplished with a few computer keystrokes. And the bank collapsed...management was alerted months ago to the inadequacies of its oversight systems. But management chose to ignore that advice, presumably because everyone seemed to benefit from the system as it was (Mendonca 2001, 267)

Are we in need of moral and (or) ethical leadership? It is not hard to answer this question and as time has passed it has become more or less a rhetorical question. All one has to do is open the newspaper, turn on the radio or TV, to discover that someone has had to step down or resign after unethical practices in business or politics. It is not long ago that EU elected the French banker Jean-Claude Trichet to head its central bank after a delay due to Mr. Trichet being tried for fraud in France. Following this event Silvio Berlusconi received the EU presidency for the next six months while corruption charges still persist on his head (BBC News). Some months later Italian foods giant Parmalat suddenly files for bankruptcy because billions of euros are missing from its books; the list goes on and on. It is clear that if moral and ethical leadership is needed it is needed today more than ever.

The above examples are merely a few cases that have reached the media and crossed the news barrier. Clearly majority of ethical and moral violations take place beyond the sight of media and the authorities. It is not necessarily surprising for us then to find out that in two US experimental studies "47% of top executives and 41% of the controllers made fraudulent decisions that artificially inflated profits to increase their promotion chances" (Mendonca 2001, 267). It is clear that what reaches the media is a mere tip of the ice-berg.

It seems that the question, are we in need of moral and (or) ethical leadership? should be changed to, how much are we in need of moral and ethical leadership? to which the response most likely is, more than we can currently comprehend. Comprehending the need seems to be the biggest problem especially in the world of business and politics, as the previously cited examples show.

Comprehending the seriousness of the issue appears to be even more difficult. The problem of comprehension in terms of moral and ethical leadership may be related to the complexity of the topic and its unclear segmentation and conceptualization. There is much talk about business ethics and moral and ethical leadership, but in many cases it seems as if one were talking apples and oranges. It is also often difficult for the practitioners involved to relate the moral and ethical leadership needs into real applied terms in their life. In the following study the conceptual framework of moral and (or) ethical leadership will be addressed and developed in such a way that even the practitioner may comprehend the relationships of the different aspects and how to proceed in addressing them.

## **1.1 The Objective of the Study**

The primary objective of this study is to search for an answer to the question currently at the lips of many professionals, academics and practitioners; the question being, what is moral and (or) ethical leadership? To reach our objective interpretative study of concepts is used as a method in developing the concepts (see, Takala & Lämsä 2001; Lämsä & Takala 2003).

The process of answering what is moral and (or) ethical leadership starts first at a very elementary level in the first section by looking at the meanings and definitions of the concepts of leadership, moral, ethical, and ethics as we understand them today. From this clarification of the elements the study will then proceed further into the specific dimensions (see figures 2 & 7).

Before proceeding into the moral and ethical dimensions we will address the topic of leadership. This is due to the fact, that even after centuries of intense academic study on leadership we still do not seem to have a consensus as to what leadership really is and how to define it. This is also apparent in the writings of other researchers such as, Kanungo and Mendonca (1996). Kanungo and Mendonca quote Bennis, who had this to say about leadership in 1959:

Of all the hazy and confounding areas in social psychology, leadership theory undoubtedly contends for top nomination. And, ironically, probably more has been written and less known about leadership than about any other topic in the behavioural sciences. Always, it seems the concept of leadership eludes us or turns up in another form to taunt us again with its slipperiness and complexity. (Kanungo & Mendonca 1996, 10)

In further reflection on the development of leadership research Kanungo and Mendonca (1996) point that after three decades of research we have not become much more enlightened as can be observed from the following quote by Kets de Vries (1994):

As far as leadership studies go, it seems that more and more has been studied about less and less, to end up ironically with a group of researchers studying everything about nothing. It prompted one wit to say recently that reading the current world of literature on leadership is rather like going through the Parisian telephone directory while trying to read it in Chinese! (Kanungo & Mendonca 1996, 11).

Ironically enough (with regards to Kets de Vries) we attempt to proceed further here by adding morals and ethics to the study of leadership, and “naively” pursuing in search of meanings, and comprehensions on two of the most controversial topics of today. Since I have no desire to add to the Chinese version of the Parisian telephone directory, but rather increase the clarity of its English version, the study will remain at such a level at which it is able to contribute to a better understanding of the Moral and Ethical Dimensions Associated with Leadership, and not to complicate them further.

Even though many leadership researchers admit that the field of study is somewhat in a crisis, I still agree with Kanungo and Mendonca (1996) in that a significant amount of information has been gained by past research, and that research in the field should continue and not be given up. Society can significantly gain from the more recent developments in the field such as moral and (or) ethical leadership. The field of study is most likely in turmoil for a reason and it is perhaps a time to shift some of the boundaries and redefine concepts; separate and analyse some areas, and bring synthesis to others.

## 1.2 Research Problems

As discussed in the introduction the primary objective of the study is to search for an answer to the question “what is moral and (or) ethical leadership”. In the process other secondary questions will be touched on to expand the definition.

### **Primary Research Question (PRQ) for the study:**

*1). What is Moral and (or) Ethical in Leadership, and are the concepts the same?*

We tend to use the words moral and ethical as synonyms in daily dialogues, as well as in academic discourse. This is the reason why the terms appear separately in the research question.

## 1.3 Reason and Contribution of the Study

On a global scale we have seen a dramatic increase in the level of interest towards the topic in the last few years (for obvious reasons), especially in North-America (US and Canada), where most of the research on leadership, and moral and (or) ethical leadership takes place.

Overall the topic of moral and (or) ethical leadership has been given relatively little attention in academic writing and thus should be pursued to complement the study and research done on leadership.

The current direction of leadership research is another significant reason to pursue moral and ethical leadership as a field of study. This is due to the fact that much of the later modern and post-modern leadership theory has adopted moral and ethical aspects as part or the “heart” of their leadership concept.

Summary of Reasons:

- 1. Novel topic in the Finnish research context.*
- 2. Current public demand in the topic area.*
- 3. The global focus of leadership research shifting towards moral and ethical dimensions.*

This study attempts to bring significant theoretical contributions to the field of moral and ethical leadership, by separating and making a distinction between the different concepts of moral leadership (specifically pertaining to character and the conduct of the leader), ethical leadership (specifically pertaining to the leaders behaviour and the principles of human duty), and leadership ethics (specifically pertaining to the code of ethics). A further result of the above objectives will be introduced later as the MEDAL model of Moral and Ethical Dimensions Associated with Leadership (MEDAL), (see figure 7 for more details).

## **1.4 The Approach and Methodology of Study**

Approaching the research question is done first by analysing the aspects of moral, ethic (s), and leadership and their definitions and meanings separately, so as to define the elementary building blocks. After defining our building blocks (moral, ethic(s), and leadership) the study will proceed by identifying any possible distinctions and clarification so as to acknowledge possibilities, interpretation and expansion according to the research method selected. Finally the different ethical dimensions of leadership are developed further, with respect to specific leadership styles that are currently at the centre of the debate of moral and (or) ethical leadership.

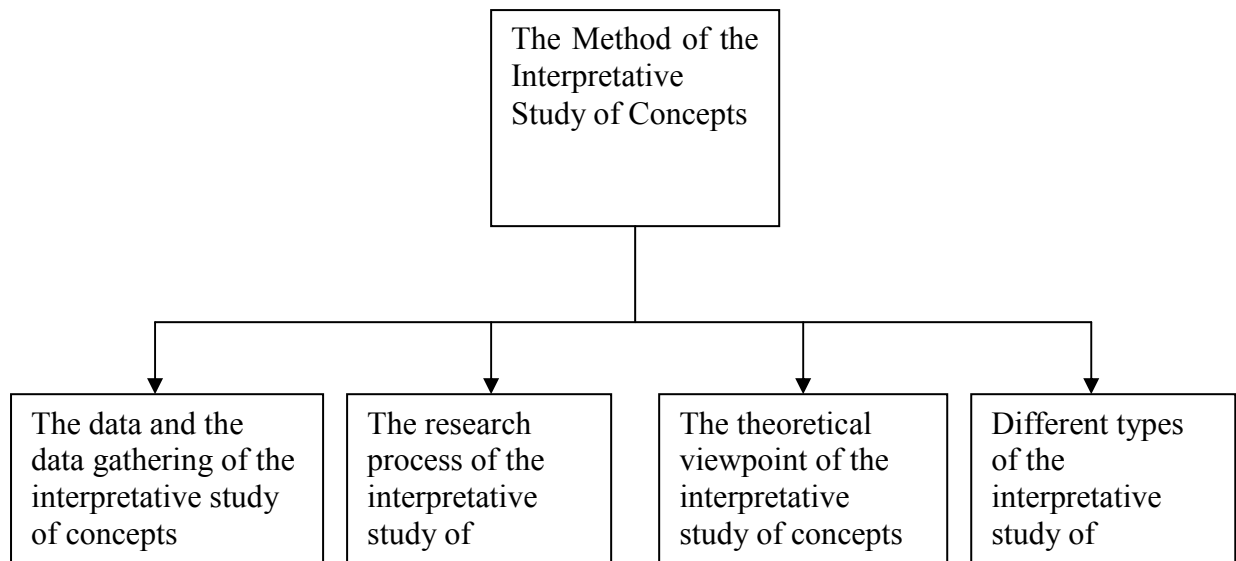
Due to the nature of the study my approach on the topic is for the most part a theoretical interpretation for the reason that the answer to our research question lies in the study of ethics, leadership, and the humanity. These topics are extremely challenging due to their nature, which is multidimensional and contains subject matter that is prone to controversy and subjectivity. Due to this multidimensionality it is not possible to give a comprehensive answer as to what moral and ethical leadership is, but rather to provide a starting point and an introduction from which further research can be developed. For this reason both analysis and synthesis will take place, and concepts (at times) are taken and introduced to the reader without full synthesis and integration into a clear conclusion. However this is part of the hermeneutic spiral and one must jump out of it at one point maybe to return later.

Due to the very basic nature of the study and its purpose in describing and defining moral and ethical leadership, many of the current more developed research methods

were found inappropriate (discourse analysis, narrative analysis, etc.) at this point. Originally discourse analysis was considered as a method and an approach, but as the research progressed it soon became clear that interpretative study of concepts could add more value to the research process (for methodological framework to be covered see figure 1). It is true that significant opportunities for the use of more advanced methods, such as discourse analysis exist within the topic area. However these opportunities require a different approach where one is not trying to define, describe and understand moral and ethical leadership, but for example describe the moral and ethical leadership discourses found in today's business news or organizational texts.

The approach of this study is qualitative, and its logic of scientific reasoning is somewhat abductive. Due to the elementary nature of the study the method used here is *descriptive interpretative study of concepts* as applied to the recent academic writings on the topic of moral and (or) ethical leadership. This is to say that the study will look at what has been written on moral and ethical leadership, which is fortunately still at this point a manageable amount of material. The analysis will then concentrate on how moral and (or) ethical leadership is defined, described, and comprehended in the academic literature and what are, or how should the concepts of moral and ethical leadership be developed.

**FIGURE 1 Interpretative Study of Concepts**



Source: Lämsä & Takala 2003

There are four different types of interpretative study of concepts approaches, 1) Heuristic interpretative study of concepts, 2) Theory-oriented interpretative study of concepts, 3) Descriptive interpretative study of concepts, and 4) Critical interpretative study of concepts (see, Takala & Lämsä, 2001, 385). Out of the four different approaches the *descriptive interpretative study of concepts* was selected as it fits best with the primary objective of the study.

The descriptive interpretative study of concepts is aimed at increasing the understanding of a concept or concepts (Takala & Lämsä, 2001). The objective of this type of a study is “to find, describe and interpret the entity of meanings” (Lämsä 2003). In the descriptive interpretative study of concepts “a researcher aims at describing and clarifying the significations given to a concept” which in this case is moral and (or) ethical leadership (Lämsä 2003).

The study follows the dialectics of the interpretative study of concepts where one moves between the stages of 1) intuition, 2) new concepts and imagination, and 3) reflective thinking (Takala & Lämsä 2001, 384; Lämsä & Takala 2003).

The dialectics of the interpretative study of concepts can be examined from the aspect of cognition science (cf. Tenbrunsel et al 1997). From this perspective the interpretative study of concepts can be defined as a way of using concepts and their meanings in creating internal models – thought structures – based on prior data (Lämsä & Takala 2001, 387; 2003).

The objective of this study is to follow the creative dialectic process in analysing the data, applying intuition, imagination and reflective thinking to it, so as to see if new concepts, ways of understanding or organizing are, can be, or need to be formed.

The data of the study consists of written texts in the area of moral and ethical leadership. This approach being called, interpretative research based on textual data (Takala & Lämsä 2001). In this approach the researcher does not interact with the producers of the data, which is the case in interpretative empirical research. Since the data exists independent of the researcher it is termed natural data.

The approach taken towards science in this study is, that of *science being careful thinking and a feeling of knowing* (Takala & Lämsä 2001). This approach depends heavily on a strong emphasis on the perspective of individual psychology. The view of scientific knowledge is defined rather by the research community than the specific individual researcher involved. Science is further seen as a dynamic living thing among the discourses of the scientific community (Takala & Lämsä 2001).

It is pointed out that the “processing of the research process of the interpretative study of concepts is a so-called hermeneutic circle (Lämsä 2003). This causes the researcher to be prepared to constantly reformulate his/her research process as the interaction of his/her ideas and the data/text takes place. This hermeneutic circle is sometimes understood as a spiral having no end, and thus requiring, as Takala and Lämsä point out (2001), the researcher to jump of the spiral at some point when “adequately interesting and relevant” interpretations have been reached (Lämsä & Takala 2003).

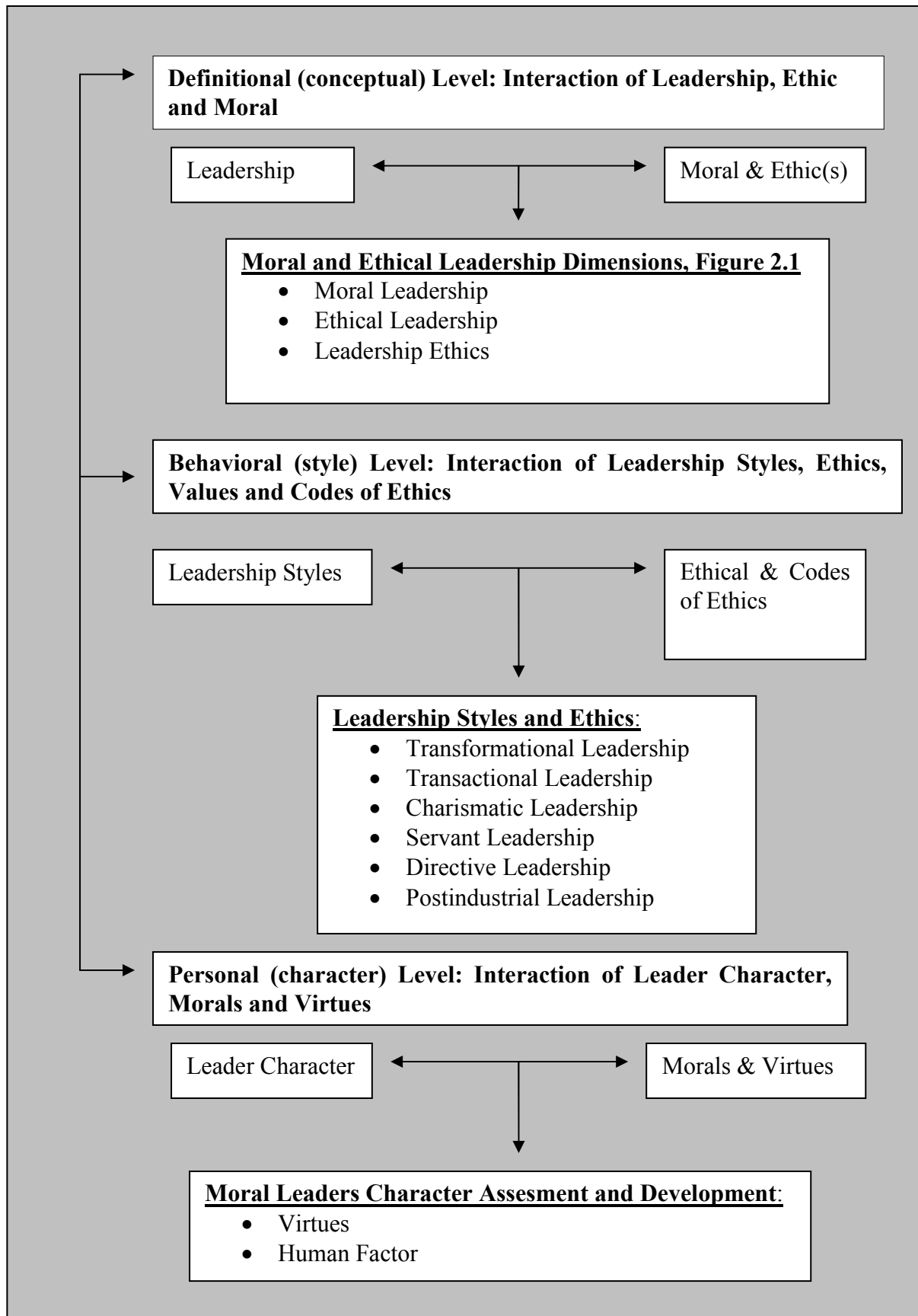
Leadership styles, their differences and similarities, as well as their relation to morals and ethics, will be looked at in the form of parallel exegetic study in section three. Later on in the study a more hermeneutic approach may be appropriate as one would want to move from trying to explain to trying to understand. Moral and ethical

leadership, as many social sciences, can only be mastered to an extent by exegetic study in trying to explain the phenomena. Further expertise requires a hermeneutic approach to provide understanding to the aspects that do not necessarily follow rational guidelines. Moral and ethical leadership may in many cases appear very irrational and confusing to many young post-modern leaders.

From the perspective of knowledge interests the study will take an approach different from the traditional approaches (technical, practical/interpretative, and critical). This approach will be something along the lines of what Niiniluoto proposes called theoretic knowledge interest (Anttila 2003). According to this approach the function of theoretic knowledge interest is to interpret aspects of reality without the traditional interpretation and control obligations, by using current theories as a the tool. The motive according to Niiniluoto is the intellectual need of human beings to analyse the surrounding world around them, and to reach truthful information about it. As for this study, pursuing the need to analyse and comprehend the concepts of moral and (or) ethical leadership as they exist in the surrounding world in which we live and are called to make moral and (or) ethical choices at an ever increasing pace.

The conceptual framework of the study consists of three levels and proceeds in the following way, 1) definitional level, 2) behavioural level, and 3) personal level (see figure 2 for more detail). In these levels the study attempts to synthesize the concepts of 1) leadership and moral and (or) ethical, 2) leadership styles and ethics and codes of ethics, and 3) leader character and moral and virtues. Now we will move on to the definitional level.

**FIGURE 2 The Conceptual Framework of the Study**



## 2 ATTEMPTING TO DEFINE ETHIC(S), MORAL AND LEADERSHIP

To start the interpretative process, the concepts of ethic(s), moral and leadership need to be carefully analysed and developed. This is done so as to introduce and provide understanding on these topics before moving on to rebuilding them. It is clear that the topics are extremely difficult to grasp by nature, and as a warning this is not an attempt at a comprehensive definition, reaching all aspects of leadership morality and ethics, but merely a prelude in this specific context.

### 2.1 Developments in the Study of Leadership

To set the stage, we will quickly outline some of the history of leadership research and look at how leadership has developed during the past century and reached its current position. This is important as our perception of what moral and (or) ethical leadership is, depends heavily on how and what leadership is perceived to be, and what constitutes leadership.

In the early 20<sup>th</sup> century leadership research was purely focused on discovering traits or characteristics that were identifiable to leaders rather than followers. In the beginning this type of leadership study was mostly concerned about different kinds of “physical characteristics (e.g., height, appearance), personality (e.g., self-esteem, dominance, emotional stability), and ability (general intelligence, verbal fluency, creativity, social insight)” (Yukl 1989, 173). As it became more evident that traits could not be identified to have a clear connection to leadership performance the focus of research shifted in the late 1940’s to behavioural or style research.

If we are to take the standpoint that the aspects of morality and ethics cannot be mutually exclusive with respect to leadership, we can see why the traits would have lacked a constant connection to leadership performance. Here we assume that there is no performance unless leadership is moral and (or) ethical. At this point there are some hands up in the class room raising the question of Stalin and Hitler and why

they would not be considered powerful leaders as they clearly were able to deeply influence people and amass large amounts of followers. The question here is between what we consider good leadership (also moral and ethical), (see, Drouillard 1996) and bad leadership (in many cases amoral and unethical). Hitler and Stalin were powerful leaders but they were not great leaders (containing the assumption that a great leader would also need to be a good leader). In other words Hitler and Stalin were powerful bad leaders who were able to have a deep influence on their followers and gain a large following, which in turn enabled them to further practice their bad leadership by killing millions of people. We then make the case here, that from our perspective leadership itself can be considered dependent on whether it is moral and (or) ethical. When referring to leadership throughout this study we mean it to be good (moral and (or) ethical) leadership.

It is also worth making the distinction that in the trait approach to leadership we are not focused on actions (doing) but on traits and characteristics which are not dependent on whether we are doing anything, rather us being something. Here then the moral and (or) ethical dimension of the leadership is applied differently depending whether our perception of leadership is focused on actions (doing) or characteristics (being). As we look at the behavioural approach more carefully we can see how our qualifications change along side of our perceptions.

Behavioural or style “approach essentially states that it is what leaders do that makes them effective.” (Aronson 2001, 245). Behavioural studies have traditionally had two subcategories, one focused on the nature of managerial work and the other focused on activity patterns of how managers spend their time (Yukl 1989, 8). In the late 1960’s again it became evident that behavioural and style studies were not telling the whole story and interest in research started shifting to the situation and conditions under which leadership took place. This type of leadership study then became called the contingency approach.

After the first major work of Fielder’s contingency theory (for more in-depth see Fielder 1967) situational leadership study quickly became very popular and produced multiple theories such as “the path-goal theory of House (for more in-depth see House 1973), situational leadership of Hersey and Blanchard (for more in-depth see Hersey

& Blanchard 1969), and Kerr and Jermier's (for more in-depth see Jermier 1978) leadership substitutes"; little later Vroom and Yetton (for more in-depth see Vroom and Yetton 1973) also came out with their theory concentrating on leader's decision – making role behaviours ranging from autocratic to consultative (Aronson 2001, 245). As the 1980's came, the contingency theories lost interest, as it was felt that they were limiting the research only to the supervisory situation of small groups, whereas, more and more researchers wanted to look at a bigger picture; taking into account the whole organization. This paved the way to what became called the "new leadership perspective", and in this new leadership perspective "researchers explored the charismatic leadership phenomenon...and related it to the transformational and transactional leadership influence processes postulated by Burns (1978)" (Aronson 2001, 246).

As we move from the behavioural perspective to contingency theory we arrive at a situation where our focus in terms of leadership has shifted from behaviour to the context. From the moral and ethic(s) perspective however, one cannot follow this shift as the success or failure of the moral and (or) ethical leadership is still dependent on behaviour regardless of the operational context.

More specifically the main leadership theories currently under discussion are charismatic and transformational leadership, with significantly more emphasis paid on the latter. Another theory which escapes our history, but which is of significant interest when investigating ethical and (or) moral leadership is Robert K. Greenleaf's "servant leadership". New theories or what we might call post-modern theories have also emerged such as Joseph C. Rost's post-industrial leadership. These theories work well with moral and (or) ethical leadership research because of their behavioural focus. The most relevant leadership theories with respect to moral and ethical leadership will be discussed in a separate section later on.

With this brief background on the developments in leadership research we will move on to address the definition of leadership more specifically. We will take a look at how the definition of leadership has developed in the past century, so as to be able to establish a working definition of leadership for this study before moving to the moral and (or) ethic(s) aspects.

## 2.2 Defining Leadership

As Yukl points out the word “leadership” is a word that has been taken out of the common vocabulary and applied to professional contexts (Yukl, 1989). Thus the word leadership is frequently applied to many different contexts without defining it first, thus causing confusion. Another problem arises as the term “leadership” is often defined in very different ways by different individuals, to the extent that after reviewing leadership literature, Stogdill concluded that “There are almost as many definition of leadership as there are persons who have attempted to define the concept (Yukl 1989, p. 2). Bennis further noted in one of his early articles (1959) that:

Always, it seems, the concept of leadership eludes us or turns up in another form to taunt us again which its slipperiness and complexity. So we have invented an endless proliferation of terms to deal with it...and still the concept is not sufficiently defined (Yukl 1989, 2).

Another factor further contributing to the confusion is the inclusion of other less precise terms, such as, “power, authority, management, administration, control, and supervision” to the phenomena of leadership (Yukl 1989, 2).

To start out, let us consider a few definitions of leadership and partly the historical development of the leadership definition, so as not to make the common mistake Yukl is referring to.

Recently the Journal of Business Strategy (2003) published a brief article on the definitions of leadership. The article also concluded that there were significant differences in the definitions where some seek to “emphasize the collaborative nature of leadership, while others see an imperative to preserve the distance between leaders and followers” (Townsend & Bennis, 2003). The unifying view among the definitions was however, that leaders are individuals who take on themselves challenges that no one else is willing to take. Even though Warren Bennis noted earlier that the concept of leadership eludes him, he has provided his own definition of leadership here as follows:

Leadership is the wise use of power. Power is the capacity to translate intention into reality and sustain it (Townsend & Bennis, 2003, 48).

To continue the thought to the realm of moral and (or) ethical leadership we can further state that with power comes responsibility and accountability, and with responsibility and accountability come moral and (or) ethical responsibility and accountability resulting in something called good or bad leadership (see, Drouillard 1996) or leadership and non-leadership. Following this logic it is clear that morality and ethic(s) has a significant role to play in leadership and even whether someone's behaviour can be considered to be leadership (by this logic Hitler and Stalin can be and often are disqualified as leaders). This shows that it may even be impossible to attempt on a universal definition of leadership, bringing up the question (and argument) whether leadership can exist at all without it being moral and (or) ethical leadership? It is clear that the definition of leadership appears to be extremely dependent on the aspects of what we will still here call moral and ethical.

For contrast it is useful to take a look at how the definition of leadership has developed over time and map out some of its direction. Joanne B. Ciulla (1998) has done exactly this and in her book "Ethics the Heart of Leadership" she lists a chronology of leadership definitions from 1920's to 1990's in the following way.

1920s [Leadership is] the ability to impress the will of the leader on those led and induce obedience, respect, loyalty, and cooperation.

1930s Leadership is a process in which the activities of many are organized to move in a specific direction by one.

1940s Leadership is the result of an ability to persuade or direct men, apart from the prestige or power that comes from office or external circumstances.

1950s [Leadership is what leaders do in groups.] The leader's authority is spontaneously accorded him by his fellow group members.

1960s [Leadership is] acts by a person that influence other persons in a shared direction.

1970s Leadership is defined in terms of discretionary influence. Discretionary influence refers to those leader behaviours under control of the leader which he may vary from individual to individual.

1980s Regardless of the complexities involved in the study of leadership, its meaning is relatively simple. Leadership means to inspire others to undertake some form of purposeful action s ad determined by the leader.

1990s Leadership is an influence relationship between leaders and followers who intend real changes that reflect their mutual purposes. (Ciulla 1998, 11)

After analysing this recent historical development of the definition of leadership Ciulla also notes that, “where the definitions differ is... particularly in terms of their implications for the leader-follower relationship” (Ciulla, 1998). In other words the controversy today and in for the past decade has focused on the area of how leaders get people to do the things they want them to do. How to “impress, organize, persuade, influence, and inspire” followers to move in a specific direction (Ciulla, 1998). Further Ciulla notes that the definitions of 1920’s, 1970’s and 1980’s have authoritarian elements where as the definitions of 1940’s, 1950’s, and 1960’s imply “a non-coercive, participatory, and democratic relationship” between leaders and their followers.

When taking into account the brief spectrum of definitions presented here, it is evident that they are not mutually exclusive when viewed from the perspective of morals and (or) ethics. On the one hand we have the definitions of leadership that focus on the action, the how to “impress, organize, persuade, influence, and inspire” others. In this case the qualifying criteria for leadership, the moral and (or) ethic(s) microscopes is applied to the specific actions in question. On the other hand we have an interactive, participatory and relationship oriented focus to leadership in which the moral and (or) ethic(s) microscopes is applied to the interaction and the relationship and the moral and (or) ethic(s) of this interaction or relationship. To sum up we have focuses of action as well as interaction to take into account.

As a result when looking from the moral and (or) ethical angle, moral and (or) ethical leadership is not dependent on the definition and can work irrespective of how leadership is defined (but not the other way around). However, it would be unnecessarily restrictive to adopt a working definition of leadership that would focus purely on the authoritative actions of an individual to define their leadership. Thus it is wise to adopt a more comprehensive definition where actions, other behaviours, interaction and the relationship are all taken into account. When talking about moral and (or) ethical leadership it is worth making the point that we are not restricted to just doing (actions, interaction, etc.), but also the non-behavioural aspect of being (character) constitutes a part of moral and (or) ethical leadership.

Having stated our approach in the above way we can adopt a working definition of leadership from the 1990's as it is quoted by Ciulla (1998).

*Leadership is an influence relationship between leaders and followers who intend real changes that reflect their mutual purposes.* (Ciulla 1998, p.11)

Having defined leadership, the study can now move on to a more detailed study of the moral and (or) ethical aspects of leadership, and how to approach and define it, so as to fully answer our main research question; what is moral and (or) ethical leadership?

### **2.3 Distinguishing Ethic(s) and (or) Morality in Leadership**

What do we mean by ethic(s) and moral in the first place and can we consider them to be synonyms as is often done? Most academic writers in the area of moral and (or) ethical leadership use the two terms as if they were synonyms, even though they acknowledge some of the differences. If differences are recognized would it therefore be beneficial to moral and (or) ethical leadership research if distinctions were clearly made between the terms, which would allow further development of the concepts of moral and ethical leadership.

The review of the terms moral and ethic(s) are based on academic literature (see, Ciulla 1998, Kanungo and Mendonca 1996, and Frankena 1973) on moral and (or) ethical leadership, The Blackwell Encyclopedic Dictionary of Business Ethics (see, Werhane & Freeman 1997, 248), and the Oxford English dictionary (see, Oxford English Dictionary 2004). As a result we begin outlining and distinguishing the conceptual framework starting with the concept of ethical, ethic and ethics.

Starting from the very basics we first take a look at how the Oxford English Dictionary (OED) defines ethic(s) and morality.

## **Ethic, a<sup>1</sup>. and n<sup>2</sup>:**

Relating to morals. Of an author or literary work: Treating of moral questions, and of ethics as a science. Characterized by 'ethos.

The science of morals; cf. 2. A scheme of moral science. (Oxford English Dictionary OED 2003).

## **Ethics: a. the science of morals; b. a scheme of moral science.**

The *science of morals*; the department of study concerned with the *principles of human duty*. A treatise on the science; spec. that of Aristotle. As discrete plural: Ethical maxims or observations.

In narrower sense, with some qualifying word or phrase: a. The *moral principles or system* of a particular leader or school of thought.

The *moral principles* by which a person is guided. The rules of conduct recognized in certain associations or departments of human life. (Oxford English Dictionary OED 2003).

The OED spells out the definition of ethics in the way that many of us understand ethics, as the *principles* regarding our duty as humans. Aronson (2001) defines it as follows, "Ethics is essentially the study of standards for determining what behaviour is good and bad or right and wrong." This definition and understanding, is also associated to ethics in the other contexts that we are most familiar with such as business ethics or corporate ethics. Frankena (1973) defines ethics as "a branch of philosophy; it is moral philosophy or philosophical thinking about morality, moral problems and moral judgements." Meaning that in this context of philosophy the morality is not universal or absolute, but rather relative and open to debate and change.

As noted by Jan Narveson in The Blackwell Encyclopedic Dictionary of Business Ethics, ethics in a narrower sense "applies to most of the moral philosophy of earlier time", and is concerned with norms of conduct of people in social groupings (Werhane & Freeman 1997, 248). As we broaden the concept however we should make note of three aspects, first an aspect of "*we*" where "ethics has never been entirely self-addressed, but rather is a general inquiry" (Werhane & Freeman 1997, 248). Second there is a normative aspect of "*should*", concerning "what to do, what

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<sup>1</sup> Symbol a standing for adjective

<sup>2</sup> Symbol n standing for noun

would be good or bad, right or wrong, wise or unwise” (Werhane & Freeman 1997, 248). Thirdly there is an aspect of “*do*” that is also concerned with character and “what we should be like, rather than the question of which actions we should perform.” With respect to the definition of ethics it has to be acknowledged that when defining ethics in its broader sense we can find conceptual separation into different categories already as demonstrated above (Werhane & Freeman 1997, 248). However even though this separation is perhaps noted on a mental level it is not used or reflected in writing about the topic in such a way that it would bring clarity to the study of moral and (or) ethical leadership. Thus it is suggested here that there should be further development of the concepts and dimensions.

We can raise questions concerning these concepts and dimensions and whether moral leadership already falls under ethical leadership or is perhaps an impossibility as a term. Further questions may also arise concerning how narrow or broad these terms and concepts are and whether there is justification for them to stand independently.

Moving on to the question of moral(s), how then do we understand and define moral(s)? Again the Oxford English Dictionary helps us in this by defining morals the following way:

**Moral, a:**

Relating to, affecting, or having influence on a person's *character or conduct*, as distinguished from his or her intellectual or physical nature.

Of an action: having the property of being right or wrong, or good or evil; voluntary or deliberate and therefore open to ethical appraisal.

Of a person, etc.: capable of moral action; able to choose between right and wrong, or good and evil.

Of knowledge, an opinion, etc.: relating to the nature and application of the distinction between right and wrong, or good and evil.

Of a feeling: arising from an apprehension or sense of the goodness or badness of an action, *character*, etc.

Of or relating to *human character or behaviour* considered as good or bad; of or relating to the distinction between right and wrong, or good and evil, in relation to the actions, desires, or *character* of responsible human beings; ethical. (Oxford English Dictionary OED 2003).

Now as we look at the definitions of morals we should identify a few things. First of all they are concerned with action, as well as, the judgement of good or evil, right or wrong. Second they are associated in many cases with a person's character. For example, one having a moral character or an immoral character, thus morals becoming a question of character. We may not however, consider someone to have an ethical character as ethics is not directly associated with character, but rather set principles of behaviour or conduct. Morals with respect to character go a level deeper than ethics they are more personal.

One can make a statement that someone demonstrates moral leadership, meaning that that person possesses a high moral character and thus in their relationships and interactions with others casts an influence on them (thus demonstrating moral leadership). Morality with respect to leadership could be considered innate to character in many respects, thus differentiating it from ethical leadership.

From a conceptual perspective it appears that there is reasonable justification here for further development of the aspects of moral and ethical with respect to leadership.

## **2.4 Ethic(s), Moral, Synonyms?**

As we have established it is clear that both ethic(s) and moral do overlap to some extent and this is the reason that has enabled or caused them to be used as synonyms. As we already mentioned, it would be beneficial to leadership if a separation between the two was made allowing for a deeper insight into the constructs of moral and ethical leadership.

This conflict brings one in front of a difficult conceptual decision, when trying to find out and describe what ethical or moral leadership is. With respect to leadership should the terms ethical and moral be used as synonyms or not? The easy way out would be to decide in favour of using them as synonyms and thus not having to define them separately, this however, would not help in bringing further understanding, clarity and coherence to the study of moral and ethical leadership, nor is this in accordance to our method of descriptive interpretative study of concepts. Thus I

choose not to use the terms moral and (or) ethical leadership as synonyms; in other words I choose to acknowledge that there is a distinct difference that should be acknowledged. After further research and discourse on the differences, this distinction may prove beneficial to the field of leadership study. This distinction could in the long run, help our understanding of the aspects of ethical and moral leadership.

From the previously given definitions it is clear that even though parallel in some respect the terms ethic(s) and moral are very different in other respects. As already note, *ethic or ethics* relates more to the science or scheme of morals and to the principles of human duty, where as, *morality* relates more to a persons character or conduct.

The above distinction between ethic(s) and moral would be one worth making in the context of leadership as well, where moral leadership pertains to the persons character and conduct and the leadership that flows out of this character and conduct; while ethical leadership would pertain to the leaders actions with respect to the principles of human duty and moral science. It could be argued, that especially due to the confusion about the meaning (or meanings) of “ethical leadership” it is not only desirable that the distinction be made but absolutely necessary. The areas relating to the moral leader’s character and conduct, and the ethical leaders accordance to principles of human duty and moral science are in themselves more than sufficient areas of research to even provide a new school of thought. It would be hard to argue that we do not need it.

After making distinctions between the terms of ethic(s) and moral, I would suggest further separation in terms of the broader concepts, or the specific areas of study. The areas of study could be identified as “*moral leadership*”, “*ethical leadership*” and “*leadership ethics*”.

The reader should however note that the mainstream understanding and practice is to use the two terms moral and ethical as synonyms (Ciulla, 1998, 2003; Kanungo & Mendonca, 1996) and in some cases in this thesis that may even be the case as we will not take the liberty of trying to interpret which one an author is intending to have used

while elaborating on “moral leadership ethics”. Some authors as Kanungo and Mendonca (1996) also note ethics pertaining to rules of conduct and morals pertaining to character but still associate them as synonyms. Frankena (1973) also makes the distinction that ethics is “sometimes used as just another word for “morality,” and sometimes to refer to the moral code or normative theory of an individual or group”. As I will not intend or be able to bring any kind of finality or consensus to this issue here, but simply to note that this is an issue that perhaps requires study and a response from the authorities on the subject.

After having further developed the concept of moral and ethical leadership into *moral leadership*, *ethical leadership* and *leadership ethics*, we also have to note that this has an effect on our approach to the primary research question *what is moral and ethical leadership?* We must acknowledge that sublevels are created under the primary research question where moral leadership and leadership ethics are discussed in more detail and their definitions further developed in the mind of the reader.

In this study there will be three ways the above terms will be used. For the most part of the study when talking about mainstream ethical leadership both terms ethical and moral will be mentioned. When discussing the topic in the section on character and character development however, the term moral leadership will be used. And finally whenever there are direct quotations the most likely term to appear will be ethical leadership.

## **2.5 Role of Deontology and Teleology**

In trying to discover what moral and (or) ethical leadership is, it is important to try to understand how an ethical act is defined, and thus, what constitutes moral or ethical behaviour. In the literature on ethics, there are several different approaches to defining whether behaviour or an act is moral or ethical and what can be considered moral or ethical behaviour. (See, Aronson 2001 and Frankena 1973). The main theoretical perspectives presented here provide a foundation for further analysis and understanding of moral and (or) ethical leadership. In this section we will take a

closer look at the following topics, *deontology*, *teleology*, *utilitarianism*, *egoism*, *altruism*.

In the writings of business ethics there are two perspectives that are most commonly discussed in terms of behaviour, actions and their effects; deontology and teleology. In trying to answer what moral and (or) ethical leadership is, it is beneficial for us to establish what these theories of ethics are, and see what their contribution is to the overall debate. By doing this we are able to further define moral and (or) ethical leadership and to understand the different considerations that need to be taken into question.

Deontological theories hold that there are other considerations which make an action or a rule to be right and that the rightness or goodness of it is not wholly dependent on its consequences, but rather the moral obligation (Frankena 1973, 15). Deontological theories acclaim that there are specific features of the acts themselves that make them ethical, these being other than the non-moral value being brought into existence. Examples of this could be as Frankena points out “the fact that it keeps a promise, is just, or is commanded by God or by the state.” Aronson put this all very clearly in stating that deontology “may be described as the theory of study of moral obligation.” (Aronson 2001, 248).

Deontological ethics considers a leader’s actions to have intrinsic moral status. An act is considered moral when it is performed with a sense of obligation or when it stems from a sense of duty guided by pure reason (Kanungo 2001, 260).

Deontology or the study of moral obligation, then, can be divided into two main categories, rule deontology and act deontology. Rule deontology pertains to a view that “in all circumstances individuals should follow a set of predetermined standards or rules, so that behaviour is ethical or unethical not as a consequence of the action, but as compared to the standards themselves” (Aronson 2001, 248). Further Aronson emphasises that the ethical judgement is concerned about the general principles, which may be constructed from a set of more specific guidelines of how people should behave in specific situations.

Frankena gives the statement, “We ought always to tell the truth” as an example of a fairly concrete rule in terms of rule deontology (Frankena 1973, 17). According to Frankena’s thinking, Samuel Clarke, Richard Price, Thomas Reid, W.D. Ross and Immanuel Kant can be classified as either rule deontologist or act deontologist. He points out that when “conscience” is used as the guide or standard of morality one can be classified either rule or act deontologist, with the separation of conscience providing the particular rules in the first case and making the individual judgements in the second case.

Act deontology according to Frankena “maintain that the basic judgments of obligation are all purely particular ones like, “In this situation I should do so and so,” and that general ones like, “We ought always to keep our promises” are unavailable, useless, or at best derivative from particular judgements” (Frankena 1973, 16).

In act deontology, “people act ethically according to their norms, but this is limited to particular behaviours, implying that there may be exceptions to the rule” (Aronson 2001, 248).

In the extreme case according to Frankena (1973) one must “decide separately in each particular situation what is the right or obligatory thing to do, without appealing to any rules and also without looking to see what will promote the greatest balance of good over evil for one-self or the world.” Here at the extreme one can see the separation of act deontology from rule deontology; having made the distinction let us now take a look at teleology.

Teleology is the study of the created non-moral value and its measurement. Teleological perspectives are outcome oriented and stress “the outcome, as opposed to the intent of individual behaviour” (Aronson 2001, 248). In terms of teleological ethics, a leader’s actions as such have no moral status, as it is considered that only the outcome (the ends) determine the morality or lack of morality of the leadership demonstrated (Kanungo 2001). By this logic George W. Bush is free to invade Iraq even without grounds for doing so, as long as the outcome and the end result is good (this could include restoration of justice, freedom, safety and quality of life).

As Aronson points out there are several classifications of teleological theories in academic literature, however, the most significant ones for discussion in our case of *leadership ethics* would be the theories of *ethical egoism*, *act utilitarianism* and *rule utilitarianism*.

A teleological theory holds to the perspective that “the basic or ultimate criterion or standard of what is morally right, wrong, obligatory, etc. is the non-moral value that is brought into being” (Frankena 1973, 14). By this we mean the comparative quantitative balance of non-moral good over evil. Aronson puts this well in his interpretation of Frankena noting that “an act is moral if it is judged to produce a greater degree of good over evil than any other alternative, and is immoral if it does not do so” (Aronson 2001, 248). As Frankena states “an act is right if and only if it or the rule under which it falls produces, will probably produce, or is intended to produce at least as great a balance of good over evil as any available alternative; an act is wrong if and only if it does not do so” (Frankena 1973, 14). It is good to note here that, what we mean by non-moral is the absence of an ethical issue in determining the end result (see Frankena 1973 and Aronson 2001)

According to ethical egoism “one is always to do what will promote his own greatest good—that an act or rule of action is right if and only if it promotes at least as great a balance of good over evil for him in the long run” (Frankena 1973, 15). This view was held by such persons as Epicurus, Hobbes, and Nietzsche. If however, ethical egoism or the deontological theories do not appeal to one’s self, the alternative theories of ethics are usually sought in the theories of utilitarianism (Frankena 1973).

Utilitarianism or ethical universalism holds to the view that the “sole ultimate standard of right, wrong and obligation is the principle of utility, which says quite strictly that the moral end to be sought in all we do is the greatest possible balance of good over evil (or least possible balance of evil over good) in the world as a whole” (Frankena 1973, 34). In this case again the good and evil pertain to non-moral good and evil. For the exception of “Ideal utilitarians” (such as G.E. Moore, Hastings Rashdall), the traditional utilitarians have usually been hedonist, meaning that from their perspective the moral end is concerned with the greatest balance of pleasure over

pain Frankena 1973, 16). The ethical judgement based on the utilitarian condition of greatest pleasure for the greatest number (Kanungo 2001, p. 260).

Act-utilitarianism is based on the principle which “holds that in general or at least where it is practicable, one is to tell what is right or obligatory by appealing directly to the principle of utility or, in other words, by trying to see which of the actions open to him will or is likely to produce the greatest balance of good over evil in the universe” (Frankena 1973, 35). In this case George W. Bush would have to evaluate the balance of good vs. evil that comes as a result of his actions; where the good results and remains is much more difficult to determine. Aronson adds that act-utilitarianism is not restricted but free of rules regardless of if they are resorted to or not (Aronson 2001, 249). According to Aronson rules may serve as a guide but do not strictly form part of the ethical decision.

Rule-utilitarianism in much the same way as rule-deontology emphasizes the importance of rules in determining the morality of a particular situation. The difference comes in with respect to deciding which rules to resort to. The rule-utilitarian has to determine “which rules will promote the greatest general good for everyone”, in other words it is a question of which rule has the greatest utility (Frankena 1973, 39). In this situation George W. Bush would be able to use a specific set of rules to determine the good vs. evil dilemma that he previously had, being a pure act-utilitarian.

Having briefly presented the perspectives of deontology and teleology, as well as, their different natures it is time to consider if they provide solutions to our question of what is moral and (or) ethical leadership? Is there a single perspective presented here, that could be applied by moral and (or) ethical leaders a deontological or a teleological one? This seems not to be the case. It does not appear that any, “one”, theory in itself would be able to provide guidance to the moral and ethical leader, and Frankena and Aronson mutually agree with this (see, Frankena 1973, Aronson 2001).

For alternatives, however, Frankena and Aronson propose different solutions. Frankena proposes his own theory of obligation, a mix of the principles of beneficence and the principle of justice. Aronson on the other hand proposes a view

held by Macdonald and Beck-Dudley that “what is lacking in the traditional deontological-teleological dichotomy is a consideration of traditional teleology, often termed virtue ethics.” The perspective of virtue ethics and traditional teleology also satisfies the Moral and Ethical Dimensions Associated with Leadership (MEDAL) model and we will proceed into a discussion of traditional teleology and virtue ethics as the aspect of moral leadership is addressed in the section on character.

## **2.6 Altruism and Egoism**

Altruism and its counterpart egoism are two of the most significant concepts related to moral principles and actions in the discussion on moral and (or) ethical leadership (see, Kanungo and Mendonca 1996, Kanungo 2001, Ciulla 1998 & 2003). This is due to the reason that a great many things rest on the leaders perspective (either altruistic or egotistic), this perspective then determines for example in the case of utilitarianism as to what a person views to be good or evil. Kanungo and Mendonca (1996) hold to the view that the ethical dimensions of leadership should rest on altruism and that altruism should be promoted further in organizations to attain moral and ethical leadership. This view is not adopted by all academics in the field even though altruism is considered a positive characteristic. Some of the most in dept discussion on the topic can be found in Kanungo and Mendonca (1996) (see also Kanungo 2001).

In it’s simplest form we can define altruism as “a regard for the well being of others” (Kanungo 2001, 251). The definition can be further expanded into moral altruism, which Kanungo defines as “a helping concern for others with no regard for the cost to one-self.” Kanungo also notes that the concept of moral altruism is cross-cultural and universal by nature. This consideration of moral altruism as a “heritage of all cultures” is further demonstrated by the Biblical account of the Good Samaritan cited by Kanungo and Mendonca (1996, 92).

To convey the essence of altruistic and egotistic behaviour Kanungo and Mendonca (1996) site the Biblical account of the Good Samaritan where different types of behaviour can be observed:

A certain man went down from Jerusalem to Jericho, and fell among thieves, which stripped him of his raiment, and wounded him, and departed, leaving him half dead. *31* And by chance there came down a certain priest that way: and when he saw him, he passed by on the other side. *32* And likewise a Levite, when he was at the place, came and looked on him, and passed by on the other side. *33* *But a certain Samaritan, as he journeyed, came where he was: and when he saw him, he had compassion on him,* *34* And went to him, and bound up his wounds, pouring in oil and wine, and set him on his own beast, and brought him to an inn, and took care of him. *35* And on the morrow when he departed, he took out two pence, and gave them to the host, and said unto him, Take care of him; and whatsoever thou spendest more, when I come again, I will repay thee. (Holy Bible, Luke 10:30-35).

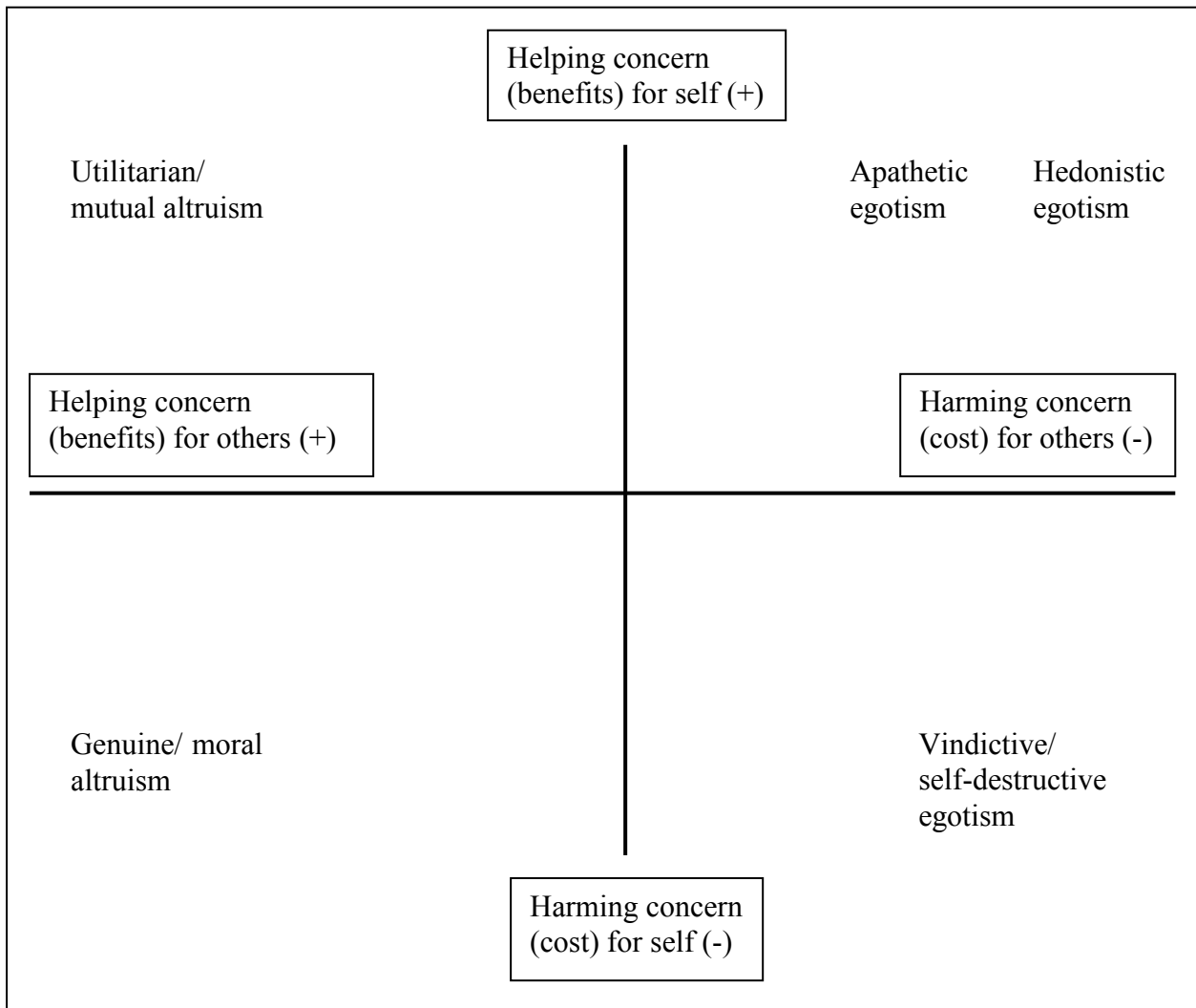
As Kanungo and Mendonca (1996), (see also Kanungo 2001) point out three types of behaviour can be identified from the account. 1) Egotistic behaviour when the thieves intentionally harm the traveller for their own personal gain. 2) Egotistic behaviour when the Levites show no compassion, but rather “apathy” for the man and try to ignore the whole incident. 3) Altruistic behaviour when the Good Samaritan without any gains on his own part stops to help and take care of the traveller. Even though we are dealing with three different incidents in the account of the Good Samaritan, we can, as noted above, categorise the behaviour to be either egotistic or altruistic. Egotistic meaning benefiting one’s “self” and altruistic meaning benefiting “others” (Kanungo & Mendonca 1996).

To fully understand altruism, however, we need to take a deeper look into its definition. The definition of altruism has a two-fold nature as defined by social psychologists (Kanungo & Mendonca 1996). First there is a “willingness to sacrifice one’s welfare for the sake of another”, which is defined “as an attributed dispositional intent to help others” (Kanungo and Mendonca 1996, 33). In other words a purposeful inclination to help the “other” without expecting any kind of reward in return. The second aspect of the definition concerns the “manifest behaviour and its consequences”, the behaviour being altruistic in this case, not the intent. In other words the nature of altruism can be understood through both the intentions, “an internal state” and the actions a behavioural state (Kanungo & Mendonca 1996). The internal state is important because it flows from character. Both the internal and the external state need to exist however for the behaviour to be truly altruistic. Considering leadership the external behavioural state is necessary from the ethical leadership perspective, and the internal state from the moral leadership perspective.

Altruism is widely accepted as Kanungo and Mendonca (1996) point out, “Altruism is highly regarded in all cultures as the epitome of sound moral principles.” Altruism is so highly regarded that usually “Even those whose behaviour is inconsistent with this moral principle rarely deny its validity” (Kanungo & Mendonca, 1996).

The two forms of altruism and their relationship to utilitarianism, hedonism and the egotistic intent are well demonstrated in the following diagram by Kanungo and Mendonca (1996), (see figure 3). The figure outlines the whole field of altruism-egotism with respect to the aspects of helping concern and harming concern.

**FIGURE 3 Forms of Altruistic and Egotistic Behaviour**



Source: Kanungo and Mendonca 1996, 39.

Continuing from altruism into determining what constitutes a morally good act from the perspective of Kanungo and Mendonca (1996), we are offered a view different from the earlier discussion ethics. When addressing the issue of a morally good act Kanungo and Mendonca point to Thomas Aquinas and his three factors or criteria of a morally good act.

According to Aquinas a morally good act consists of “(a) the objective act itself, (b) the subjective motive of the actor, and (c) the situation or circumstances in which the act is done” (Kanungo & Mendonca 1996, 33-4). What the objective act itself criteria is to determine is whether the intentions of the actor are good. “Thus, to act justly is an objectively good act, just as to murder is an objectively evil act.” Second the actor must have good intentions, rewarding employees with stock options as part of a pay incentive must not be done in order to make the company’s earnings look better on the balance sheet, but for truly rewarding for good performance. Finally the situation and circumstances must be evaluated, Kanungo and Mendonca (1996) use the example of giving money to the poor and how this would by most be considered morally a very good thing, however if one knew when giving the money that it would go to buying alcohol or drugs the situation would be reversed or complicated.

Kanungo and Mendonca (1996) emphasize that to determine the moral goodness of the act one must make sure to consider all three factors, and further the “controversies in normative theories of ethics exist because these theories or ethical systems emphasize one part to the neglect of the other parts.” Focusing specifically only on one of the factors will in every case fail at closer scrutiny. Considering the issue of taking a human life would from a purely normative perspective be readily condemned, however if this was done in self defence responding to an assault in order to protect one’s own life and the life of one’s family, the case is reversed. The purely subjectivist position is not much better as the defence for one’s actions is based merely on the persons motive in question, not taking into account that the act could be something such as murder and the situation a case of euthanasia in a nursing home.

Finally the aspect of circumstance has to be taken into account, and the popularity of the “*situational ethics*”, which uses the teleological argument of ends justifying the means (Kanungo and Mendonca 1996). The case of the atomic bomb is used to

demonstrate this point, where it would be inconceivable to argue that the ends justify the means of killing tens of thousands of innocent civilians in hopes of victory and peace.

Kanungo and Mendonca take a very different approach to moral and ethical leadership, an approach which is in many ways much deeper than a lot of the other perspectives presented (in the following sections). The depth comes from the emphasis on altruism as one of the foundations of moral behavior, followed by emphasis on other aspects, such as, virtues (virtue ethics or traditional teleology) and a spiritual dimension (character dimension), that are internal and both aspects of character. In their work on moral and (or) ethical leadership Kanungo and Mendonca address both the dimension of moral leadership and ethical leadership as outlined in the MEDAL model (see figure 7).

Having addressed the different aspects of ethics most necessary for the foundation of our study we will now move on to taking a closer look at the aspect of ethical leadership and the theories of leadership behaviour. We will be taking a look at the theories that are most often attached with ethical leadership.

### 3 ETHICAL LEADERSHIP AND LEADERSHIP STYLES

In this section we will examine the leadership theories that are central to the ethical leadership debate. This section expands on the content of the ethical leadership aspect of the MEDAL model mentioned earlier. The focus here is on the leadership style, behaviour and their inter-relationship, rather than the character or a code of ethics.

The most common theories cited with respect to ethical leadership are, the theory of transformational leadership (Burns, 1978; Bass 1985; 1999), transactional leadership, and servant leadership (Greenleaf, 1979). Other theories that are in many occasions proposed as having moral or ethical contribution such as charismatic leadership (Conger and Kanungo, 1987), post-industrial leadership (Rost 1991; 1992; 1993; 1995), and directive leadership (Yukl, 1989) will also be introduced and discussed. This section is to provide us answers and background with respect to the ethical leadership aspect of our main research question of what is moral and (or) ethical leadership.

#### **3.1 Ethical Leadership Perspective to Transactional and Transformational Leadership**

The theory of transformational (moral altruism) leadership by James McGregor Burns (1978) has established a dominant foothold as one of the main theories of ethical leadership. The reason transformational leadership has been awarded such a major role in moral and ethical leadership comes from the fact that the theory is founded on a set of moral assumptions, with respect to the relationship between the leader and the followers; transformational leadership in essence has a moral, or morally uplifting purpose. Burns explains that in transformational leadership “leaders and followers raise one another to higher levels of motivation and morality”, and that this is the purpose of transformational leadership (Burns, 1978, p.20).

Further emphasis of the moral orientation and moral nature of transformational leadership can be gathered from Bass's discussion on the topic when he identifies some features of transformational leaders:

Leaders are truly transformational when they increase awareness of what is right, good, important, and beautiful; when they help to elevate followers' needs for achievement and self-actualization; when they foster in followers higher moral maturity; and when they move followers to go beyond their self-interests for the good of their group, organization, or society (Ciulla 1998, 171).

The way the leader is able to attain the goal of a higher level of morality in both the leader and the led according to Burns is by appealing to the higher level needs in Maslow's need hierarchy (see, Burns 1978). As Yukl explains, "transformational leaders seek to raise the consciousness of followers by appealing to higher ideals and moral values such as liberty, justice, equality, peace, and humanitarianism" (Yukl, 1989). In his theory Burns draws on the work of Abraham Maslow (needs), Milton Rockeach (values), Lawrence Kohlberg, Jean Piaget, Erik Erickson and Alfred Adler (moral development) (Ciulla, 1998, 17).

According to Burns transformational leadership can be implemented in any context in the organization by any member in the organization, the influence process can be peer to peer, leader to subordinate or subordinate to leader. As an early critique, this is perhaps true, just as one can be a champion of Total Quality Management (TQM) in an organization, however, to bring about significant organizational change the initiative and support would have to come from top down. It would also be necessary that the values of the organization be supportive of transformational leadership.

In contrast Burns compares transformational (morally altruistic) leadership to transactional leadership (utilitarianistic) in which the leaders attempt to influence the led is based on appealing to their self interest (Yukl, 1989). Executives exchange monetary and status rewards to work effort and so on. The values involved (honesty, fairness, responsibility, etc) in this equation as Yukl (1989) notes, relate to the exchange process, and not to higher ideals as in transformational leadership.

Bernard M. Bass (1985) defines transformational leadership somewhat differently than Burns (Yukl, 1989). Bass concentrates mainly on the leader's effects on the led. This effect consists of feelings of trust, admiration, loyalty and respect toward the transformational leader (Yukl, 1989). Bass gives 3 ways a leader can transform his followers: "(1) making them more aware of the importance and value of task outcomes, (2) inducting them to transcend their own self interest for the sake of the organization or team, and (3) activating their higher-order needs" (Yukl, 1989).

The main difference between the two scholars (Burns and Bass) and their approach to transformational leadership is the fact that Bass does not rule out the possibility of transactional and transformational leadership taking place in the same leader. According to Bass a leader can use both approaches depending on which style is appropriate for the given occasion. Burns however limits the capacity of transformational leadership only to the so called "enlightened" leaders (Yukl, 1989). These leaders, according to Burns, appeal to the "positive moral values and higher-order needs of followers". This aspect of "enlightenment" is one of the main factors that makes Burns's approach very morally and ethically oriented and thus very attractive to the study in terms of moral and (or) ethical leadership.

In terms of transactional leadership, Bass gives this a much broader definition than Burns. Burns views transactional leadership mainly as the "exchange or rewards for compliance", where as, Bass also includes incentives and contingent rewards to influence motivation (Yukl, 1989). Yukl critiques the trend of separating leadership into what he calls a "two-factor" theory, and sees in it the danger of oversimplifying the overall leadership process. Even though this distinction has some value in terms of clarifying and separating the two concepts (transactional vs. transformational), there is a definite threat of oversimplifying the overall phenomena of leadership.

Kanungo (2001) follows much on the same lines as Bass by categorizing the leadership into transactional and transformational with their specific teleological and deontological attachments. Kanungo, however, strongly associates transformational leadership with deontological and transactional leadership with teleological ethics. He states that the "transactional leader is more likely to use situational and teleological ethics whereas a transformational leader is more inclined to use universal

and deontological ethics” (Kanungo 2001, 263). This partially contradicts Burn’s perspective as the transformational leader, according to Burns, is in many ways ends oriented.

When turning to look at the deontology and teleology of transformational leadership according to Burns, one can identify a traditional controversy in place. We can start looking at this through a hypothetical example. Consider this. Would it be ethical to change a few number in the balance sheet in order to save a company from becoming bankrupt, if the company comes out triumphant in the end and everyone is saved and nobody gets hurt. As a historian and after the fact one can maybe say, yes that was the correct means to take if the company by a miracle does come back to life. What if the company goes bankrupt regardless of the desperate attempts of the leadership, and the fraud is discovered, causing the top management to be convicted of their felony. In this case the historian and after the fact analysis would no doubt condemn this type of leadership.

Even though by definition, Burns puts the weight on the ends and not the means in his theory of transformational leadership, it is not necessarily as clear cut as one might think. This can be observed from when Burns evaluates Hitler’s performance as a transformational leader.

First, he would be tested by modal values of honour and integrity or the extent to which he advanced or thwarted the standards of good conduct in humanity. Second, he would be judged by the end values of equality and justice. Lastly, he would be judged on the impact that he had on the well-being of the people whom he touched (Ciulla 1998, 16).

Ciulla points out here that “Burns doesn’t consider Hitler a leader or a transforming leader, because of the means that he used, the ends that he achieved, and the impact of Hitler as a moral agent on his followers during the process of his leadership” (Ciulla 1998, p. 16). Here we can see that, what is called under question in the evaluation is the “moral leadership” aspect as we have earlier defined it, with respect to character; where ultimately the test of moral leadership is turned over to virtue ethics or traditional teleology. This approach allows one to escape the traditional teleology-deontology debate as both means and ends are taken into account in the evaluation of “moral leadership”.

If both means and ends are not considered a weakness identified by Whetstone may become an issue.

However, the most serious weakness of transformational leadership theory, and the danger of its practice, is that it can be so effectively used for immoral ends. Napoleon Bonaparte, Adolf Hitler, and Attila the Hun ...were effective transformational leaders (Whetstone 2002, 387).

The extreme focus on the ends of actions and the changes initiated by these actions, can make Burn's transformational leadership even appear consequentialist to some (Ciulla 1998, 16). This kind of logic, however, carries the burden that it cannot be evaluated until after the results of the leadership act are apparent and in the meanwhile who is to say what the correct means are.

In terms of leadership ethics literature (Bass & Steidmeier, 1999; Kanungo & Mendonca, 1996) it is acknowledged that authentic transformational leadership must be based on some moral foundation" (Kanungo 2001, 257). This moral foundation in turn must be rooted on moral character thus constituting moral leadership first and ethical leadership second (based on our definitions in this study). The fact that transformational leadership is deeply founded on moral assumptions makes it very attractive for study with respect to the role of character, and as the role of character is considered a deontological perspective is introduced.

Based on the initial interpretation of the definitions of morality and ethics the model of Moral and Ethical Dimensions Associated with Leadership (MEDAL) separates moral leadership and ethical leadership into their own categories (as well as brought moral leadership forward as a new category; see figure 7), this however, does not necessarily exclude transformational leadership from having strong elements of both as a leadership style. This is one of the very reasons for the model's introduction, as it separates moral leadership and ethical leadership. This kind of separation can perhaps provide help in the deontology teleology controversy of Bass (1985), Burns (1978), Kanungo and Mendonca (1996), as well as debated issues, such as, pseudo transformational leadership and bogus empowerment.

### **3.2 Ethical Leadership Perspective to Charismatic Leadership**

The concept of charismatic leadership has its roots in the writings of sociologist Max Weber, who was perhaps one of the first to link the Greek word charisma (meaning divinely inspired gift), to leadership in his studies of political leaders (Yukl 1989; Solomon 1998, 87). Weber saw that people were influenced by unique qualities, which the leaders seemed to possess, and it was these qualities that functioned as their source of authority. This phenomenon thus became known as “charismatic leadership” (for further information see also, House 1977; Bass 1985; Conger & Kanungo 1987).

Charisma was rarely considered in relation to organizational leadership before the 1980's, after which it gained increasing popularity due to the severe foreign competition United States was facing, that required dramatic organizational change. Charismatic leaders were seen as a solution for implementing changes (for example in the car and computing industries).

After reaching the peak in its popularity in the 1980's charismatic leadership has attracted relatively little attention, and it has been frequently overshadowed by the more comprehensive concept of transformational leadership (see, Burns 1979; Yukl 1989). More recently however, the concept of charismatic leadership has given emphasis to such significant areas of study as the role of emotions in leadership, and leadership of emotions (Solomon 1998). And even though emotions have received very little attention in leadership literature it seems evident that “ethical leadership is essentially based on an emotional relationship with the emphasis on charisma replaced by the much more mundane (but no less evasive) notion of trust” (Solomon 1998). This would be true in the sense that as we acknowledge the importance of leadership through emotions, emotions become an important aspect of moral and ethical leadership.

Solomon (1998) makes the point that as we study emotions with respect to leadership we are not talking of “the brute forces” or merely “arousal” (this being the theoretical mindset to emotions in most cases), but about emotions that are “cognitively and evaluatively rich and insightful. Solomon argues further that ethics does not consist of mere rational obedience to rules, but that emotional sensitivity is needed for ethical leadership and it is this emotional sensitivity that makes the difference not the knowledge and rational acknowledgement of what one ought to do. Solomon uses the example of leadership in demonstrating that “knowledge (for example, managerial knowledge) is effective in leadership only insofar as that knowledge is in the service of the appropriate emotions” (Solomon 1998, 93).

The perspective of emotional sensitivity applies in the same sense to moral and (or) ethical leadership, where it is not the knowledge of moral and ethical business or leadership that constitutes the moral and ethical leadership, but in Solomon’s words that knowledge “in the service of the appropriate emotions.” One must remember that most features of leadership and especially moral and ethical leadership such as “trust and loyalty” are emotional features by nature. The concept of trust contains within itself the idea of an emotional relationship and as Solomon states, “leadership is an emotional relationship of trust” (Solomon 1998, 93). Thus it is also trust that functions as a background to moral and ethical leadership.

With respect to the MEDAL model it should be noted that, in the aspect of moral leadership the emphasis on the emotional relationship becomes even more significant as the emotional relationship rests directly on character, rather than behavior.

### **3.3 Ethical Leadership Perspective to Servant Leadership**

Another example of a normative leadership theory is Robert K. Greenleaf’s servant leadership. Greenleaf came up with the idea of servant leadership after reading Herman Hesse’s *Journey to the East*, which had preceded a realization by Greenleaf during his college years of how poorly institutions and individuals were serving the community (Greenleaf, 1977). In Hesse’s *Journey to the East* a character called Leo is initially portrayed to have a role of a servant taking care of chores and needs of a group of men who are travelling. When Leo suddenly disappears however, the group

immediately becomes lost and without direction. Thus Leo, even though servant by nature turns out to be “a great and noble leader” on whom the rest of the group was very dependent on (Greenleaf, 1977, 7).

So who is a servant leader? Greenleaf emphasises the fact that Leo was a servant first and what he means by this is we should be servants first, whether or not we are followers or leaders through our job description. This characteristic of being a servant first made Leo in Greenleaf’s eyes a true servant leader. Greenleaf felt in his time of writing that leadership was in a crisis. Taking a look at the current situation, one can draw the same conclusions. The challenge of servant leadership and being a servant first have increased tremendously as the culture has become more and more individualistic and based on materialistic values.

Greenleaf acknowledges that his thesis, which states that “more servants should emerge as leaders, or should follow only servant-leaders”, does not find tremendous favour among the crowd. Greenleaf also felt strongly that a new moral principle was emerging “which holds that the only authority deserving one’s allegiance is that which is freely and knowingly granted by the led to the leader in response to, and in proportion to, the clearly evident servant stature of the leader” (Greenleaf, 1977). In terms of moral and ethical leadership this could be the case if the organization has certain set moral and ethical foundations that allow Greenleaf’s principle to play out; however in the moral and ethical flux of today’s organizations this principle is faced with many challenges.

When looking directly to the issue of ethical and moral leadership with respect to servant leadership, Greenleaf (1977, 26) comments in the following way on lack of foresight:

The failure (or refusal) of a leader to foresee may be viewed as an ethical failure, because a serious ethical compromise today (when the usual judgement on ethical inadequacy is made) is sometimes the result of a failure to make the effort at an earlier date to foresee today’s events and take the right actions when there was freedom for initiative to act.

According to Greenleaf, foresight is a core requirement of a leader and if a leader does not have foresight he is not a leader. Thus following his logic a servant leader

would have to possess the quality of foresight. Then acting in his/her nature as a servant first and applying foresight would in combination constitute a type of ethical leadership.

Servant leadership, even though thousands of years old, is a very radical idea which keeps it away from the masses. Servant leadership also requires as Whetstone (2002) notes, “a paradigm shift”, which may prove too much for many leaders of today. The mantra of “serve the people” in political leadership has also lost much of its credibility and it is also of different origin than Greenleaf’s servant leadership. Moral and ethical leadership appear to be equally challenging and seem to appeal to the crowd almost as much as servant leadership.

With respect to moral and ethical leadership, servant leadership measures up quite well. Servant leadership is altruistic at heart as the concentration is put on serving others and not self (Whetstone, 2002). A servant leader also shows genuine moral concern for others through the qualities of a servant leader that Greenleaf has identified as, listening, understanding, acceptance, empathy, and foresight. Greenleaf understood these qualities to be central to ethical leadership (Greenleaf, 1977).

Servant leadership is criticized in many ways for being too unrealistic, fostering passivity, not working in all contexts, not serving the right cause and even for a supposed association of the word servant with the word slave and the negative connotations it brings (Whetstone, 2002). A point is also made on normative paradigms and on the fact that leadership based on these paradigms can prove to be dangerous if it is teleologically trying to establish wrong ends. This relationship can however be seen to work the other way as well, and herein lies some of the effectiveness of servant leadership. Whetstone thus adds that a servant leader who truly understands their calling and “strives to love her neighbour as her first priority in business and all other spheres of life” will have less likelihood of people wanting to take advantage of the weaknesses that the leadership style may portray them to have. Even though one can agree with Whetstones previous statement the likelihood is only less and there is still a chance that the weakness in leadership style may cause someone to take advantage of it.

One of the reasons why servant leadership has not been adopted by many even though it lends itself well for moral and ethical leadership purposes is the extent of commitment and change required by the individual truly attempting this kind of leadership. As Whetstone adds “Servant leadership does require a paradigm shift”, and this paradigm shift into serving others as one serves themselves is very much in conflict with today’s egocentric and assertive leadership. Perhaps for this reason the true servant leaders of the past have existed among the non-profit organizations? The past is behind us however, and leadership has changed in many ways by raising the relational side and such issues as leading emotions in the post-modern context. In this new context it could be seen that more room exists for servant leadership as the popularity and acceptance of directive leadership diminishes.

Reflecting on what Kant’s perspective might be to servant leadership Bowie (2000) brings up a similar concern to that of Whetstone, in that, due to the servant leadership paradigm, the servant leader may find him or herself be in conflict with Kant’s view on the autonomy of the individual; meaning that the servant leader should not only be used to achieve the goals of the followers but also those of him/herself. As Bowie notes “Kant would no more permit an agent to use himself or herself as a means merely than he would allow one to merely use another” (Bowie, 2000). This aspect roots itself from a wrong kind of humility or low self-esteem, which Kant attaches to the concept of servility. Bowie then raises the point that, if what Kant means by servility is similar to the nature of a servant leader then Kant would outright reject it. However there is a strong case to be made in favour of Greenleaf’s servant leadership demonstrating very different values.

Servility by its connotation is in many cases indeed attached to being a slave, however Greenleaf’s servant leaders are in no case slaves, nor do they reflect low self-esteem or allow themselves to be used as mere means. Bowie argues that Greenleaf does seem to endorse servility as a virtue; a fact which he bases on Greenleaf’s value of being a servant first, and in Bowie’s perspective “that the great leader is seen as a servant first” (Bowie, 2000). In the end, who is to define the true quality of the leadership is it the outside observer or the leader him/herself to him/herself. The outsider may qualify the individual as a servant, but only the individual can say if he

or she, as a leader, holds the perspective of being a servant first, whether or not this is what is reflected to the outside.

Whether or not Greenleaf's servant nature can be classified as servility depends on how we and Greenleaf would define servility. Bowie also suggest that a theory of servant leadership could be developed that would not be servile and this would satisfy Kant. The necessity of this would again depend on how one would define servility.

It is fair then to leave the Kantian discussion of servant leadership here and conclude that although the aspects of altruism held by servant leadership is very much in line with Kant, further evaluation is needed to establish if servant leadership as a whole lines up.

### **3.4 Ethical Leadership Perspective to Post-industrial Leadership**

Joseph C. Rost has championed a new type of leadership in the 1990's called Post-industrial Leadership. This leadership approach centers around the leader-follower relationship and is seen by Rost as superior to transformational leadership. Rost makes this claim on the basis that post-industrial leadership through the emphasis on the relationship and the leadership process does not end up exalting the leader over the followers. As Whetstone outlines Rost, "the leader-follower relationship is based on persuasion rather than coercion; influence flows both from leader to followers and from followers to leaders" (Whetstone, 2002), (See also Rost 1991; 1992; 1993; 1995). In post-industrial leadership ethical standards are constructed socially, through an interrelationship process of the parties involved (Whetstone, 2002).

The process of socially constructing the ethical standards in post-industrial leadership raises quite a few concerns and "if there is no right or wrong, no standard of correctness or truth, then no one has need to repent or to accept any responsibility for what happens" (Whetstone, 2002). This type of a situation can create uncertainty to say the least, and lead to a "contest of power". Whetstone also uses the example of some American university campuses where postmodernism is prevalent among the so-called "correctly-thinking" majority causing this majority to be able to "use any and

all means to convince those with minority beliefs of their politically incorrect error” (Whetstone, 2002).

In the absence of a normative ethical perspective and principled ethics post industrialist leadership could put any organization in a state of moral maze as described by Robert Jackall in his book by that very name, the Moral Maze.

For Jackall the primary imperative of every organization is to succeed. This logic of performance, what he refers to as “institutional logic,” leads to the creation of a private moral universe, a moral universe that by definition is totalitarian (self-sustained). Within such a milieu, truth is socially defined, and moral behaviour is determined solely by organizational needs (Ciulla 1998, 41).

A business organization could in very much the same way create its own private moral universe and force its members to abide by it. If this moral universe ends up being corrupt, as appears to have been the case in Enron and Parmalat the results can be devastating. The emphasis of the system of relationships is so strong in Rost’s theory of post-industrial leadership, that it overtakes the worth placed on the individual, and this raises a question of devaluing human lives and the individual at the expense of the relationship. This could also have consequences such as the ones outlined by Robert Jackall.

Rost also argues that it is immoral to try and change the values of the followers, to which Burns responds that “If trying to change the values of employees of a firm to move them into alignment with the organization’s values for the good of all stakeholders is immoral, then it is immoral for correctional authorities to try to shift the values of prison inmates to become constructive, law-abiding citizens” (Ciulla 1998, 179). Burns continues this thought in another instance by stating that, “Rost would have everyone a leader but no followers in the interests of true participative democracy” (Ciulla 1998, 179).

Whetstone (2002) challenges the idea that the product of post-industrial leadership could be true participatory democracy, but rather a private moral universe of the politically correct majority as already mentioned above. Further, Whetstone emphasizes that without principled ethics it is unlikely that the ideals of Rost and post-industrial leadership could ever be achieved. The ideals of mutual trust,

tolerance, and participation may ironically be reversed by the creation of one's own private moral universe, in which acceptance comes only to the politically correct thinking majority (Whetstone, 2002). What is tolerance in a socially constructed private moral universe? Either chaos (the tolerance of all things), or intolerance of any other view.

### **3.5 The Moral Philosophy of Personalism and Leadership**

To further reflect on leadership styles from a specific ethical perspective we will take a look at moral philosophy of personalism and how it relates to leadership. The idea of personalism presented here comes from the emerging school of economic personalism at the Acton Institute. The idea was actually developed by Karol Wojtyla now Pope John Paul II. The idea thus matured among the polish academics and draws on the writings of French Philosopher Emmanuel Mournier. As Whetstone notes, "In personalism there is reaction to the intellectual and social political tendencies that appear to treat man (male and female) simply as an object of scientific study or reduce her to an economic or socio-political function" (Whetstone 2002, p. 385). From the perspective of the organization and moral and ethical leadership this has truly been a concern with evidence of the human individual being considered a resource, the same as any other form of capital in an organization (fixed or fiscal). Mourier further rejects a philosophy of things (positivism, materialism and behaviourism) and the philosophy of abstract ideas (systems). Thus Mourier did not consider personalism a system but a perspective or a method.

Personalism as introduced here by Whetstone takes "a position which views persons and personal relationships as the starting point of social theory and practice" (Whetstone 2002, 385). It is important to consider this moral perspective with respect to ethical and moral leadership and leadership styles, because of the significant part that the relationship plays and should play in leadership, and especially moral and ethical leadership. The perspective of personalism also makes the perhaps radical suggestion to some that also a "normative leadership theory grounded in personalism should consider each human person as a spiritual and a material creature" (Whetstone 2002, 385).

For a more detailed definition Whetstone has divided personalism into the fundamental themes of phenomenological analysis concerning human action, which include “centrality of the person, subjectivity and autonomy, human dignity, the person within community, and participation and solidarity” (Whetstone 2002, p. 385).

From the ethical perspective of personalism and the themes, which Whetstone has outlined, we are able to evaluate the leadership styles and how well they perform up to the standard of personalism (Whetstone 2002, p. 385).

#### Theme 1: centrality of the person

The dignity and value of the human person is at the center of personalist philosophy. Various personalists offer differing explanations of the source of human value, but all start with a firm sense of the existence and vital importance of human dignity.

#### Theme 2: subjectivity and autonomy

Personalism understands human nature as combining subjectivity and autonomy. Each person is self-aware, consciously experiencing himself from within. However, the human is also an objectively real ‘I,’ one conscious of his own existence and actions. It is through subjectivity that the person recognizes the particularity of his own objective existence, the autonomy of his being. A person is characterized by both subjectivity and a sense of autonomy, created with a free will to respond to needs with responsible self mastery.

#### Theme 3: human dignity

For the Christian personalist, each person is a unique, though incomplete and imperfect, refraction of the divine image. As such, each person possesses and is due immense dignity, being ontologically and axiologically superior to all non-human creatures.

The dignity of the human person is displayed in his human capacity to love sacrificially and in his faculties such as intelligence, creativity, language, and freedom of will.

#### Theme 4: the person within community

A human person flourishes only in relation with other human persons. The Christian view is that a human person, as a God-imager, is to join in genuine community with others, based on the commandments to love God and neighbour. Personalism does not imply individualism. It calls for community, not just as a collection of individuals, but as a unity of persons who relate consciously and experientially.

#### Theme 5: participation and solidarity

Human social order requires love of neighbour, a striving to bring good to the lives of others. This requires affirmation of the right of participation by all in society.

In terms of transformational leadership Whetstone sees quite a few problems. First, transformational leadership does not seem to respect human dignity in the way that the moral philosophy of personalism would expect it to. Secondly there seems to be an inadequacy in terms of participation. Thirdly solidarity is not played out in the way that would be satisfactory. Further criticisms of Whetstone touched on the lack of emphasis on deontic constraints, the instrumentality and manipulateness of transformational leadership, the fact that it exalts the leader and finally the possibility of tyranny by the leader (Whetstone 2002).

In Whetstones eyes servant leadership comes closest to measuring up to the moral philosophy of personalism. There are a few concerns left however, such as, the negative connotation of the term “servant”, the overly optimistic nature of servant leadership, and the concern for being manipulated by followers. Even though Whetstone sees these issues he feels that a form of servant leadership could perhaps be developed that would be immune from the above issues and thus measure up to the standards of personalism.

With regard to post-industrial leadership Whetstone sees further problems, from which the centrality of the person and human dignity are the most significant issues. As we have seen, post-industrial leadership emphasizes a system of relationships at the expense of the individual, which is in direct conflict with personalism that emphasises the person and their human dignity. Post-industrial leadership seems to have further issues from the personalist perspective with lack of principles, constraints, anthropology, and the system being dominant over the individual, as well as, finally the conflict of reality and theory.

With respect to Whetstone’s interpretation of the moral philosophy of personalism and leadership styles it seem that servant leadership is the best fit and could in this context perhaps be considered to constitute moral leadership. It might be worth noting that for servant leadership not to turn out bogus, however, the servant leader

has to have gone through some level of moral character development and possess the virtues necessary for demonstrating moral leadership regardless of the leadership style. As we may have gathered so far, it is not the specific behavioural leadership style that is able to create moral or ethical leadership but rather moral character and the possession of moral virtues by the leader.

### **3.6 Ethical Leadership Perspective to Kantian Ethics**

Much on the lines of personalism, a Kantian leadership perspective holds to an aspect of absolute equality and participation, while making the distinction that his ethics are based purely on reason and not religious revelation (Bowie 2000, Ciulla 2003). It seems however that even though renouncing religious revelation Kant still bases many of his ideas on Judeo-Christian traditions having transformed them into secular form. His formulation of the categorical imperative bears great resemblance to the golden rule, for example. Kant is however credited with creating a moral system available for anyone willing to reason. The foundation of this moral system rests on the notion that one should have “respect for the dignity of all human beings” (Ciulla 2003).

Kantian leadership carries with it a deontological view where the morality of actions does not depend on ends but on the intention and good will of the one committing the act. Behaviour is to be based on principle and doing what is right instead of what makes people happy. Kant does not even believe in morality of actions resulting in happiness, which is true for example in the ethics of Aristotle. Kant notes that making the right choice may hurt, initially and after as well (Ciulla 2003).

Bowie (2000) proposes a set of principles in terms of Kantian leadership that are based on Kant's concept of a kingdom of ends, meaning that “all rational beings stand under the law that each of them should treat himself and others never merely as means but always at the same time as an end in himself” (Ciulla 2003). According to this kingdom of ends, Bowie points out a Kantian way to transform an organization into a kingdom of ends. The principles are as follows:

- 1 The leader should consider the interests of all the affected stakeholders in any decision it makes.
- 2 The leader should have those affected by the firm's rules and policies participate in the determination of those rules and policies before they are implemented.
- 3 It should not be the case that the leader always gives the interest of one stakeholder group priority.
- 4 When a situation arises where it appears that the humanity of one set of stakeholders must be sacrificed for the humanity of another set of stakeholders, the leader cannot make the decision on the grounds that there is a greater number of people in one stakeholder group than in another.
- 5 Every leader must in cooperation with other in the organization establish procedures to ensure that relations among stakeholders are governed by rules of justice.

According to this set of principles the leaders are to first respect every individual and through a moral point of view take other into consideration (Bowie 2000). Secondly, the leader is to use participation as a transformative tool to turn followers into leaders. Thirdly, the leader has a task to ensure that participants are not used for receiving profits without getting any benefits in return. The fourth principle is to establish an anti-utilitarian condition and finally the fifth principle ensures that in the case of disagreement things will be settled on the basis of justice.

Bowie's main argument with (against) the above leadership principles based on Kantian ethics is that autonomy should be the foundation and basis of a Kantian leader. He notes that the above criteria could have universal application while meeting the principle of kingdom of ends.

### **3.7 Ethical Leadership Perspective to Directive Leadership**

The traditional directive leadership styles of autocratic, benevolent autocratic, consultative, participative, consensus, and laissez-faire type leaders are not overly discussed with respect to moral and ethical leadership (Aronson 2001). This is mostly due to the fact that they are not seen as having the potential to raise the moral competence of followers, as is the case with transformational leadership.

This brings us back to the key question with respect to the source of ethical and moral leadership. Is the source the leadership style (some leadership styles are defined in to be moral in essence), or is the leader independent of what kind of leadership style they are using. Style may not necessarily be the determining factor of a leader's source of ethics "but rather on his or her level of moral development or the extent to which the influence process employed is motivated by ethical values" (Aronson 2001, 248).

Could it be considered that the source of ethical and moral leadership can be isolated to the moral character of the leader, and that it is this character that enables some and obstructs others to lead morally and ethically? This is a suggestion that I am willing to make, while acknowledging that even though this character may be the enabling factor (the heart of moral leadership) in the equation of moral and (or) ethical leadership, it does not alone constitute for moral and ethical leadership. The moral character clearly needs to be supported by other factors such as a suitable leadership style and an otherwise developed Human Factor HF (see, figure 6).

The above suggestion would open up the opportunities of moral and ethical leadership to some of the more traditional leadership styles as well (e.g. transactional, directive, etc.), since "moral" and "ethical" leadership would be defined in a new way.

The ability to identify moral leadership, regardless of the context of the leadership style it takes place in, would be very significant especially in the cross-cultural context of global managers. This is a context where several different leadership styles may have to be used, and are in use, depending on the cultural background of the led. Leaders who also find it hard to fully step into the role of a transformational, or servant leader could make gains in terms of moral leadership through character development, taking away the burden of a specific leadership style.

The flipside of the coin is most likely true, in that one cannot be a servant leader or a transformational leader without developing one's character and virtues (in accordance to virtue ethics). This equation is the main reason for the development of what we have come to know as bogus empowerment (Ciulla 1998) and pseudo-transformational leadership (see also Bass 1999).

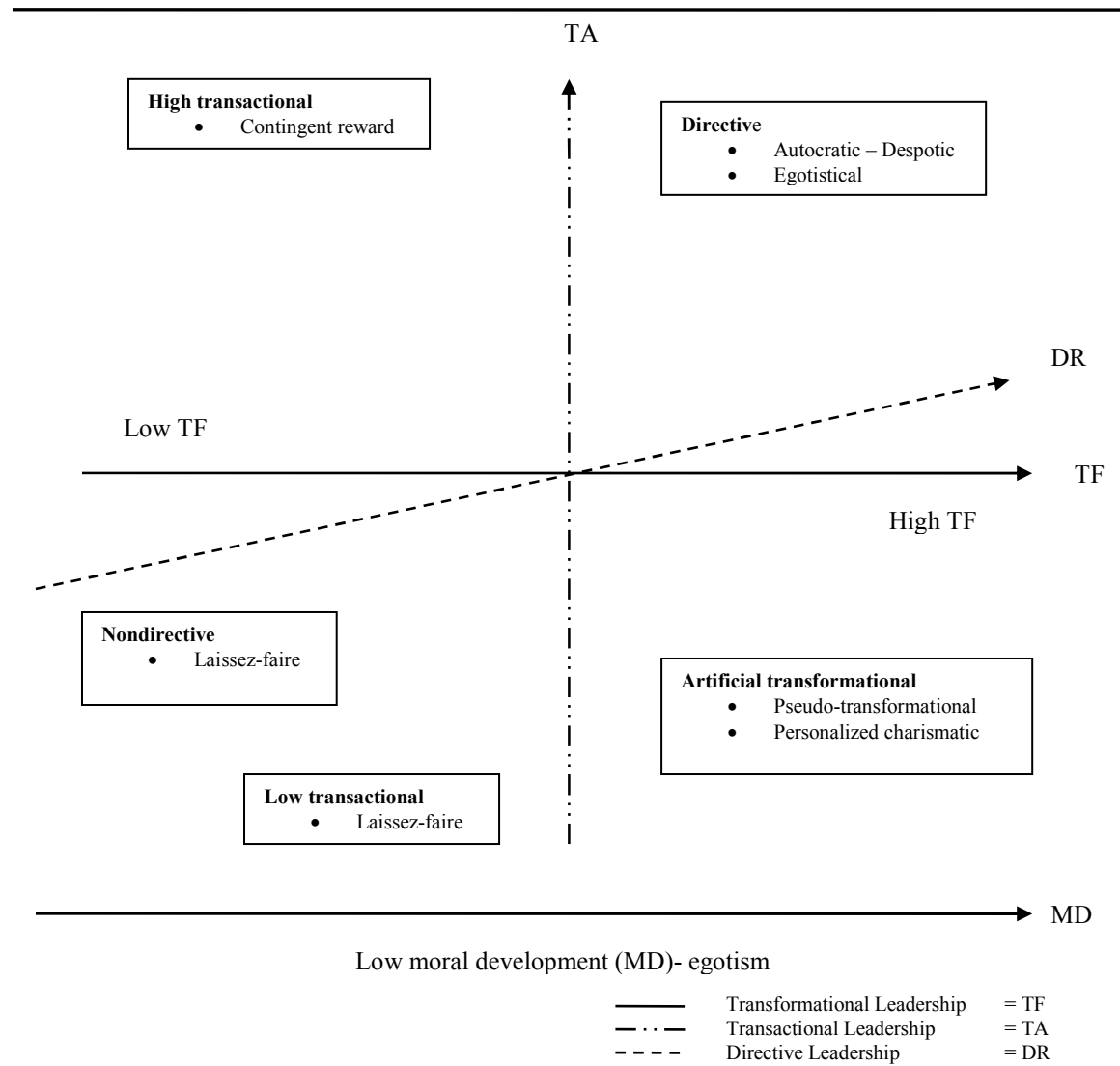
### **3.8 Models of Ethical Leadership**

Few models focusing purely on moral and (or) ethical leadership exist. To give an idea of the constructs involved Aronson's model of ethical leadership is introduced here to help us with the defining of the moral and ethical elements involved from a different perspective (see figure 4). Aronson's model takes an approach that focuses on the aspects of directive, transactional and transformational leadership (Aronson 2001, 250). The model outlines two ends of the ethical leadership spectrum one high in moral development (MD), and the other low. Aronson makes a point, however, that the level of moral development is not a direct determinant of leadership style, more the other way. Meaning that the ethical leadership style is the one which reflects the ethics and values adopted by the leader, and thus may result in being transformational.

What is the resulting factor for moral and (or) ethical leadership is also a point we want to raise and emphasise in this study. We have adopted a similar and perhaps even a stronger position here with respect to the order in which the phenomena of moral and ethical leadership takes place and this is why the MEDAL model (see figure 7) proceeds first into morals and then into ethics and leadership styles. To develop the order further we feel that it is necessary to start with moral leadership, proceeding into ethical leadership and thus leadership styles, finally an aspect of an ethical code can be considered. For the leadership to have credibility (regardless of the style) the moral and ethical development has to take precedence over the leadership aspect. The level of moral development in Aronson's model is measured by the level of egotism versus altruism, a view which is also held by Kanungo and Mendonca (1996), see also figure 3). At the high end of moral development and altruism Aronson has outlined an ethical leadership zone. Above this zone Aronson's model shows the ethical leadership styles and the corresponding ethical theories, according to the dimensions of Transformational Leadership (TF), Transactional Leadership (TA), and Directive Leadership (DR).

When contrasting the model to the Moral and Ethical Dimensions Associated with Leadership (MEDAL) presented at the results section of this study, we note that this model fits well within the MEDAL. Aronson's model describes the midsection of MEDAL which outlines the aspect of ethical leadership bringing into it some moral characteristics. Aronson makes the separation with respect to moral development, which in the MEDAL is expanded further to include areas such as, the aspect of character (retaining a moral, spiritual and a human abilities dimension, see next section) along with altruism. One of the key contributions of MEDAL is in fact the emphasis of character and the overall moral development possible through character that has the ability to result in moral and ethical leadership. We feel that the aspect of character and moral development are of such significance that they need to be considered separately.

**FIGURE 4 A Model of Ethical Leadership by Edward Aronson**

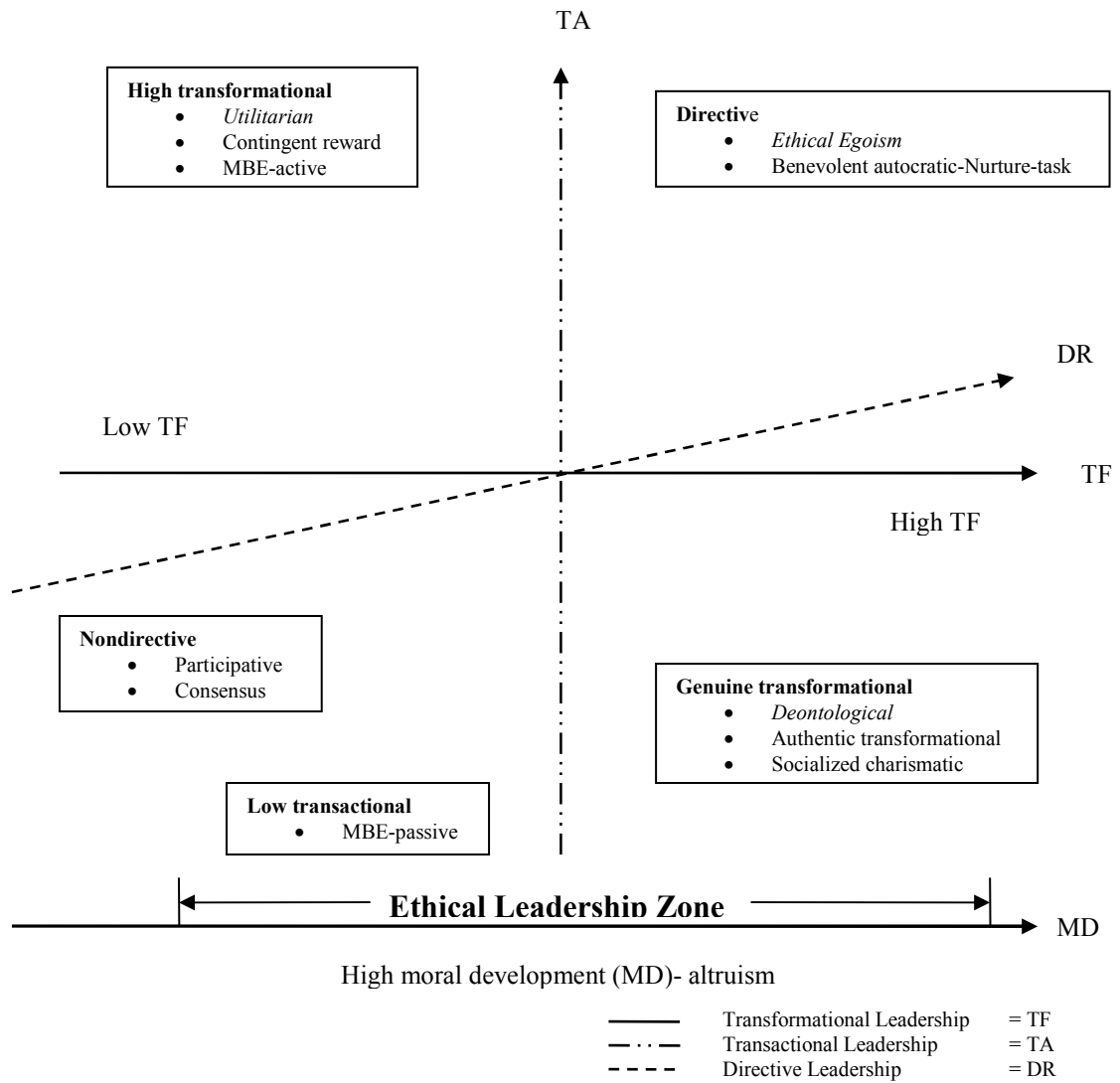


Note: Items in bold face refer to leadership styles

Source: Aronson 2001, 250

(Continues)

**Figure 4 A Model of Ethical Leadership by Edward Aronson (Continued)**



Note: Items in bold face refer to leadership styles- items in italics refer to corresponding ethical theory

Source: Aronson 2001, 250

## 4 MORAL LEADERSHIP AND CHARACTER

Character, and in moral and ethical leadership, moral character to be more specific, is an aspect that has not received adequate attention. This fact is also evident in this interpretative study of concepts, and flows from the necessity to define moral and ethical leadership differently. As a result of the interpretation done in this study, we have come to conclude that character is very much at the heart of moral and also ethical leadership in the same way as Ciulla (1998) has defined “ethics” to be at the heart of leadership.

Up to this point we have defined and introduced various topics in morality, ethics and leadership, which have enabled us to bring light to our task of understanding what moral and (or) ethical leadership is? As a result of the descriptive interpretative study of concepts (see, section on method for more details) done in this study we have, however, proceeded in developing the concepts further finally resulting in a comprehensive focus on the aspect of character as the heart of moral leadership. Developing the aspect of character and moral leadership is one of the main contributions of this study (both for academics as well as for the practitioner). As a result of the conceptual development, the MEDAL model has been introduced in this study for the first time (see the results section); it is one of the first models to clearly separate moral leadership and ethical leadership into different categories and to outline the focus of those categories. It is clear that in the future the MEDAL needs to be further researched and subjected to empirical study, but the purpose in this study was to give a starting point for the field of moral leadership and to be able to develop and discuss the different aspects with increased clarity and distinction. We will now proceed into the development of the aspect of character and its significance to moral leadership in this section.

As was identified, there is a case for character to be the heart of moral and ethical leadership and as this is acknowledged it becomes a question of what constitutes moral character and how it can be developed to foster this moral and ethical leadership. This notion of character supports the common observation, where in

terms of leadership ethics one knows what is right and ethical, but is not necessarily going to do the right thing. Thus it is not the ignorance of what is right or wrong or what is moral or ethical leadership, but a weak character. It is doubtful that the accountants of WorldCom, Enron, or Parmalat, so skilfully would have made a mistake in the books that made the company initially look much better.

In this section we will first take a look at the definition of character; second traditional teleology and virtue ethics are introduced as part of moral leadership theory; and finally the aspect and importance of character is addressed with respect to personalism, different leadership styles and the Human Factor Theory.

Frankena (1973) notes that “morality in the sense indicated is, in one aspect at least, a social enterprise, not just a discovery or invention [or code] of the individual for his own guidance. Like one’s language, state, or church, it exists before the individual, who is induced into it and becomes more or less of a participant in it, and it goes on existing after him.” This makes the very important distinction, that morality with respect to leadership is more than a set of principles or guidelines, and that a leaders morality and his/her moral leadership is innate, a part of his/her being.

When the results of leadership turn out bad it is usually not a problem of “ethics”, meaning the set standards or code of right and wrong and the principles of human duty (refer to section 2 for the indebt definition). But rather this is a problem of morals that relate to the persons moral backbone, which we can refer to as character. The standards (ethics) exist, even in the pseudo moral leader’s world, but the issue is that the standards have not become morals and thus have not become absorbed into the persons character.

To take a look at an exact definition of character (as was done for morals and ethics in section 2), here is the Oxford English Dictionary (OED) definition of character:

The face or features as betokening moral qualities; personal appearance. *Obs.*

The sum of the moral and mental qualities which distinguish an individual or a race, viewed as a homogeneous whole; the individuality impressed by nature and habit on man or nation; mental or moral constitution.

Moral qualities strongly developed or strikingly displayed; distinct or distinguished character; character worth speaking of (Oxford English Dictionary OED 2004).

As we can see from the Oxford English Definition there is a strong emphasis on moral and mental qualities and moral qualities that are specifically developed and displayed as part of character.

Edwin M. Hartman in Blackwell Encyclopedic Dictionary of Business Ethics also defines character to have a close connection with a moral element, which is dependent on the virtuousness or viciousness of the person (Werhane & Freeman 1997). This virtuousness or viciousness is then reflected as good or bad character. Another aspect that Hartman raises in terms of the strength of the character is that it can be observed through the strength (or the lack of it) of one's resolve in one's values. This aspect is key as we develop the concept of character later on with respect to the Human Factor (HF) theory (see section on HF).

Having taken a closer look at the definition of character it is important to shift the focus to how character inter-relates with leadership and moral leadership. The following quotation by Al Gini demonstrates well the centrality of character with respect to leadership, and more specifically moral leadership.

The quality and worth of leadership can only be measured in terms of what a leader intends, values, believes in, or stands for-in other words, character. In *Character: America's Search for Leadership*, Gail Sheely argues, as did Aristotle before her, that character is the most crucial and most elusive element of leadership. The root of the word "character" comes from the Greek word for engraving. As applied to human beings, it refers to the enduring marks or etched-in factors in our personality, which include our inborn talents as well as the learned and acquired traits imposed upon us by life and experience. These engravings define us, set us apart and motivate behaviour [these can be understood as the HF dimensions introduced later on]. In regard to leadership, says Sheely, character is fundamental and prophetic. The "issues [of leadership] are today and will change in time. Character is what was yesterday and will be tomorrow." Character established both our day-to-day demeanour and our destiny. Therefore, it is not only useful but essential to examine the character or those who desire to lead us (Gini 1998, 37).

Having touched on the link between character and leadership and its importance one may go a step further into the aspect of moral development and development of moral

leadership. Kanungo (2001) notes this when he states that, “Above all, leaders’ personal moral development results from character formation or cultivation of values through the practice of harbouring altruistic intent, engaging in virtuous acts, and interpreting social situations consistent with their worldviews.” This notion of a leader’s personal moral development through character formation is an extremely important aspect of moral leadership, because it carries the implication and reality that moral leadership can be learned, or unlearned for that matter. Having said this, it would be important to pay more attention to the area of moral leadership and the centrality of character as we have defined it here in this study. The significance of character and the aspect of moral development bring further justification for moral leadership to stand separate from ethical leadership and leadership ethics. Kanungo and Mendonca (1996, 5) go as far as stating that “schools ought to regard character formation as the core element of their mission. This would seem to be particularly necessary in the case of management education”.

Mendonca (2001) outlines the dimensions of ethical leadership in three ways “a) the leader’s motives, b) the leader’s influence strategies, and c) the leader’s character formation”. However, he makes a very similar point with respect to character formation and its relationship to the other two dimensions by clarifying that “the leader’s motives and influence strategies are the result of the leader’s character.” In terms of the character formation Mendonca has developed a model on self transformation of leaders. The model has four dimensions in terms of the sources of 1) self-transformation of leaders, 2) principles of ethical power, 3) competencies of managerial resourcefulness, 4) cardinal virtues and personal mastery (see figure 5). This model also demonstrates well the centrality of character in the self transformation process of a leaders and the importance of cardinal virtues.



temperance, and justice, thus avoiding immoral behaviour.” (Aronson 2001, 250; see also, Werhane & Freeman 1997, 436-7; Kanungo & Mendonca 1996, 87).

Even though generally deontology and teleology are held to be mutually exclusive this need not be so. Academics such as Brady (1985) propose that they could actually be complementary. With respect to traditional teleology or virtue ethics, this is considered to be the case. Aronson states that traditional teleology is “not deontological in its method of evaluation, but it does operate within what may be called a deontological moral framework providing the best of both deontology and teleology” (Aronson 2001, 250). Kanungo (2001) points out that “Both Socrates and Plato considered virtuous acts to be the basis of morality.” This is a direction worth investigating since the current mainstream ethical theories previously do not provide us with viable alternative to be applied in terms of moral leadership.

The four cardinal virtues of prudence, justice, fortitude and temperance were formulated by Plato (Mendonca, 2001). The word cardinal comes from the Latin word for hinge. According to Mendonca (2001) this is “because around them hinge human acts or practices that, acquire moral significance when these practices are consistent with the moral principles implicit in the cardinal virtues” (Mendonca, 2001). Realising the significance of character in moral and ethical leadership one could consider moral and ethical leadership also to be hinged around the virtues of prudence, justice, fortitude and temperance.

## **Prudence**

Prudence as defined by the Oxford English Dictionary (OED) means the “Ability to discern the most suitable, politic, or profitable course of action, esp. as regards conduct; practical wisdom, discretion” (Oxford English Dictionary 2004).

The practice of prudence according to Mendonca (2001) demands constantly assessing the specific situation in which decisions are made in the light of what he calls “right standards”. Mendonca points out that a leader who practices prudence will not partake in, or abdicate responsibility to commit unethical behaviour. The

prudent person will make an effort to seek out information so as to be able to make sound judgements regarding both his/her actions or the actions of ones followers.

## **Justice**

Justice is defined by the Oxford English Dictionary as “the quality of being (morally) just or righteous; the principle of just dealing; the exhibition of this quality or principle in action; just conduct; integrity, rectitude” (Oxford English Dictionary, 2004).

The practice of being just thus requires the leader to make sure that he/she is giving others what they are due (principle of just dealing). The just dealing or giving other what they are due “includes whatever others might need to fulfil their duties and exercise their rights as persons, that is, right to life, to cultural and moral good, material goods, and so on” (Mendonca, 2001). According to Mendonca (2001) the just leader should seek to balance out the rights of all the different stakeholders in a fair manner. Thus giving fair treatment to customers, suppliers, government, community and owners.

## **Fortitude**

Fortitude is defined by the Oxford English Dictionary as the “moral strength or courage. Now only in passive sense: Unyielding courage in the endurance of pain or adversity” (Oxford English Dictionary, 2004).

For the leader fortitude is “the courage to take great risks for an ideal that is worthwhile” (Mendonca, 2001). A leader possessing the moral strength or courage seeks to overcome obstacles by also demonstrating perseverance and endurance to do what he/she holds as good or noble.

## **Temperance**

Temperance is defined by the Oxford English Dictionary as “the practice or habit of restraining oneself in provocation, passion, desire, etc.; rational self-restraint” (Oxford English Dictionary, 2004).

In the leadership context temperance “involves distinguishing between what is reasonable and necessary and what is self indulgent” (Mendonca, 2001). Temperance further reaches to the spheres of allocating one’s time, effort and resources effectively and efficiently so as not to overindulge in hedonistic behaviour.

Rosenthal brings up an important point when defining virtue ethics in that a distinction needs to be made between moral virtue as a state, rather than behaviour. According to Aristotle “virtue ethics is concerned with the cultivation of virtuous traits of character as among the primary function of morality”, and further that virtue is a state or disposition rather than actions. This separation has to be made for the reason that it is possible for an individual to commit virtuous acts, without having virtuous traits of character, but acting on some other motive. If then the actions or behaviour was used as the determinant one would inevitably reach incorrect conclusions as to the moral character of the individual. Here again one can see the separation, which is also apparent in the model developed in this study (MEDAL), where moral leadership (with its main focus on character) is separated from ethical leadership (with its main focus on behaviour) for the very reason mentioned above.

If the above distinctions are not made one could end up in a situation well described here by Eugene Heath, a philosophy professor at the State University of New York, she states that “Business ethics in this country [USA] has little to do with ethics...It has a lot to do with public policy” (Wipperfurth 2002). She goes on to state that “Enron was politically correct. What does that have to do with how you treat other people?” The point we are making here is that it is easy to be fooled by politically correct virtuous behaviour and pseudo transformational leadership, which has no moral depth in terms of character and moral leadership. This is not to say that this separation is controversy free, especially in today’s social context placing such a high value on political correctness. To an extent one can identify a post-industrial

leadership climate from Eugene Heaths comments, where as long as one remains politically correct they are able to do whatever they want regardless of the moral foundation (or lack of it) of the motives, acts and behaviour.

To further develop the aspect of character we will proceed in the next section by bring forth a more recent theoretical perspective developed by an economist Senyo Adjibolosoo, called the Human Factor Theory (HF). Adjibolosoo's HF theory provides a more detailed analysis of the personality characteristics of an individual and in this way helps shed light on some aspects of character formation (Adjibolosoo 1995b).

## **4.2 Character Development and the Human Factor HF**

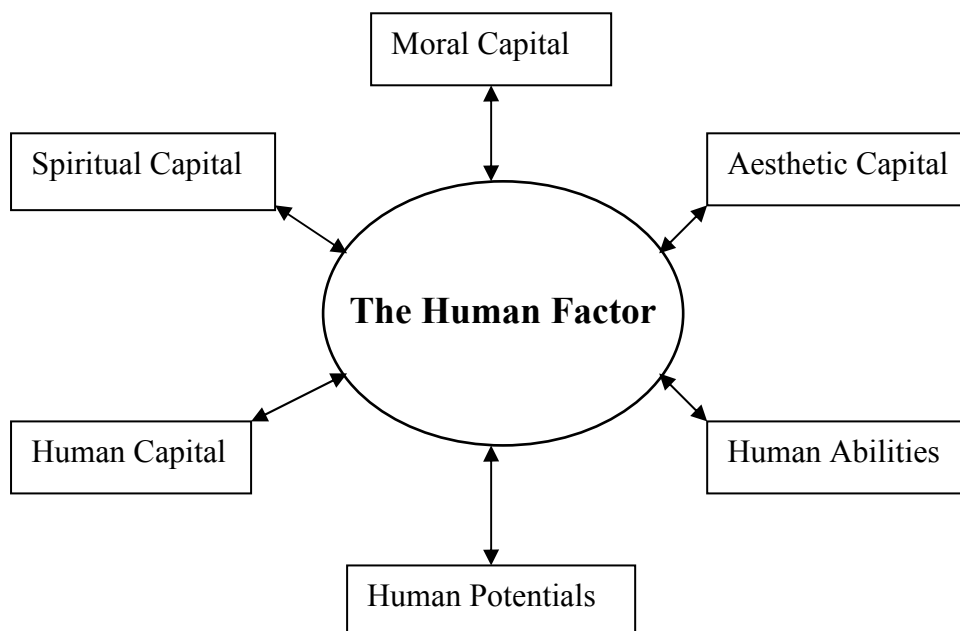
Having established the importance and centrality of character formation as the key element of moral development of leaders, we will proceed to outlining and introducing another theoretical model called the Human Factor (HF) Theory (Adjibolosoo 1995b). This theory is from outside the moral and (or) ethical leadership field of research, but it is perhaps one of the only recent theories pertaining to personality characteristics and character in a comprehensive way. Due to its uniqueness we rely heavily on it in this section. The theory is also in many cases attached to moral and ethical leadership in the field of international development (see Adjibolosoo 1995, 1998, 1999 and 2000). The HF theory is one of the only theories with this kind of a unique focus on the individual's character qualities, and the aspects of moral and spiritual capital and human abilities (expanded on later).

The Human Factor (HF) theory has come about as a result of research with a specific focus on the Less Developed Countries (LDC's). This factor is significant due to the fact that these countries are in many cases experiencing a significant moral and ethical leadership crisis making the theory even more relevant for our purposes. However let's first take a look at and establish the different dimensions of the HF theory.

The HF theory takes a different approach to the issues of personal, institutional and national development. The HF concentrates on the character of the individual and the

qualities that are comprised by that character. According to Adjibolosoo the HF “constitutes the intangible asset or liability of humanity”, and in much the same way it constitutes an asset or a liability to the post-modern business organization. He also notes that, “properly developed HF animates, guides and encourages people to perform specific functions that are required of them in their tasks assigned by society”. These are some of the components that contribute to the significance of the HF and how it bears relevance to the constructive approaches of the global community. Before going any further, it is necessary to expand on the composition of the six primary components of the HF (Adjibolosoo 1995b, 33).

**FIGURE 6 The Human Factor Composition**



Source: Adjibolosoo 1995b, 34-36.

### **Spiritual Capital**

*Spiritual capital* is the aspect of the human personality that possesses the capability to be in tune with the universal laws and principles of human life. These laws and principles state the truth regarding how humanity must live if it is to achieve the “good and abundant life” in every regard. Spiritual capital provides insights into the human condition that the five senses are unable to grasp and bring forth. It furnishes the individual with more advanced capabilities to create, to invent, to innovate and to develop techniques and/or procedures for dealing with the limitations of the human intellect (Adjibolosoo 1995b, 34)

Stephen Covey, in his book “The Seven Habits of Highly Effective People”, makes a notion that “the spiritual dimension is your core, your centre, your commitment to your value system” (Covey 1989, 292). This aspect is of crucial importance as the strength of the moral character is dependent on the degree of commitment to one’s values (Werhane & Freeman 1997, 436-7). This means that the spiritual dimension must be taken into account and further studied as part of moral leadership, since the strength of the moral character rests directly on this spiritual dimension.

With respect to universal principles, Covey has identified, that the six major religions of the world “all teach the same basic core beliefs-such principles as ‘ you reap what you sow’ and ‘Actions are more important than words’” (Covey 1991, 95). According to Covey one can identify universal beliefs in the areas of “fairness, kindness, dignity, charity, integrity, honesty, quality, service, and patience.” These principles are also in agreement with the moral and spiritual capital of the human factor and its moral constituents.

Adjibolosoo agrees with Covey in that spiritual capital is the centre of human efficiency and effectiveness directly in relation to an individuals “job performance and task accomplishment”, (not just in moral sense but overall) (Adjibolosoo 1995b, 34). A society ignoring the aspect of spiritual capital development will not be able to provide “a humane and productive environment to its inhabitants.” Spiritual capital will encourage an individual to seek out truth in their will to carry out tasks effectively. Doing what is true according to Sandin is “the identifying mark of spiritual wholeness” (Adjibolosoo 1995b, 35). Spiritual education should teach obedience to the truth and the significance of the spiritual dimension to humanity. Adjibolosoo quotes Paul Nash in that “If education does not result in spiritual [capital] formation, it is [a] bad investment” (Adjibolosoo 1995b, 35). Kanungo and Mendonca hold a similar view to character development where they see character formation as one of the main missions of educational institutions (Kanungo & Mendonca 1996, 5).

Kanungo and Mendonca (1996) also emphasize the importance of the development of the spiritual dimension in stating that “spirituality is an integral part of ethics. It provides sustenance to the leader’s efforts to develop a moral character possessed of

inner strength and resourcefulness, and to create a moral environment in the organization.” this is to say that if one seeks to be a moral and ethical leader one must possess some degree of spiritual capital. As one will see through our investigation of the composition of the Human Factor it is not enough to have spiritual capital to be a moral and (or) ethical leader, but that all the different parts play a specific role. Spiritual capital is the starting point to the character development of a moral and (or) ethical leader and one could even go as far as to say that, without spiritual capital there will be no moral leadership.

Larry Spears (1996), the executive director of the Robert K. Greenleaf Centre for Servant-Leadership also states that one of the applications of servant leadership “involves its use in programmes relating to personal and spiritual growth”, he further emphasises “the ideas of M. Scott Peck, Parker Palmer, Ann McGee-Cooper and others who have written and taught on the expansion of human spirit and potential.” One can clearly identify how significantly Greenleaf emphasises the importance of spiritual capital as one of the characteristics of a servant leader. And as Whetstone (2002) quotes Rabbi Wayne Dosick “if we uplift the human spirit, we can bring meaning and value to the modern marketplace” (for a definition of spiritual see, Kanungo and Mendonca 1996, 87; or Concise Oxford English Dictionary OED).

### **Moral Capital**

*Moral capital* represents habits and attitudes of the human heart that are based on principles relating to right and wrong. It refers to the qualities individuals possess that lead them to conform or not to conform to ethical principles and standards of conduct. The voice of the human conscience usually functions as part of a person’s moral capital. The constituents of moral capital are diverse and include integrity, humility, sincerity, charity, courtesy, patience, faithfulness, sensitivity, purity, honesty, kindness, justice, tolerance, forgiveness, flexibility, collegiality, truthfulness, fidelity and many others. (Adjibolosoo 1995b, 35)

According to Adjibolosoo moral capital is essential even to the course of economic development, as it equips individuals with the ability to perceive “universal laws as the primary foundation for acceptable or unacceptable human behaviour and action”, the acceptable and unacceptable behaviour in this case referring to moral and amoral behaviour respectively (Adjibolosoo 1995b, 35). In this context Adjibolosoo speaks

of individuals, but the same can be applied to leaders and the relevance is actually increased if we are to consider moral capital with respect to leadership.

The importance of moral capital (whether talking of leaders or individuals), as an element of the personality characteristics of the HF, is without a doubt irrefutable. When the focus shifts to leadership the HF characteristics and their balanced development becomes even more important, specifically in the areas of moral and spiritual capital and human abilities. Kanungo (2001) makes this point well in his reflection on the topic when he states that, “Both academic scholars and management practitioners recognize that all forms of leadership behaviour gain their legitimacy and credibility from the leader’s moral standing and integrity. When the leader’s moral integrity is in doubt, then all attempts by the leader to influence followers however noble, well crafted, and articulated fail to move them to achieve organizational objectives” (Kanungo 2001, p. 258). In agreement with Kanungo the HF theory also emphasises that everything rests on the leaders moral standing (moral capital) and integrity (one of the constituents of moral capital). The HF theory however goes a few steps deeper with a well defined spiritual dimension and an established relationship between the moral and spiritual dimensions.

The importance of moral leadership based on a developed moral character and moral capital rather than simply ethics is also evident from Covey’s concept of moral compassing (Covey 1991, 94). Covey points out that in terms of leadership it is extremely important to have a moral compass and not to be dependent on “moral” maps, which maybe subject to constant changes. Further Covey points out that this is even more critical in environments of rapid change where maps go quickly out of date if they ever were valid in the first place, leaving the leadership frustrated and confused.

The concept of moral compassing and “moral” maps is very much in accordance to what we have established in this study. We have made the point that moral leadership has to be able to stand alone, with its specific focus on character and behind that character a spiritual dimension or core. This dimension of moral leadership and its elements are to act as the moral compass on which the leader can rely and rest at times white water and change. It has to be acknowledged that the leader cannot depend on

the “moral maps” of ethical leadership in terms of behaviour and style, and leadership ethics of code of conduct alone, but needs a developed moral compass and moral capital enabling for moral leadership from which ethical leadership will also follow.

Covey gives a few reasons as to why a moral compass is better than a “moral” map and of significant value to corporate leaders:

- The compass orients people to the coordinates and indicates a course or direction even in forests, deserts, seas, and open, unsettled terrain.
- As the territory changes, the map becomes obsolete; in times of rapid change, a map may be dated and inaccurate by the time it’s printed.
- Inaccurate maps are sources of great frustration for people who are trying to find their way or navigate territory.
- Many executives are pioneering, managing in uncharted waters or wilderness, and no existing map accurately describes the territory.
- To get anywhere very fast, we need redefined processes and clear channels of production and distribution (freeways), and to find or create freeways in the wilderness, we need a compass.
- The map provides description, but the compass provides more vision and direction.
- An accurate map is a good management tool, but a compass is a leadership and empowerment tool.

After having discussed the two core elements of moral and spiritual capital we will move on to the other human factor components starting with aesthetic capital.

### **Aesthetic Capital**

*Aesthetic capital* implies the possession of a strong sense of and love for beauty. It includes a strong passion for music, drama, dance and for other artistic capacities (imagination, inventiveness, innovation and creativity are strong components). (Adjibolosoo 1995b, 35)

Aesthetic capital when adequately developed will allow individuals “the ability to be appreciative of beauty and truth and the skills to judge between what is good and acceptable and what is not (Adjibolosoo 1995b, 36). Even Bass (see section on transformational leadership) identifies “aesthetic capital” as one of the characteristics of a transformational leader, when he states that transformational leaders “are truly transformational when they increase awareness of what is right, good, important, and *beautiful*; when they help to elevate followers’ needs for achievement and self-actualization; when they foster in followers higher moral maturity; and when they

move followers to go beyond their self-interests for the good of their group, organization, or society” (Ciulla 1998, 171). And even though not necessarily the core of moral leadership, aesthetic capital is still significant in terms of the leader’s personality characteristics.

### **Human Capital**

*Human capital* is usually defined as the know-how and the skills that are acquired by men and women, are used to enhance human productivity, and have market value. Human capital is made up of technical, conceptual, intellectual, analytical and communicational skills. An example of properly developed human capital is the individual with knowledge (gained from the study of academic disciplines, human experiences, revelation, etc.), understanding, astuteness and intelligence or aptitude. Physical well-being and emotional health are integral parts of human capital, as well. (Adjibolosoo 1995b, 36)

Even though Human Capital is only one out of the six aspects of the entire HF, it is usually the focus as we educate, recruit and train individuals in society and in institutions; this should be revised. As we have identified earlier in several occasions, education that does not result in character development can be considered a poor investment and in terms of management education this should be revised to include moral character development and moral leadership.

### **Human Abilities**

*Human abilities* constitute the power or capacity of an individual to undertake projects competently or effectively perform tasks requiring mental and physical effort. These are the acquired or naturally endowed human abilities necessary to, but not alone sufficient for, successfully performing assigned tasks and/or effectively undertaking and engaging in productive activities. Human abilities enable people who possess them to execute excellently given duties and functions when these abilities are working in conjunction with other components of the acquired human capital. Human abilities include wisdom, vision, commitment, judgement, responsibility, reasoning, competence, interest, motivation, credibility, human energy, optimism, perseverance, endurance, self-control, objectivity, reliability, adaptability alertness and many other such human attributes. (Adjibolosoo 1995b, 36)

The human abilities completes a powerful core triangle of moral capital, spiritual capital and human abilities that lies in the heart of the human factor way of character development. The aspect of human abilities is also a truly powerful dimension that completes the aspects of moral and spiritual capital,

dimension that are noted by Covey (1989, 1991), Kanungo and Mendonca (1996).

## **Human Potentials**

*“Human potentials are the human talents that may or may not be harnessed and employed for human-centred development. These may be referred to as the unused dimensions of the HF.”* (Adjibolosoo 1995b, 36)

Finally we have the aspect of human potentials, an area of talents not harnessed yet, but which makes us humans so amazing. In terms of moral and (or) ethical leadership the dimension of human potentials is especially exiting as this is the aspect that lies behind our ability to demonstrate moral leadership and apply transformational leadership, raising the follower morally and ethically to a new level and making them leaders.

### **4.2.1 Developing the Human Factor Concept**

According to Adjibolosoo, the HF qualities are constantly changing, either accumulating or decumulating depending on the situation of the individual in his or her life. This is both a challenge and an opportunity. A challenge in the sense that to avoid decumulation one has to constantly keep on developing one’s HF, and an opportunity in the sense that something (training, self-development, mentoring) can actually be done in the area of HF development and the HF with respect to moral leadership. Adjibolosoo also proposes that even after an individual ceases to exist the indirect influence of their qualities and characteristics may still remain (Adjibolosoo 1995b).

Adjibolosoo also warns about combining spiritual and moral capital as one. This is due to the fact that even though well-developed spiritual capital will result in the increase of moral capital, the inverse will not hold true, meaning that even extensive development of moral capital does not necessarily result in the accumulation of spiritual capital. According to this thinking we imply “that spiritual capital encompasses moral capital in its entirety within the individual” (Adjibolosoo 1995b, 37). From what we have established in terms of moral leadership we would also note that both spiritual and moral capital are necessary and even though separate entities,

extremely interdependent on each other for their successful functioning. The dilemma of combining spiritual and moral capital as one is very similar to the dilemma related to combining moral and ethical leadership as one under ethical leadership, which for various reasons already cited would be less than ideal.

Adjibolosoo also prioritizes the qualities so that spiritual and moral capital must be acquired previous to the others, in order for the others to function correctly. He also notes that even though “spiritual capital can be sufficient alone for the effective use of both human and aesthetic capital, moral capital is not always sufficient alone” (Adjibolosoo 1995b, 37). This is a question of identifying the correct type of value system based on principles rather than on feelings or values, which is also the perception of Covey (1991). People who have founded their lives on “universal ethical [moral] principles and standards are individuals who are able to work and successfully complete tasks without extensive supervision,” resulting in efficient and productive outcomes. Adjibolosoo quotes Swindoll at this point who writes that these are people “who model excellence when no one is looking or for that matter when half the world is looking.”

A society with well-developed HF will enjoy substantial increases in both efficiency and productivity without increasing investment in monitoring its individuals. As previously mentioned, principle-centered individuals need little supervision to be productive. According to Adjibolosoo the “labor force will be driven by the universal principles engendered by and embedded in the society’s acquired spiritual, moral capital and human abilities” (Adjibolosoo 1995b, 37). In this respect human capital development alone is not sufficient to produce productive and efficient individuals for society as we noted earlier. Adjibolosoo emphasizes that an individual can be extremely developed in the aspect of human capital (with respect to their skills and knowledge), without the ability to function effectively in business or society or social institutions. This is easier to observe in developing countries where the level of corruption may be relatively high often proving fatal to projects even though the human capital seems to be in place. With a closer scrutiny we can easily identify similar examples in the “more developed world”, (i.e., ethical, environmental, social and moral cases).

For someone to be able to make effective use of their human and aesthetic capital they must first acquire the necessary spiritual and moral capital, which will enable them to do so, as excellence cannot be achieved any other way (Adjibolosoo 1995b, 37). It is possible for individuals to lack the necessary spiritual and moral capital and still perform due to the amount of human capital that they have acquired. This performance, however, will not be anything like their potential would allow them, if they would have the necessary spiritual and moral capital to back it up. It is the well-developed spiritual and moral capital that creates an environment in which our unique human abilities can excel and perform to their optimum. A society, which only focuses on the development of human and aesthetic capital, while neglecting the other HF aspects, will not develop a workforce rich in human abilities. The neglect of spiritual and moral capital can also lead to the misuse of the already acquired human abilities, and even though spiritual and moral capital is difficult, if not impossible to measure accurately, they are reflected by the individual, both internally and externally (see also Kanungo and Mendonca 1996, 87).

A workforce rich in human abilities will only be attained through a holistic approach to HF development. If not done holistically, the lack of HF can lead to economic underdevelopment, continuing business losses and business failures (Adjibolosoo 1995b, 38). In Adjibolosoo's experience many developing countries have focused heavily in developing the human and aesthetic capital, while ignoring the other HF aspects, resulting in very limited development. In some what could be considered ex-developing countries, such as, the Asian tigers (e.g. Singapore). The HF development effort has been more extensive and a pattern can be seen in the extent of HF development and the country's economic success.

Many developed countries such as the USA, Canada and UK have paid serious attention to their HF development in the past, and due to this investment in HF, have also attained high economic growth and development (Adjibolosoo 1995b, 38). This does not ensure growth and development in the future, however, due to the dynamic nature of the HF mentioned earlier. HF can be both gained and lost, and as mentioned already we are at all times in our life either in the state of developing our HF or depleting it. Adjibolosoo perceives a possibility of the developed countries living off the HF legacy that they have accumulated over the years, first resulting in the

depreciation of spiritual and moral capital, and further in the decline of human abilities. This would seriously affect the economic and industrial development in the long run. “In this regard, the United States, Canada, the United Kingdom, Japan, Germany and many others run the risk of falling victim to the syndrome of HF underdevelopment unless they take the necessary steps to ensure that HF development remains a priority in their industrialization programs” (Adjibolosoo 1995b, 38).

#### **4.2.2 Impact areas of the Human Factor**

All institutions consist of three basic factors, physical (real-estate), financial (cash flow), and human (individuals). These factors are usually referred to as capital (i.e., financial or human capital). One can literally take away the physical and financial factors and still have a functioning institution, but you cannot take away the human factor, this would make the institution irrelevant and non-existent. The other capital (financial and physical) can be considered to be fairly uniform in quality to all, whereas the human capital and especially the human factor are not. As we earlier state this can be better observed when contrasting LDC's between themselves, as well as, with respect to some more developed countries. It is thus the human capital and developed human factor that for the most part defines the organization. Further the human factor in institutions is clearly the key to their existence and to their efficient and productive functioning. The institutions in our society consist of, and are operated by, individuals in various positions. At the end the direction of any institution is determined by its leadership and the success of its goals and objectives is determined by the sum total of its individuals. If a society expects to proceed according to its plans and reach its goals and objectives, it is dependent on its individuals to demonstrate responsibility, integrity, accountability and commitment, which will enable the society to uphold justice, political harmony and a disciplined labour force (Adjibolosoo 1995b, 33).

One of the key qualities is the ability to utilize acquired knowledge and information effectively in problem identification and solution (Adjibolosoo 1995b, 33). If we desire the process of knowledge and information acquisition, and its implementation

in problem identification and solution to be effective, the individuals must reflect the following qualities:

The people must exhibit responsibility in leadership, dedication through commitment, resourcefulness in the use of available resources, resilience and tolerance in adversity, inventiveness, innovativeness and imagination in relation to their chosen vision and accountability through service (Adjibolosoo 1995b, 33).

In the case that these qualities and characteristics are non-existent, especially in leadership, it is difficult to grow and develop the social, political and economic infrastructure and institutions (Adjibolosoo 1995b, 33).

As was mentioned previously it is important to realize the limitedness of mere “human capital” development in individuals, since human capital is only one of the six components of the entire HF.

Human capital is limited to developing the essential know-how and skills of an individual through education and training, and even though an essential component of the HF it will not bring about productivity alone. The direction our society has taken has been to emphasize human capital in the sense of the definition given earlier, while the other aspects of the HF are often forgotten as we focus on developing human capital.

Adjibolosoo makes it clear that for individuals to be productive other qualities beyond human capital are needed. These unique human qualities and/or characteristics, as Adjibolosoo calls them, are necessary to further economic and social progress. These qualities would include attributes such as, “integrity discipline, dedication, responsibility, diligence, insightfulness, accountability and the like”, which do not come about through human capital development alone, but through the development of spiritual and moral capital, as well as, human abilities (Adjibolosoo 1995b, 34). Edwin P. Hollander also makes this point quoting a work of McCall, Lombardo and Morrison (1987), done on some 400 executives concerning the issue of “derailment” (Hollander 1998, 57). As a result it was discovered that, the ones “who failed to reach their expected potential were more often found to lack skills in relating to others, not

technical skills.”, which goes to show the importance in leadership of the other dimensions of the Human Factor in addition to human capital.

Transformational leadership as described by Burns has in many ways the same effects on the organization as does the development of the Human Factor (Hollander 1998). One of these areas of significant influence would be the need for supervision. When an organization consists of individuals that have developed Human Factor or who have through their leadership developed their Human Factor there is much less need for supervision in terms of the followers. The same would be true in the case of transformational leadership where the moral fibre of the followership is developed or raised, thus also leading to a lower need of supervision. Eventually in both cases it would also be possible that the HF development or the moral development at the end results in the follower becoming a leader.

The primary importance of the HF concept rises from the extent of its impact. This impact reaches all areas of society including social, political and economic institutions, starting with the institution of marriage and family and ending with international political institutions. If an individual is unable to show leadership in his/her marriage and family, one of the most basic institutions of life, how do they expect to contribute through leadership in an organization with an even more complex organizational culture?

Leaders should at all times promote and develop good work ethic and social ethos. By ethos we mean “the fundamental character or spirit of culture...the underlying sentiment that informs the beliefs, customs or practices of a group or society” (Adjibolosoo 1999, 16). The ethos is what distinguishes one people group from another. The ethos also acts as a foundation for developing people’s ethical system, where by ethics we mean “the body of moral principles subscribed to by a group of people (i.e., societies, organizations, countries, etc.). These principles, rather than feelings or values, guide, guard, and direct the behaviour of leaders and other individuals in society (Adjibolosoo 1999, 16).

The main consequence, as a result of the lack of developed HF in individuals would be the decline of “personal accountability, integrity, trustworthiness, responsibility,

and commitment to principles of life and work”, as discussed in the section dealing with the composition of the HF (Adjibolosoo 1995b, 38). This lack of developed HF in individuals of a nation would then be reflected throughout its institutions and organizations, as the lack of the above personality characteristics.

The lack of adequate moral and spiritual capital in individuals can be observed from their behaviour in political, economic and social institutions (Adjibolosoo 1995b, 38). This handicap often results in placing the pursuit of personal interests of money, fame or being elected, before the interests of the institution or organization. This is neither wanted nor ideal leading to underdevelopment. According to Adjibolosoo, there is nothing wrong with an individual being influenced by such factors as “money, culture, prestige and self-actualisation”; it is when, due to the lack of spiritual and moral capital, they become the centre of attention for the individual. This phenomenon is unfortunately very frequent in today’s culture which has shifted towards economic imperialism and a cult of self-worship (Mendonca 2001, 267).

The lack of developed HF is most visible in nations where the satisfaction of the basic physical needs of life are hard to come by, driving individuals to satisfy these needs more strongly (Adjibolosoo 1995b, 38). With the lack of a developed HF in leadership, and especially the missing spiritual and moral capital there is a danger for negative rent-seeking by individuals when given the opportunity (e.g. Enron, Parmalat, WorldCom, etc.), leading to corruption, abuse, and in extreme cases death. This will stunt possible economic growth and the development of social welfare. When spiritual and moral capital are developed adequately the focus will shift from the fleeting short-term rewards to “the long-lasting principle of human life (such as integrity, justice, equity, fairness, love, sanctity of life, ect.)” (Adjibolosoo 1995b, 38).

The lack of Human Factor development plays a significant role in terms of the failure of ethical theories such as rule utilitarianism, which states that “persons [need to] conform to sets of rules to act in a way which will again give the highest degree of good for the greatest number of people” (Aronson 2001, 249). However if the persons involved do not have a developed Human Factor or moral character it is very unlikely that conforming to such rules will take place. As a result it will not matter

how foundational the rules are in terms of ethics and how well accepted they are by individuals, the system will fail to function in the long run.

## 5 DISCUSSION AND RESULTS

There is no question of whether both moral and ethical leadership are required, and as Aronson (2001, 245) notes “CEO’s are obliged to set a moral example for organizational members and to demarcate the constant striving for increased profits from those activities which may be detrimental to the values of society in general.” Aronson brings up the important aspect of society in general and the significance of the effects of moral and ethical leadership on society. This is very true and an important aspect to remember as it is not only the organization that benefits when development of moral and ethical leadership takes place, but everyone. Kanungo puts this in the following way “In ethical leadership, the motives, acts, and characters of leaders result in the moral development of both the leader and the followers, which in turn serve the interests of their organizations and society at large” (Kanungo 2001, 260).

It is also evident that society at large is in need of moral and ethical development due to the many threats it is facing. Mendonca raises some of the most significant ones, which we already mentioned earlier in the notion that, “Economic imperialism demands that money and material possession be the primary yardstick to measure success and failure in every sphere of human life, and therefore be valued more than everything else in society” (Mendonca 2001, p. 267). We are continually seeing these types of challenges and the susceptibility of leadership to their lure.

One of the concrete challenges of moral leadership on the executive level is compensation, which does not and has not for several years reflected the performance of top management. Also the fact that top management is paid such high salaries, especially in the United States, where a CEO may receive a salary of 100 times plus, that of the average worker, calls their overall leadership role into question (not just moral and ethical). Hollander notes that even though “leaders are recognized as needed, they also may be resented for having a position of authority that accords them special benefits, as seen now for instance in the contempt many hold for members of Congress” (this would hold true in Finland as well), (Ciulla 1998, 55). As Hollander

also notes, it may be increasingly hard for leaders who perform poorly and are still rewarded with higher pay to foster good followership, loyalty and trust. Also any kind of participation, teamwork, or credibility of having concern for their followers is most likely lost.

Among these challenges, turmoil, confusion and a need of moral and ethical leadership it is important for us to clearly understand the meanings of moral and (or) ethical leadership, so as to better understand the problem areas and root causes. By this study we have attempted to bring some clarity to the concepts and their meanings and even some of the inter relationships. In the following we will briefly outline the results.

## **5.1 What is Moral and (or) Ethical Leadership?**

So after all this interpretation and analysis what is moral and (or) ethical leadership? Are they the same or are they different? As a result of this interpretative study of concepts we have discovered and established first of all, that moral leadership is and should be a separate independently-considered entity. We would argue that without this separation and having moral leadership mixed into ethical leadership, the clarity of the different concepts and their meaning is reduced to a level where they are increasingly difficult to work with. Based on the findings of this study a model on the Moral and Ethical Dimensions Associated with Leadership (MEDAL) has been realized (see figure 7). This has resulted in the ability to clarify the existing concepts and to establish some of the relationships and levels.

In terms of what is moral leadership we have discovered that the focus is centred on character and more precisely moral character from which the moral leadership results. With deeper study on character it became evident that character is directly dependent on a spiritual dimension or core for the strength of its moral principles. From this combination flows moral leadership which is reflected by such constituents “as integrity, humility, sincerity, charity, courtesy, patience, faithfulness, sensitivity, purity, honesty, kindness, justice, tolerance, forgiveness, flexibility, collegiality, truthfulness, fidelity” to name a few (Adjibolosoo 1995b, 35). The leader

demonstrates moral leadership already by merely possessing these qualities and having them associated with his character. Further it was established that formation of moral character and moral development can be acquired through learning and self development in the specific areas in question, which makes moral leadership into a practical dimension.

What is left for ethical leadership then? As a result of the study we established that ethical leadership's main focus is behaviour and more specifically ethical leadership behaviour and ethical leadership styles. In this debate there is a strong focus on moral philosophy of leadership (ethics), and the leadership styles (transformational, transactional, charismatic, servant, post-industrial and directive leadership) are reflected on through this philosophy. As we have established, it is hard to say exactly which one of these leadership styles could be considered closest to ethical leadership. The main debate circles around transformational, transactional and charismatic leadership, with good arguments for many of the others. It is clearly not possible here to go with one or the other and the attempt here has focused more on bringing out the moral and (or) ethical dimensions in these leadership styles rather than develop arguments for one or the other.

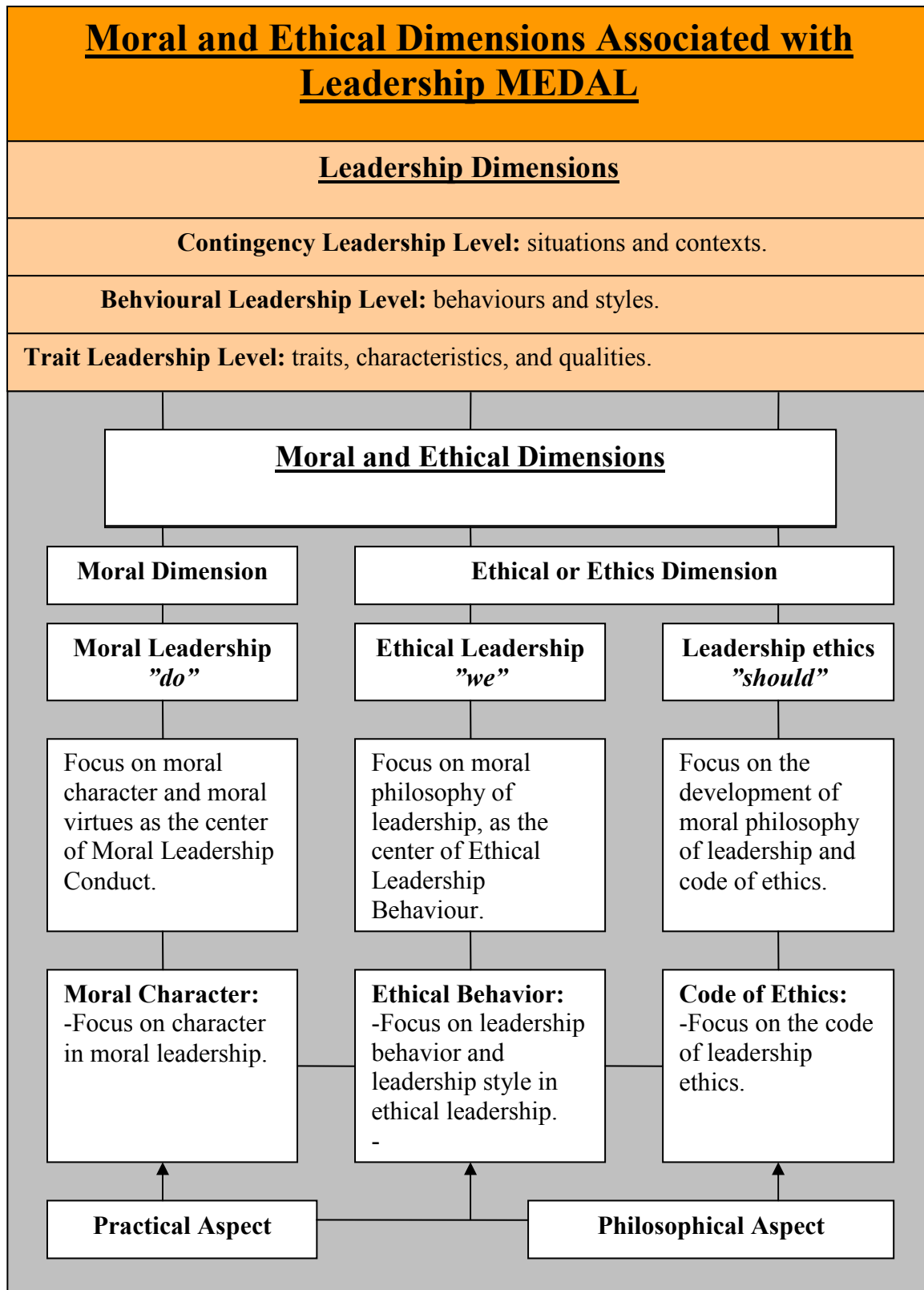
The above debate however, is somewhat irrelevant because even if a specific leadership style was to be established as being the most ethical and moral it has a very limited capacity to produce any practical results. Knowing how one should behave does not necessarily result in that behaviour, as the initiation for the behaviour is not internal (value and virtue based) but merely informative and cognitive. If we are to start with the behavioural approach (ethical leadership) we are coming at our aim of moral and ethical leadership in reverse order with limited results. There is a strong case in favour of an argument in which development of moral character and moral virtues are to be addressed first. If the moral character and moral virtues are developed first, moral and ethical leadership behaviour can follow, however this does not work the other way. Studying and learning ethical leadership styles and behaviour will not necessarily result in moral character and moral virtue development. If ethical leadership theory assumes to contain moral character and virtue development it needs to be clearly laid out that this is the case. As we have noticed that individuals lacking in developed moral character and moral virtues have attempted ethical leadership

styles such as transformation and charismatic leadership only to find out that they have gone horribly wrong, with their behaviour resulting in pseudo-transformational leadership and unethical and sometimes dangerous charismatic leadership. We are not by all means saying that behavioural study of ethical leadership styles is totally irrelevant, but rather that it is only one area of the moral and ethical dimensions associated with leadership, which are outlined in the MEDAL model as a result of this study (see figure 7).

One of the main results of this descriptive interpretative study of concepts has been the realization of the Moral and Ethical Dimensions Associated with Leadership (MEDAL) model (see figure 7). The MEDAL model has been outlined according to the objectives of descriptive interpretative study of concepts by Takala and Lämsä (2001) starting with 1) intuition, 2) new concepts and imagination, and 3) reflective thinking. In the MEDAL model moral leadership is awarded its own dimension along with ethical leadership, and thirdly a dimension of leadership ethics focuses on the code of ethics, situated as part of the philosophical dimension. A leadership dimension with levels on trait leadership, behavioural leadership and contingency leadership are also included in the model, but not expanded on in this study due to having to demarcate. We will note however, that a developed moral leadership dimension provides the ability for the leader to function and contribute in any of these different leadership styles or approaches. This hypothesis could also prove fruitful for possible further research.

This categorization of the concepts can be observed from the following figure 7, where the model of Moral and Ethical Dimensions Associated with Leadership (MEDAL) is outlined. In accordance to the MEDAL this study has taken an introductory look at the leadership dimensions. The ethical dimension is looked at in terms of the leadership styles and theories related to those styles, after which a more in-depth look has been taken into the area of moral leadership and the aspect of character. The dimension of leadership ethics (code of leadership ethics) will however not be looked at in this study, as it was not central to our primary objective.

**FIGURE 7 Moral and Ethical Dimensions Associated with Leadership MEDAL**



It is not to say that the above categorisation will solve all problems with respect to discussing morals, ethics, and leadership and certainly there are issues to be sorted out. A distinction with good enough fit, however, may save the common terminology from being overtaken by confusion, especially in the eyes of the practitioner.

## **5.2 Validity, Reliability and Credibility**

When talking about validity we are asking the question, is the study answering and measuring the question it was set out to answer originally and how well does it do this. First we would say that, yes the study does answer the question that it was originally set out to answer, and this is done by using the best academic sources as a foundation. The use of the best and most relevant academic references is especially important when using interpretative study of concepts as a method, and this was taken into account. Second for the sake of validity (and at some cost to reliability which in this case is to be expected) descriptive interpretative study of concepts was used as a method and a lens. This approach allowed us to reach the best validity, meaning it gave us the methodological flexibility to answer the question we had intended to answer to the best of our ability.

In terms of reliability we would ask for example the question that, if someone else did an interpretative study of concepts on same research question; would they receive the same result. We are confident that if the study was repeated the same constructs would be found to exist, which we have been outlined here. This is due to the fact that these constructs flow out of the main sources in the field of moral and ethical leadership, and the globally available definitions on terminology. It would be expected though that the study, being qualitative in nature and using interpretative study of concepts as a method, would not produce an identical result as the method allows for the creation of something new, which (as in this study) has to be confirmed by further research in that specific area. In this study that area would be the constructs of moral leadership and its relationship to character. Even though the sources are selected and read with a view that is as objective as possible, the authors own subjectivity cannot be escaped from in this study; as is the case with most qualitative studies. It has to be acknowledged that it is not possible to do an interpretive study such as this one and meet the criterion of objectivity. This means

that in someone were to repeat the study they would also have to deal with their own subjectivity (sex, culture, education, etc.) and it is likely that this would be reflected in the results of the study. It also has to be noted that no-one is able to read all the material available due to limited resources and the limited nature of the pro graduate study. However we are confident here that the essential material has been covered and in terms of reliability another researcher would select the same main sources in the field of moral and ethical leadership.

In terms of the credibility of the study and the possibility for evaluation, the reader should be able to follow up on the reasoning used and criticize it; this being the major concern in terms of credibility in this kind of a hermeneutic study. Visual mapping such as the MEDAL, as well as the Conceptual Framework of the Study (see figure 2) should make it easier to understand the logic and reasoning behind the interpretive analysis. Criticism in this case would be very welcome, as at this stage many of the concepts are under development and would need criticism and further research. We especially hope that further research on the constructs of moral leadership does take place and that the concepts overall are developed to attain better clarity.

### **5.3 Further Recommended Research**

As this study has been a descriptive interpretative study of concepts there are various possibilities for further research. The main continuation to this study would be an expansion on the constructs of moral leadership and the role of character. Empirical data and study based on that data would also be necessary on the aspects of moral leadership.

Further study could also be done now on the separation of moral and ethical leadership more specifically, having established their difference. The problematics of ethical leadership and its behavioral dependence could also be addressed in this kind of a study.

Finally the code of leadership ethics, which was delimited out of the actual assessment due to the size of the topic, is an area of possible further research. Further

empirical study could be done in terms of the existing code of leadership ethics as well as, it necessary development.

## 6 CONCLUSION

The main objective of the study was to answer the questions what is moral and (or) ethical leadership and are the concepts the same? A further aim was to clarify the different concepts regarding and surrounding moral and (or) ethical leadership. The reasons cited for this study included, the topic being new in the Finnish context, current demand in the topic area and the shift of the global focus in leadership research towards moral and ethical aspects.

The attempt of the study has been to bring a theoretical contribution to the field of moral and (or) ethical leadership; first, by making a distinction between the different concepts of moral leadership (specifically pertaining to character and its result in the conduct of the leader), ethical leadership (specifically pertaining to the leaders actions and the principles of human duty), and leadership ethics (specifically pertaining to the code of ethics). And second, by synthesising and summarizing the main theories and approaches to moral and (or) ethical leadership; a way in which the whole study functions as a single answer to the main research question.

The method selected for use in this case was descriptive interpretative study of concepts aimed at increasing the understanding of a concept or concepts (Takala & Lämsä, 2001). The objective of this type of a study was “to find, describe and interpret the entity of meanings” (Lämsä 2003). In this descriptive interpretative study of concepts the researcher aimed at “describing and clarifying the significations given to a concept” which in this case is moral and (or) ethical leadership (Lämsä 2003).

In the definitional stage the attempt was to define or redefine concepts such as ethic(s), moral and leadership. This started by looking at the leadership definitions and history of leadership. A working definition for leadership was selected as “Leadership is an influence relationship between leaders and followers who intend real changes that reflect their mutual purpose” (Ciulla 1998). After the leadership focus, the concepts of morality and ethic(s) were looked at in more detail after which

it was decided that there was such significant difference that a distinction had to be made.

After terminology had been addressed the focus shifted towards the main theories of ethics and their relation to moral and (or) ethical leadership. Following the main ethical theories the main behavioural theories of ethical leadership were reviewed to establish a perspective on the behavioural leadership ethics dimension. Lastly in terms of the study the concept of moral leadership and character was expanded and its significance was looked at reflecting on both virtue ethics and the Human Factor HF theory.

The attempt was to clarify the conceptual framework of moral and (or) ethical leadership, which was accomplished within the objectives and aims set. The hope of the author is that while attaining the objectives and aims, the study has also been as educational to the reader as it has been to the author himself. Hopefully the paper has been provoking some thoughts, developing opinions, providing intellectual stimulation, and perhaps even moral and ethical inspiration.

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