FOUR DIMENSIONS OF ORGANIZATIONAL THEORY

by

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ABSTRACT

This paper presents my responses to questions from four professors with whom I studied during my tenure in the Organizational Dynamics Master's Degree Program at the University of Pennsylvania. The central theme of each question concerns organizational leadership, my academic concentration in the graduate program. Dr. William Wilkinsky presented a coaching and team-building scenario for which I had to create a model and plan to be used to coach the team presented in the question. Professor Stephen Dunning asked me to consider explanations for deviant behavior in business, government and terrorist organizations. Professor Eric van Merkenstiejn requested I present leadership lessons drawn from the past successes and present failings (as perceived by some) of Michael Eisner, CEO of the Walt Disney Company. The final question, from Dr. John Fielder, required a literature review and assessment of the major themes associated with styles of ethical leadership.

ACKNOWLEDGEMENTS

Completion of this Capstone Paper is an enormous accomplishment for me. Yet, it would not have been possible without the urging, encouragement, and direct support of many individuals. To the four professors that supplied questions for me to answer, I thank you for your time and effort. To my classmates that provided input, consultation and encouragement, I give you my thanks. In a particular way I single out the support, encouragement and critique provided me by Larry Starr, facilitator of this Capstone Course and Director of Organizational Dynamics Degree Programs. It was at Larry's prompting that I took this course in my penultimate semester, and it was with his constant urging that I reached completion in time for the official close of the semester in December 2004. Another individual that has recognized the value of my pursuit of this degree is my friend and supervisor Harry Lucas, Group Manager of Performance Assurance for the Business Solutions Group at Verizon. Harry has validated my achievement of the MSOD as a critical element of my personal and professional development and has supported my work toward that goal. Similarly, my teammates on the Performance Assurance team have assisted in the division of work responsibilities in such a manner that I was able to care for my professional and educational requirements, particularly during the writing on this Capstone Paper.

Above all others, though, I thank my wife Mollye Readinger-Scott. She has been eminently supportive in helping create time and an environment conducive to writing. Her support has not been limited to this course only, but has endured during my tenure in the MSOD program. Thank you, Mollye! Thank you also to my children Liam, Joseph and Hanna for understanding during the time I was at work on this project.

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CHAPTER 1

ORGANIZATIONAL COACHING

Background for Question

In the summer of 2004, I completed DYNM 637 Coaching and Facilitating Teams taught by Professor William Wilkinsky. This course provided me the opportunity to test group theories in the laboratory of experience. In this course, we created small groups and spent the remainder of the semester examining the stages of group development using ourselves as the subjects of our own research. The depth of learning by doing was far greater than I anticipated at the outset of the course. This course had a profound impact on my individual participation in teams and has spurred me to continue learning in this field.

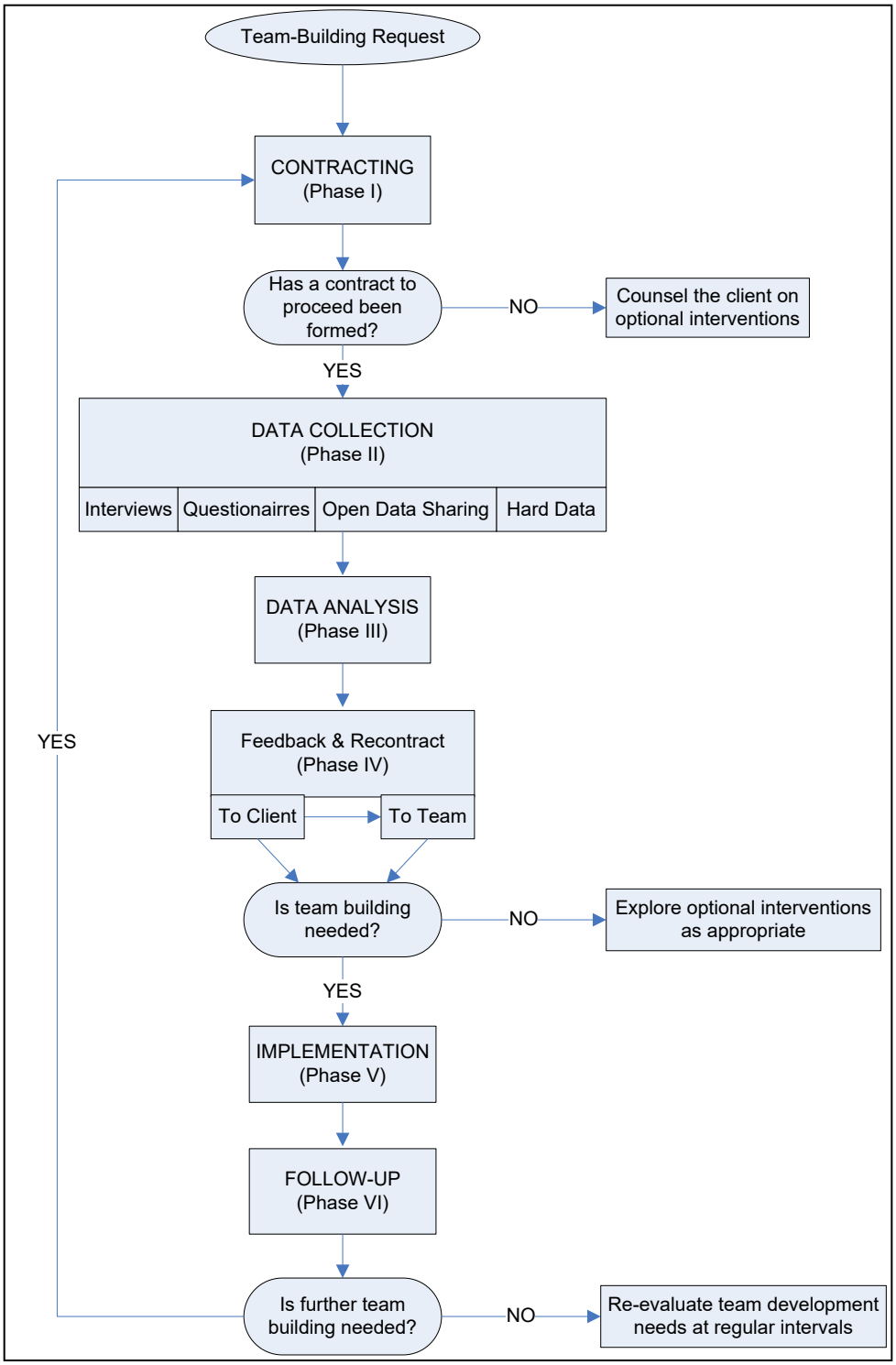
Question from William Wilkinsky

> Think about executives/hi level managers in the work place in two dimensions: Dimension A: Those who are open to help, growth, and development vs. those who do not want to participate in efforts geared at growth, help and development[;] Dimension B: Those who demonstrate a clear need for help, growth and development vs. those who do not demonstrate a clear need for help, growth and development. That would create four categories: Open to help, etc.[;] Not open to help etc.[;] Demonstrates a need for help, etc.[;] Does not demonstrate a need[.] You have been asked to coach a hi-po group of 20 executives/managers some of whom fall into each of the four possible categories. In different combinations, these 20 executives and managers work together. In some cases they work together on a day-to-day basis; in other cases groups have been brought together to work on cross functional projects – these groups often have four or five of the proposed group on their team. How would you go about this assignment? What barriers might you expect for each and how would you deal with them. How would you want your work to be assessed?

Response

The first question I would ask of myself and, separately, of the client is: "Is this an opportunity for coaching or team building or neither?" Authors Elledge and Phillips (1989) wisely note that "(t)he team-building process should not be undertaken unless there is evidence that lack of effective teamwork is the fundamental problem" (Elledge & Phillips, 1989, p. 7). Describing the essence of facilitative coaching, Roger Schwarz (2002) indicates that "(a)t the heart of the facilitative coaching role is the ability to help people improve their effectiveness by helping them learn to rigorously reflect on their behavior and thinking" (Schwarz, 2002, p. 43). This opportunity warrants not just coaching, but coaching with a purpose: *i.e.* coaching and teambuilding. Therefore, in approaching this scenario I will utilize the six phase approach to team-building as described by Elledge and Phillips and as depicted in Figure 1.

Figure 1. The Team Building Process*



*From Elledge and Phillips (1989 p. 12).

Given the scenario as presented in the question, this group is a high potential group of managers and executives. In order to decide whether to accept this request and contract with the client for an engagement of coaching this "hi-po" group, I need to follow up my initial assessment with a more detailed discovery, which may, depending upon the outcome of that process, bring me to a decision to accept this coaching request. In the post-request follow-up meeting with the client I would work to formulate an explicit, written agreement specifying the details of the expectations for this team-building and coaching engagement. Among the items I would consider when contracting a coaching arrangement with this group are the nine elements cited by Elledge and Phillips (1989, pp. 5-6):

1. The boundaries of (my) analysis
2. The project's objective
3. The type of information (I) will seek
4. (My) role in the project
5. The product (I) will deliver
6. The support and involvement (I) will need from the client
7. Time schedule
8. Confidentiality
9. Feedback

Upon articulating, writing and gaining agreement (with or without negotiation, whichever the case may be) on the terms upon which I agree to coach this team, I would then work to articulate the objectives of the coaching/team-building intervention. I would outline a working roadmap of my plan, as well as agree up front on the metric by which the coaching relationship would be judged by the client.

Given the four-fold distinctions among the members of this group, there may be several possible objectives of this coaching relationship that may be articulated. Among

potential objectives that I would articulate include the following (see Elledge and Phillips, 1989, p.8)

- Providing an opportunity for the group as a whole to analyze its functioning, performance, strengths, and weaknesses.
- Identify problem areas of team behavior and corrective actions to be taken.
- Developing a model of team effectiveness specifically designed to help the work unit

Upon gaining the input of the client on their perspective on objectives and attaining consensus on the objective of the coaching/team-building intervention, I would then initiate the data-collection phase.

The goal of the data gathering is to compile relevant and valid information that can lead the coach and the group members to identify the root dynamics that may be preventing the groups from achieving a higher degree of efficiency. Given the group description of executives and high level managers in the work place, I need to consider the pressures of time and distractions of other responsibilities that are often incumbent upon persons in this environment. Similarly, in contracting this coaching experience, there may be financial agreements that limit the methods of data gathering I could employ. In consideration of these realities I would initiate a facilitated open data sharing exercise. In this situation, I would lead the group in a guided conversation of the many dynamics in force within the group. In the example provided herein, I would start the discussion by identifying the descriptors provided in Dr. Wilkinsky's question. I would ask the team to privately answer questions such as these:

- Which members of the group do you consider open to help, growth and development?
- Which members of the group do you consider as not wanting to participate in efforts geared at growth, help and development?
- Which members of the group do you believe demonstrate a clear need for help, growth and development?

- Which members of the group do you believe do not demonstrate a clear need for help, growth and development but nonetheless, in your opinion, would benefit from help, growth and development?

In addition to the aforementioned questions, I would lead the group through an exercise of identifying general characteristics of highly functional teams. Next, through facilitated conversation I would ascertain with the group if there was consensus on the characteristics that were offered by the group. When the group had arrived at answers to this series of questions, I would initiate a process of consensus validation to see to what degree members felt aligned with the final insights, inputs, and opinions put forth in the exercise.

Recognizing that this process of data gathering has inherent advantages and disadvantages, I would pursue additional data sources. As previously noted, given the initial description of the group, these data might include statistics on employee satisfaction surveys, absenteeism, turnover, and other metrics associated with the group's business. "Work-group output measures can … provide a more thorough understanding of the problems the team faces and the impact of those difficulties" on member's ability to be open to or demonstrative of their need for growth, help, and development (Elledge and Phillips, 1989, p. 11).

As a third major source of data, I would, as a pre-workshop exercise, utilize a standardized questionnaire, specifically, the Team Character Inventory (TCI), developed by David Jamieson (see Elledge & Phillips, 1989). In utilizing this instrument, I would engage the scoring mechanism that groups items that share similar scoring patterns. In this method of yielding output from the questionnaire the scores of four or five highlight areas of strength within the overall group and low scores of one or two uncover areas of

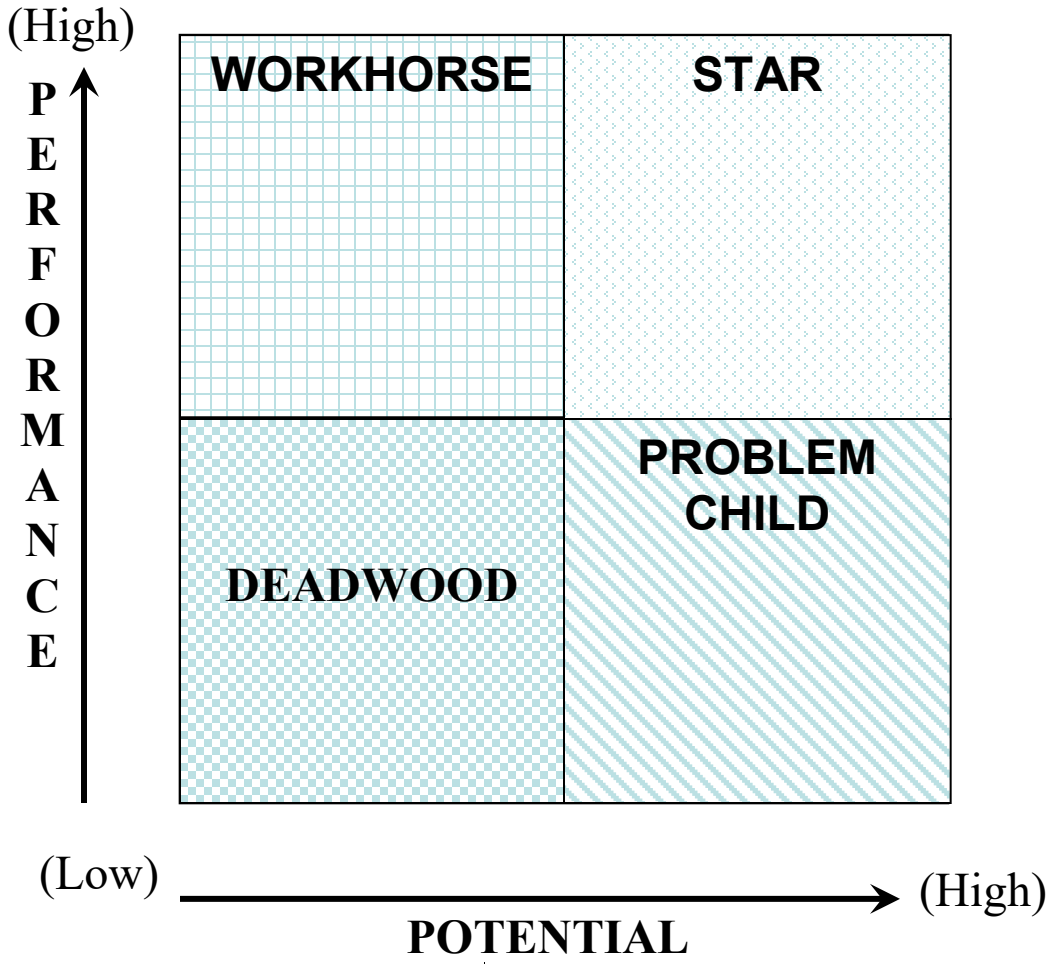
growth for the team. In this vein, I would seek to drive results down to the four sub-groups as outlined in Dr. Wilkinsky's question. By focusing attention on the items with high scores (the group's strengths) and the items with low scores (their areas of growth) and essentially discarding the middle items, I would relate those results back to the group's self-identified descriptors regarding the apparent subgroups within the whole: *e.g.*, those open to help, growth, and development.

Considering the three major sources of data researched for this coaching experience (facilitated discussion with consensus validation, hard data associated with the group, and the TCI) the data collected must be analyzed to identify corrective actions toward the groups stated goals, whatever they may be from the goal-defining conversation in the contracting section of this response. In an effort to present a well-rounded analysis of the data for the TCI, I would score the instrument with the three available scoring options: overall score, cluster analysis, and individual item analysis. The overall score will provide a high-level sense of how effectively the team operates. The cluster analysis categorizes items within the instrument to provide a review of various facets of effectiveness within the team's operation. The individual item analysis examines high and low scores among all responses and focuses on those with scores of one or two designated as areas of improvement and scores of four and five as areas of commendation and strength for the group. The dual focus of the results report in the Individual Item Analysis is critical to preserving the member's commitment to the work required to move the group from where it is presently, to a better, more efficient or optimal state. People's morale can be buffeted by frequent or continuous negative feedback, so the commendation/recommendation approach provides stroking of

individual's and the group's ego to bolster their self- and group-identity, as well as their overall loyalty to the group and its mission.

Feedback delivery is where the momentum of this coaching engagement shifts from analysis to prescription; this is where the coaching really takes off within the relationship. In developing a prescription, careful attention is required to address methodologies to the kinds of individual and group dynamics present within the overall group as well as the sub-groups. Developing appropriate actions likely to yield a positive impact on the group requires consideration of whether some sub-groups are worth the required resources given the expected level of return. Conversely, a relatively small degree of resources devoted to those with the highest potential may yield outcomes even greater than originally anticipated during the contracting phase. Figure 2 shows the employee-performance-analysis model developed by George Odiorne (Pfeiffer, 1984), which exhibits distinctions among individual performers that can inform a coach's and an organization's decision-making process of determining where resources may well be spent or conserved, based upon the likelihood of a positive yield.

Figure 2. Employee Performance Analysis Model*



* From Ordine, G. (1984) In Pfeiffer (1984, p. 2).

To fully understand the dynamics at work in the group and their effect on the proposed course of action, the sources of data gathered by the coach, coupled with existing data provided by the client can be filtered through the descriptors provided in the question and, subsequently, discussed with the group to ascertain where individuals may lay within the employee-performance-analysis model. The “Deadwood” quadrant may correlate to those described in the original question as “those who do not want to participate in efforts geared at growth, help and development.” This correlation may be

particularly strong if, upon examination, the hard data of the organization corroborates the hypothesis that their performance results may also be low. Individuals in this sub-group have the least potential as they show no interest in growing or changing. Depending upon the resources available to the organization and the coach, this is the group that, in the face of limited time and money, may be selected for little to no coaching or team-building intervention. From this group one could anticipate rejection of their categorization as low in potential. In consultation with the client and supported by the hard data as well as my own observations as the coach, I may recommend to the client that this sub-group may not be capable of attaining any of the desired outcomes of the coaching and team-building intervention. The client may wish to pursue avenues of performance improvement plans or other strategies of human resource development, which may or may not lead those individuals out of the business.

Those individuals described in the original question as "open to help, growth and development" may, depending upon other performance results as indicated in the hard data, correlate to the "Workhorse" and/or the "Star" quadrant(s). The "workhorses" generally perform well for the organization and, with the aid of coaching and team-building, may engage more fully in the work of the organization, thereby likely yielding a greater and more positive impact. Similarly, the "stars" have correspondingly high results in potential and performance. Both the "stars" and the "workhorses" are likely to respond favorably to coaching exercises that stretch their creative imagination and their ability to solve problems, thus providing them opportunity to enhance their skills, not only for the business but for themselves. Theoretically, individuals in these categories may be sidetracked by an overly inflated view of themselves. This potential barrier could be

addressed through a group dynamics activity that could have concurrent goals of addressing some enhancements to their performance, such as the "Subarctic Survival Situation," as described below.

Those individuals described in the original question as "those who demonstrate a clear need for help, growth and development" may, depending upon other performance results, correlate to the "Problem Child" quadrant, therefore, an appropriate coaching goal may be to show these individuals their capacity for greater success and provide tactics for helping them achieve that potential.

Lastly, "those who do not demonstrate a clear need for help, growth and development" may, depending upon other performance results, correlate to the "Problem Child" and/or "Deadwood" quadrant(s). In this situation, resources can directed to moving people from their current state in the "problem child" quadrant; or, as described previously, examining the value of continuing to support the existence of the "Deadwood" within the group and the larger organization.

To strengthen the impact of the presentation of the data to the client and the group, the delivery document is best when it is "simple, clean, and easy to interpret…it should speak for itself" (Elledge & Phillips, 1989, p. 37). Particular care is given to the presentation of results vis-à-vis the standardized questionnaire as these results must be anonymized then summarized on a tally sheet and back-up data accessible if members choose to follow up on the expanded details. Delivery of feedback in this scenario warrants a phased approach: first dealing with the individual client with whom the coaching was contracted and second, presenting to the whole group. The group presentation is to address the uniqueness of the data and their implications for those who

find themselves in one of the initially described quadrants of the group. Special attention should be paid to observing an engaged attitude in the client and members as the feedback data are delivered and their implications discussed. If the client or the members receive the data with little or no perceptibly genuine attitudes and feelings of ownership or if there is a seemingly thoughtless jump to "How do we resolve this?" these are indicators that hearing and internalizing the findings, their implications, and their opportunities will be more problematic during the ongoing implementation phase, which, coupled with coaching through the process, is next.

Based upon what issues the group decides to address as an outcome of the data-gathering and data-analysis phases, the length and content of the implementation phase can be determined. If, as an outcome of those processes, this team wants to address a desire to become a more highly productive team, I would propose a team-building activity designed to experientially teach the values and drawbacks of the dynamics of each of the sub-groups. One such activity that would provide an experientially based exposition of group dynamics that are actually at play in a given group's interactions is a simulation called "The Subarctic Survival Situation," (Human Synergistics, Inc., 1987). This simulation provides an opportunity to explore many "aspects of group behavior…such as: group atmosphere, acceptance of individuals in a group, communication, participation, leadership influence, and leadership style" (Human Synergistics, 1987, p. 5). Through a group activity such as this, this group of highly productive executives and managers would be responsible for making decisions individually and as a group. This work will provide a laboratory of group dynamics, sure to bring to the fore the several dynamics of the sub-groups as described in the presenting

question. Working the team through this exercise and conducting an After Action Review (AAR) informed by the research, data-collection and analysis will provide valuable feedback and direction for the group to make some decisions about itself in light of its new found introspective knowledge. As part of the discussion after this exercise I would elicit the group's intention for future attention to the realities that were worked on thus far in the team-building and coaching relationship. I would seek to ascertain the group's interest in ongoing coaching via follow-up visits, facilitated conversation and further discussion and self-inspection. These activities would assure continued progress and actualization of lessons learned within the group and its members. If the group indicated their desire to continue in an ongoing coaching relationship, whether short or long term, I would begin anew the process of contracting for a future endeavor.

To effectively assess the impact of this experience for the individuals, the sub-groups, the client and the larger organization, I would engage in a three part post-intervention assessment. First, I would review the stated objectives and, via a facilitated discussion, inquire among the team members if these objectives were met and attempt to align consensus around the responses to this inquiry with a consensus validation exercise. Second, I would conduct a standard AAR. This would be facilitated by the coach and conducted in the "spirit of appreciative inquiry" as distinct from a climate of critique (Leadership Development, Inc., 2001, p. 3). The AAR is structured around five questions designed to be responded to within a budgeted amount of time so that teams focus on "changed team behaviors[,] not on differences in expectations, what happened, or who to blame" (Leadership Development, Inc., 2001, p. 4). The five questions and approximate timeframes for each element of an AAR are as follows:

1. What was our intent? (5% of allotted time)
2. What happened? (20% of allotted time)
3. What worked? (25% of allotted time)
4. What could have been more effective? (included in previous 25%)
5. What did we learn? (50% of allotted time)

The final assessment tool I would use is a review of the groups label as a "hi-po" group. Utilizing the "Twenty Tough Questions for High-Performing Teams," promoted by Rodney Napier and Matti Gershenfeld (2004, pp. 472-473):

1. Is there an openness to experiment with roles, structure and methods of operation?
2. Is there a set of clear agreed-upon values that are "lived" by the team?
3. Does the team have drive for seeking continuous improvement of its product or service?
4. Is there a shared compelling vision of where the team is going – especially in relation to the rest of the organization?
5. Does the team have clear and attainable goals that move it toward its vision?
6. Do the members of the team help distribute individual goals in a manner that:
    a. allows members to maximize their individual strengths?
    b. provides individual opportunities to stretch and grow through achievement of their goals?
7. Is the authority of individual members and the team as whole clear and well defined?
8. Is there an easy movement of information and communication within the team?
9. Do the team members think of the good of the team before their own interests?
10. So individuals and the team as a whole continually test their assumptions?
11. Does the team make efforts to be open and flexible in relation to other teams or different parts of the organization, thus avoiding fostering silos?
12. Is feedback – based upon openness and candor – a critical dimension of team life? At the core, are members willing to speak the truth in ways that can be heard?
13. Does the team a culture of possibilities rather than only problems?
14. Are there sufficient shared skills so team flexibility is maintained?
15. Does the team have the capacity to think systematically – to see the big picture?
16. When it solves problems, does the team have skills to generate creative alternatives?
17. Does the team have both the skills and willingness to deal with conflict when it arises?
18. Are individuals evaluated and held accountable so that what people say is what they do?
19. Is the team itself willing to take risks, reflecting a group that stands for its beliefs?
20. Does the team have sufficient standards to warrant being called high performing?

This paper examines the coaching and team-building method I would use to assist a “hi-po” group. Considering the group’s composition, purpose, and internal dynamics, there are several tactics of coaching and team-building, discussed herein, that will assist this group is moving from its present state to a future, more optimal state, wherein they can improve upon their weaknesses and sustain their strengths.

CHAPTER 2

ORGANIZATIONAL DEVIANCE

Background for Question

My introduction to the MSOD Program at the University of Pennsylvania was in the summer semester of 2002, months from the cataclysmic events of September 11, 2001. Professor Stephen Dunning modified an existing course in light of those events and called the new course, DYNM 657 Organized Fanaticism: The Dynamics of Deviance and Manipulation [presently this course is entitled Understanding and Preventing Organizational Deviance]. This class was a powerful learning experience for me and provided a unique bridge from my previous graduate level education in theology to my current studies in organizational dynamics.

Question from Stephen Dunning

> Many examples of deviance in leadership involve violation of ethical norms. In looking at specific studies of deviance in the worlds of business, government, and terrorist organizations, we find a wide range of explanations for such deviance. Analyze two or three of them, comparing and contrasting them in order to judge which explanations are most helpful and why.

Response

To pursue an analysis of the many explanations for deviance in leadership and, thereby, to arrive at an assessment of which of these is most helpful requires a preliminary exposition of the ethical norms that are violated in such acts. In its most reduced form, morality can be described, as Plato did in his Republic, as how one ought to live. From this fundamental formulation come a plethora of other iterations, qualifications, and theories of what is moral. “The minimum conception may…be stated

very briefly: Morality is, at the very least, the effort to guide one's conduct by reason – that is, to do what there are the best reasons for doing – while giving equal weight to the interests of each individual who will be affected by what one does" (Rachels, 2003, p. 14). Closely related to the concept of moral is the concept of ethical. Ethics conveys a concept of an outline of principles that specify the "ought" of the Platonic formulation. The norms of ethics are the baseline or models which are generally considered to be standard for persons. The ethical norms of groups vary as do the kinds, sizes, locations, and purposes of groups throughout the human experience. That is, as many groups as there are (or have ever been or will be) there are as many (if not more) norms for ethical interaction among the members. Understanding, first, that these many groups have shared standards (these may be articulated or not, codified or not, understood and known to all members or not) allows one to understand that deviance can be considered as that which defies the accepted, normative ethical values of the community or group. Violations of ethical norms, as described herein, are found in many areas of social interaction, among them are business, government, as well as organizations created to instill terror in the lives of others: terrorist organizations. This chapter will present examples of such violations in the aforementioned groups. Further, this paper will identify the explanations of the cited examples of violations of ethical norms, from which point I will compare one to the others and draw conclusions from that comparison.

Recently in the business sphere there have been several cases of corporations violating ethical norms. Among these current examples are the cases Enron, WorldCom, and others. In a longer view of business history, there is a case that has become a "landmark narrative…(that is,) a definitive story used to support the construction of

amoral corporate behavior as a pervasive social problem" (Ermann and Lee, 2002, p. 277). The Pinto Case holds a preeminent position in the history of examples of corporate deviance. The details of the case are as follows:

> Conventional wisdom holds that Ford Motor Company decided to rush the Pinto into production in 1970 to compete with compact foreign imports, despite internal pre-production tests that showed gas tank ruptures in low-speed rear-end collisions would produce deadly fires. This decision purportedly derived from an infamous seven-page cost-benefit analysis (the 'Grush/Saunby Report' [1973]) that valued human lives at $200,000. Settling burn victims' lawsuits would have cost $49.5 million, far less than the $137 million needed to make minor corrections. According to this account, the company made an informed, cynical, and impressively coordinated decision that (payouts) to families of burn victims were more cost-effective than improving fuel tank integrity (Ermann and Lee, 2002, p. 277).

There is a classical understanding of this case explaining how it happened; as well as a newer and different view, which questions the long-standing perspective. The former explanation of the Pinto Case is highlighted by the concept that this incident was a single case of deviant action by an individual within a single corporate entity, as evidenced by the apparently cold and heartless cost-benefit analysis as previously cited; this is known as the "focal organization perspective" (Ermann and Lee, 2002, p. 281). Conversely, these authors posit "that institutionalized norms and conventional modes of communication at the organizational and network level better explain the available data" (Ermann and Lee, 2002, p. 282) than does the former explanation's emphasis on one person's amoral calculations within this one organization.

This explanation of deviant behavior on the part of Ford Motor Company and the National Highway Transportation Safety Administration (NHTSA), which was also implicated in the original explanation, throws into stark relief the reality that organizations, organizational sub-units, and networks of organizations all act and interact

in ways that yield outcomes that are not always anticipated. This is not to imply that the lack of fuel tank integrity, which is at the heart of the Pinto Case, was wholly unanticipated. Lee and Ermann maintain that the Pinto design came out of forces both internal and external to Ford and that, based upon their reexamination of the facts, "(t)here was no 'decision' to market an unsafe product, and there was no 'decision' to market a safe one" (Ermann and Lee, 2002, p. 301). In the view of these two authors, there was no conscious decision to produce an unsafe fuel tank for this vehicle. Rather, the interconnectedness of organizations and standard conventions within those networks (for instance, cost-benefit analyses) can yield gaps between network members and the larger society in determining certain critical measures, such as in this case: an acceptable level of risk.

As an example of corporate deviance from a governmental organization, a defining example of this is the disaster of the Space Shuttle *Challenger* in 1986. This example, too, provides an original explanation of the actions and omissions deemed as deviant from the period of time shortly following the disaster, juxtaposed against a newer revisionist account. The historically accepted explanation for why the Challenger was lost and its crew killed is that "NASA managers, experiencing production pressure in a year when many important launches were planned that were essential to the future of the space program, ignored the advice of contractor engineers and went forward with the launch, violating rules about reporting problems up the hierarchy in the process" (Vaughan, 2002, pp. 308-309). The incident and its explanation aligned with generally accepted descriptions of white-collar deviance in society, specifically, the "amorally calculating manager model…which locates the cause of organizational misconduct in the utilitarian

calculations of individuals, precluding any other influences upon individual choice" (Vaughan, 2002, p. 309). Through very extensive research into the organization, environment and regulatory oversight, Vaughan purports an explanation similar to Lee and Ermann's organizational networks explanation of the Pinto Case. Vaughan reexamined decisions and actions in the context of when and how they actually happened from the perspective of the actor, thus revealing that "(t)he cause of the *Challenger* disaster was not amorally calculating managers…(n)either was it organizational misconduct…because no rules were violated…no evil individuals were behind what happened at the space agency" (Vaughan, 2002, p. 325). The emphasis in Vaughan's study of the *Challenger* disaster is not on annulling the basic understanding that decision-makers own accountability for their decisions made and not made, vis-à-vis omission. Rather, she highlights the integral role the situation, organizational environment, normative processes and structures all play in lulling individuals into a state of confident blindness toward possible harmful outcomes from their choices, actions and inactions.

In examining the deviance of acts of terrorism, there are several explanatory theories proposed to help move toward an understanding of these acts. The primary theory proposed by Mark Juergensmeyer (2000) is the theory of Cosmic War. This theory is predicated upon the presumption that there is presently underway a world war, which pits, on one side the godly, righteous, defenders of holiness, and, on the other side, the secular, generally Western and specifically American culture.

> The world is at war, Osama bin Laden proclaimed in a fatwa delivered in February 1998, months before the bombing of the American embassies in Kenya and Tanzania – bombings he was accused of masterminding and financing. Bin Laden wanted to make clear that it was not he who started the war, however, but Americans, through their actions in the Middle East. These had constituted, in bin

> Laden's words, 'a clear declaration of war on God, His messenger and Muslims.' His own acts of violence, by implication, were merely responses to a great ongoing struggle (Juergensmeyer, 2000, p. 145).

Juergensmeyer's study, as well as this present paper, is not limited to bin Laden's war. There are many other individuals and groups including, but not limited to: anti-abortion militants in the United States, RAHOWA – racial holy war – promoted by the World Church of the Creator, Christian Identity groups, militant factions (both Catholic and Protestant) in Northern Ireland, militant Sikh groups on the Indian sub-continent, Hamas and Hezbollah movements in the Palestinian territories. When examining the intricacies of these many groups, a general theory emerges that these terrorists view themselves at war with an opposing ideology, government or culture. For many terrorists, though, this war is not focused on a single locus or ideology; rather it is war on a grand – cosmic – scale. Therefore, when Timothy McVeigh planned and executed the bombing destruction of the Alfred P. Murrah federal building in Oklahoma City, OK, he acted less against the particular men, women and children within that building and more so against that which is symbolized by the building: the federal government of United States of America.

> I call these images 'cosmic' because they are larger than life. They evoke great battles of the legendary past, and they relate to metaphysical conflicts between good and evil. Notions of cosmic war are intimately personal but can also be translated to the social plane. Ultimately, though, they transcend human experience. What makes religious violence particularly savage and relentless is that its perpetrators have placed such religious images of divine struggle – cosmic war – in service of worldly political battles. For this reason, acts of religious terror serve not only as tactics in a political strategy but also as evocations of a much larger spiritual confrontation (Juergensmeyer, 2000, p. 146).

This cosmic war, then, becomes the justificatory scheme for acts of violence perpetrated against others that are technically not direct participants in the war: civilians or non-combatants.

Among the outcomes of this cosmic war is a sense of personal and social empowerment for the perpetrators of acts of this type. From their perspective, success is in waging the struggle, not necessarily or only in defeating the opponent. In this sense, then, the promoters – leaders – of organizations that espouse this philosophy and *modus operandi* are exercising influence – leadership – over those who are their followers. This hearkens to the classic argument in leadership studies: Can immoral or amoral individuals accurately be considered leaders (*e.g.* Adolf Hitler). Viewing this through the frame of cosmic war, the manner in which nearly all cultures and societies throughout history have held in esteem those who have fought for the public good, actors in the cosmic war are empowered to commit their acts of terrorism. They view themselves as wholly good and righteous and opposed to all evils, particularly as actualized by their particular opponent (Americans, Western culture, etc.). What is more, their principal influencers (*i.e.* leaders); use this empowering dynamic to sanction acts of violence and to propagate other believers into their belief system.

The aforementioned examples indicate three distinct explanations for the deviant actions described:

1. institutionalized norms, conventional modes of communication, organizational and network levels can lead to processes that can yield unintended, unexpected results;
2. situation, environment, and embedded normative processes and structures that blind participants to harmful outcomes of choices, actions and inactions;

3. Cosmic War.

It is clear that explanations one and two are similar. The nuanced distinction lies in organizational and network element, which is present in so many large organizations today. Frequently, in very large corporations, many disparate departments and people touch a single request or project. The work within these complex networks of organizations within organizations can yield outcomes unforeseen and/or unintended. Whereas, in the explanation typified by the normative structures within organizations, it is the institutionally embedded unreflective structure of the organization that can impede individual's abilities to think and act in new and unique (non-traditional) ways. This routinization of deviance can invalidate individual input or action and propel behavior toward organizational goals even if an individual or sub-group objects to a certain action or process element. The cosmic war theory stands singular among the three explanations. In this explanation, the point of the terrorist action is to convey some greater message to an audience larger than the ones upon whom the terror was visited. The war, the struggle, is viewed as inspired by faith and required by God. The insidiousness of the terror is compounded in that, for actors in the cosmic war, the process of the war is itself the goal because many view ultimate victory to be beyond their own means and strictly in the purview of divine will, which is the impetus for their fight. Juergensmeyer argues that "(t)he absolutism of cosmic war makes compromise unlikely, and those who suggest a negotiated settlement are as excoriated as the enemy" (Juergensmeyer, 2000, p. 154).

In my view, the explanation of the cosmic war is most helpful in understanding how today's worldview is so colored by terrorism. This is more difficult to apply to micro-level organizations because of the tone and tenor of the cosmic war theory. When

examining organizations of business or government, the cosmic war's grand scenarios are often too grandiose. In examining instances of deviance in these other kinds of organizations, Vaughan's theory of institutionally embedded unreflective action. From my experience as an employee in a Fortune 20 corporation, this theory provides understanding to many experiences of trying to complete projects and accomplish tasks. The unreflective action of a business group is typified by the strategy-du-jour environment that is so frequently at work within this type of an organization. In my work group, this unreflective action is particularly potent in its impact at times of transition within the organization: change of leadership, significant change in market or economic forces, etc. In these situations, reflecting upon actions taken or inherited rather than just arbitrarily setting a new direction can instill in group members an understanding that the old way of doing business is not necessarily bad, nor is it the only way that business must be done in the future. Organizational reflection upon its embedded structures, processes, legacy, will lead to questioning of the reality that is and discussions of the reality that can be for the future of the organization.

CHAPTER 3

ORGANIZATIONAL LEADERSHIP

Background for Question

Professor van Merkensteijn teaches two courses in the Organizational Dynamics degree program: DYNM 654 Business Growth Strategies and Successful Implementations and DYNM 684 Organizing for New Services and New Markets. As a student in both courses, I was exposed to strategies in action as we examined case studies and local entrepreneurs that brought to life the concepts discussed in class readings and discussions. My experience in these courses was very positive, challenging and educational. For these reasons, I requested a Capstone Question from Professor van Merkensteijn.

Question from Eric van Merkensteijn

> During our class discussions we often dealt with leaders of major corporations - some were successful, some failed, and some like Steve Jobs did both over time. Look now at Michael Eisner of Disney and analyze his success of the past and his current failings, as perceived by some. What are Eisner's leadership lessons for us, and which can help us predict success and failures of other leaders?

Response

Michael Eisner has served for more than 20 years as the Chief Executive Officer of the Walt Disney Company. During that time, there have been many successes and failures for the Disney Corporation and for Eisner. The intent of this paper is to review the successes and failures of Eisner's leadership of the Disney Corporation. From this review, I will propose certain lessons in leadership that may be gleaned from these examples.

According to Michael Eisner's biographical sketch posted in Disney's corporate information section of their World Wide Web site, upon Eisner's arrival at Disney in 1984 he "immediately implemented a number of successful growth strategies," (The Walt Disney Company, 2004). These are summarized as follows:

- Theme park attendance and revenues increased
- Theme Parks improved and expanded:
    - Disneyland Paris opened
    - Disney's Animal Kingdom and other parks in Florida
    - Tokyo DisneySea in Japan
    - Hong Kong Disney (scheduled for 2005-2006)
- Theme park related businesses created, such as Disney Cruise Line and Disney Regional Entertainment
- Disney Studios went from last place to first place
    - Renewed efforts at Disney animation studios resulted in fiscally and creatively successful animated blockbusters, such as *The Lion King, Toy Story, Toy Story 2*, and others
- Acquisition of Capital Cities/ABC, which includes the ABC networks, ESPN, The History Channel, Lifetime, A&E, and E!
- Acquisition of Fox Family Worldwide, which includes Fox Family Channel (now called ABC Family)
- Creation of Walt Disney Theatrical, which has produced three shows
- Since 1984, annual revenues have grown from $1.7 billion to $25.3 billion; operating income increased from $291 million to $2.1 billion

These successes do not represent the whole picture. The New York Times reported (September 11, 2004), "Disney shares during the Eisner-Wells [Frank G. Wells, Disney President who died in a helicopter crash in 1994] regime had a total return of 1,015 percent, compared with a gain of 267 for the S.&P. 500…(b)ut since then…Disney

shares have provided a total return over more than a decade of just 77 percent, less than half the 202 percent for the S.&P. 500" (Norris, 2004). Further, Disney's stock did not perform as well as the rest of the market in the boom of the late 1990's and, subsequently, it has fared worse than many in the bear market that resulted from the burst of the technology bubble. Even beyond an examination of earnings, criticism has followed Eisner. While theme park attendance is up, as noted above, it has not attained the increases that had been predicted. In the early years of Eisner's tenure, a sizeable amount of the revenues earned came through the revitalization of the Disney brand and reissue of DVD/Video of Disney's classic animated movies. Upon the death of Frank Wells, the company entered a turbulent time marked by churn in the ranks of senior executives around Michael Eisner. After being snubbed as the heir-apparent of Frank Wells, Jeffrey Katzenberg later sued Disney and was ultimately paid $117 million. In 1995, Eisner almost single-handedly ushered in Michael Ovitz, Hollywood mega-agent, as the new President of Disney. That decision lasted 14 months when Eisner fired Ovitz, who was paid $140 million at the time of his departure. The matters surrounding the hiring and firing of Michael Ovitz is now under suit in the Chancery Court of the State of Delaware in a case brought by shareholders against Eisner, Ovitz and other company directors at the time.

Also in 1995, the Walt Disney Company acquired Capital Cities – ABC, which provided the addition of a television network into the Disney portfolio. Eisner's stewardship of the television units of the Disney companies is also a mixed bag of success and failure. Eisner is responsible for acquiring and growing the most powerful and successful brand in cable television sports – ESPN. However, ABC's performance

has been lackluster at best. Ironically, this is where the young Michael Eisner first gained notoriety and professional success in the 1970's. Specific criticism was raised by former employees and executives citing his micromanagement as a significant distraction to the successful operation of that business. "(B)ecause of his management style, programming executives often deferred to Mr. Eisner, even going as far as watching his reaction to pilots before voicing their own opinions" (Sherman, 2004). Whereas this example exhibits the fear the Eisner instilled in his executives, another story describes the resentment that simmered among many. In 1991, results for the Walt Disney Company were below analysts' expectations and the company's own forecasts. Overall revenues were up to $6.8 billion, but operating income declined by 18%. The theme parks division performed especially poorly that year: revenue was off by 5 percent and operating income decreased by 38% from the previous year. In consideration of these poor performance results, Eisner "cut the studio's bonus pool in half," although taking a $4.7 million bonus himself (Masters, 2000, pp. 270-271), which engendered a great deal of resentment among many Disney executives.

To effectively analyze these facts and figures related to Michael Eisner's leadership at Disney, I will examine these in light of the following categories of successful strategic leadership, which are described by Wood and Rothstein (1999).

The Strategic Leader…

1. Defines the company's purpose for being in business
2. Defines the company's future direction
3. Serves as strategic pioneer

4. Sets corporate strategy and leads the planning process
5. Establishes communication channels throughout the organization
6. Fosters company culture
7. Leads the management team (pp. 103-110).

While Wood and Rothstein created these categories with the entrepreneur in mind, there is cross-elasticity with large, established corporations like the Walt Disney Company and Michael Eisner. Specifically, some items that the authors identify as in the purview of the CEO of the entrepreneurial organization are, in the major publicly-held company, more appropriate to the CEO in consultation and partnership with the board of directors and other officers of the corporation. Aside from that distinction, this list provides some benchmarks against which Eisner's performance, as outlined above, can be assessed.

On the first category: defining the company's reason for being in business, Eisner inherited a significant corporate legacy when he became Chairman of the Board and CEO in 1984, so defining the reason for being in business was a moot point. However, Eisner did set about redefining Disney's reason for being in business. What Eisner inherited as a theme park and cartoon-based company he redefined the company's reason for existing in bold ways as he launched the bid to acquire Capital Cities – ABC and expansions into the, at that time, untapped international market for Disney. The second category, defining the company's future direction, was done by Eisner in the two examples just cited. The third category: serving as a strategic pioneer, is exemplified by bold moves Eisner initiated in the revitalization of 42nd Street on Broadway and the launching of Disney Theatrical, which, heretofore, was not a niche for the Walt Disney Company. Eisner was

one who engaged in the fourth category: setting corporate strategies and led the planning therein. Specifically, Eisner personally involved himself in the acquisition planning and negotiations surrounding the Capital Cities – ABC deal. On the fifth category establishing communications channels throughout the organization there was success and failure. In an organization as large and diverse of the Walt Disney Company, communication among the disparate entities is an enormous challenge. One way Eisner and the senior executives have addressed this enormous challenge is through Disney Dimensions (Wetlaufer, 2000).

> (Disney Dimensions) is like synergy boot camp. When they get back to their jobs, what happens is synergy naturally. When you want the (Disney) stores to promote Tarzan, instead of the head of animation for Tarzan calling me, and me calling the head of the Disney Stores, what happens is the head of Tarzan calls the head of the stores directly (p. 120).

In the sixth category, Michael Eisner has been involved with developing and fostering company culture; in Eisner's words: "(w)e're entertaining people, so we should have an energized culture. Maybe we don't whistle while we work, but we do smile and tell jokes" (Wetlaufer, 2000, p. 116). Alternately, there is another culture that was fostered by Michael Eisner, one of fear and micromanagement as previously described in this response. The seventh category, leading the management team, is one that Eisner had to grow into while at Disney: "When Michael Eisner took the helm at Walt Disney Co. in 1984, he was so unschooled in boardroom etiquette that he sought out a copy of 'Robert's Rules of Order,' the guide to parliamentary procedure" (Orwall, 2004, p. A1). Eisner himself describes another way that he leads the management team: by encouraging creativity through inquisitiveness (Wetlaufer, 2000):

> In the middle of a meeting on financial performance, I might say, "My wife and I were in Disneyland Paris two weeks ago. Mice's Maze was just not exciting enough. What can we do?" They'll look at me like, "How did Mice's Maze get into this meeting? We were talking about return on equity." But what I am showing is that any and all questions are fair game. We are open with each other. We probe, we push, we think about our company as an interrelated whole, and the quality of Mice's Maze has a direct impact on ROE (pp. 120, 122).

Ultimately, history will judge the leadership of Michael Eisner during his tenure at the Walt Disney Company. Until such time, though, the following lessons of leadership are clear from the history created thus far. First of all, leaders sometimes find themselves in unanticipated circumstances, as Eisner did on the day after Easter in 1994, when his partner and bulwark support died unexpectedly in a helicopter crash. Moments as this allow new dimensions of leadership to show forth in a person. A principle new dimension that showed forth in Eisner at this time was mistrust and deceit in the ensuing battle with Jeffrey Katzenberg over the selection of someone other than him to replace Wells. Similarly, the management of the Ovitz hiring and firing sowed seeds of mistrust among senior executives that hindered their performance, and ultimately the company's performance. Another key leadership lesson to be gleaned from this review of Eisner is his adaptability, particularly over a long period of time. Eisner showed that, the great company he joined in 1984 was one with even greater potential. His ability to adapt himself and to steer the company to adapt to market fluctuations that drove the need to internationalize Disney's products and their delivery channels was instrumental in the grand scale diversification that has, in the end, achieved the worldwide recognition of the Disney brand. Lastly, Eisner has a respect for the legacy with which he has been entrusted. He portrays an understanding that the magic of Disney is instrumental to its success and he endeavors to instill that in his internal and external messages to his fellow employees, which they refer to as cast members. Commenting on how he intends to keep

Disney successful between now and his announced retirement in 2006, Michael Eisner reported (Wetlaufer, 2000):

> We just have to keep up the practical magic. And to tell you the truth, I don't know any other way to lead than how I do it. Of course, I've never really thought about it as "leadership." I just want to be a part of a great group of people that comes up with new ideas. That's fun. And with the fun goes responsibility – responsibility for protecting the past and responsibility for planning for the future (p. 124).

CHAPTER 4

ETHICS

Background for Question

Professor John Fielder taught DYNM 648 Ethics and Leadership, in which I was a student in the summer semester of 2003. At this point in my education, I was primed for the challenging examination of crucial topics in ethics. I have returned to the readings from this course several times since the course ended, and believe that this topic is fundamental in my discussions of leadership for this Capstone Paper.

Question from John Fielder

> I want Martin to write on the topic of 'Styles of Ethical Leadership.' He will review the literature, assess it, and reach his own conclusions on the major issues.

Response

The way in which something is said, done or expressed can be described as the thing's style. The way in which one "does" ethical leadership can be described as a style of ethical leadership. This begs the question: Does a model of ethical leadership exist? Certainly there is a significant amount of scholarship and literature on the matter of leadership. There is an extensive segment of business dealing with leadership development. But is there a compilation of generally accepted styles of ethical leadership? A review of current literature of ethics and, separately, leadership indicates that scholars, business leaders and others continue to search for a succinct, authoritative and generally accepted depiction of styles of ethical leadership. There is, throughout the leadership literature, and, to a lesser degree, the ethical literature working theories,

descriptions and definitions. Even in their formative stages, these distinct elements can be combined in a patchwork-description of styles of ethical leadership. Crucial to the overall understanding of this exposition of "styles of ethical leadership" is the recognition that this topic is wholly distinct from the broader topic of "styles of leadership," which could constitute volumes of writing to compile and present. Styles of *ethical* leadership drives at a concept of leadership in which the entire *modus operandi* flows from an ethical foundation. Edward Aronson, in his paper "Integrating Leadership Styles and Ethical Perspectives" asserts that "ethical leadership encompasses more than the fostering of ethical behaviour…(i)t may also be viewed as effective leadership" (Aronson, 2001, p. 245). In this sense, the ethical dimension is neither an overlay nor a facet of the style of the leader as a person or the leadership as a quality. The ethical dimension is the constitutive definition of the leader and the leadership. Absent the ethics, the leadership ceases to exist. In this way, then, the examination of styles of ethical leadership distinguishes itself from an examination of generic *styles*, one of which may be ethical.

In an effort to ascertain a workable description of "ethical leadership," I will explore these two concepts independently. "Various ethical theories exist because throughout the ages philosophers have adopted different perspectives regarding the criteria upon which ethical judgments should be made" (Aronson, page 248). The origin of ethics studies dates back to Aristotle, with his publications Nicomachean Ethics and Eudemian Ethics. "[T]hese two works cover more or less the same ground: they begin with a discussion of *eudaimonia* ('happiness,' 'flourishing'), and turn to an examination of the nature of *aretê* ('virtue,' 'excellence') and the character traits that human beings need in order to live life at its best" (Kraut, 2001, p. 1). Later in history, and in a wholly

different culture, the ancient Hebrews codified a decalogue of commandments for interaction with the Divine and others in the community. Both the Hebrew and Christian Scriptures articulated a succinct ethical formulation that has become known as the Golden Rule, which, colloquially, is to do unto others as you would have them do unto you. In the Middle Ages, the Christian Philosopher/Theologian Thomas Aquinas articuluated the concept of Natural Law as the guide for how one *ought* to act in relation to another, nature and the Divine (*cf.* Rachels, 2003, pp. 56-57). In more modern times, the advent of a psychological hermeneutic brought to general understanding new ethical paradigms and descriptions, which, according to Rachels, can be categorized as:

- "Psychological Egoisim," which states that "every human action is motivated by self interest" (Rachels, 2003, p. 64);
- "Ethical Egoism," which postulates that persons "have 'natural' duties to others simply because they are people who could be helped or harmed by what we do" (Rachels, 2003, p. 77);
- "Utilitarian Approach," which stipulates "(i)n deciding what to do, we should, therefore, ask what course of conduct would promote the greatest amount of happiness for all those who will be affected. Morality requires that we do what is best from that point of view" (Rachels, 2003, pp. 91-101.);
- Kant's Categorical Imperative: "Act only according to that maxim by which you can at the same time will that it should become a universal law" (see Beck, 1969).

These overarching theories have described various approaches to the ethical mores of different societies in several periods of time. Taken as a whole, the constant theme is that "(m)orality is fundamentally concerned with the effects of actions on other people" (Aronson, 2001, p. 248).

When applying these many theories in the context of business ethics; two primary categorizations are found: deontological and teleological theories. Deontology is the theory of moral obligation, as described above, as the "ought" of how one acts in relation to another. Deontological theory of ethics rests upon the "determination of whether or not

the act is inherently right" (Aronson, 2001, p. 248). There are two principal subdivisions of deontological theory of ethics: rule deontology and act deontology. The former dictates that one must act in all circumstances according to a pre-determined set of rules. In this manner, the ethical value is based upon the standard used to decide to act and not according to the rightness or wrongness of the act itself. The latter sub-division of deontology bases the ethical value of an action in the act itself; one is "obliged to behave toward others in a particular manner simply because they are human" (Aronson, 2001, p. 248). Teleological theories of ethics judge the morality of an action based upon whether it yields a greater degree of good than evil. An unethical act, for the teleological ethicist, yields more evil than good. For a holistic understanding of the ethical dimensions of business leadership, both deontological and teleological views are complementary and, indeed, most effective when used in unison. F. Neil Brady uses the analogy of Janus, the Roman god of gates, to describe the complementary nature of these views of ethics. This analogy "depict[s] deontologists as looking principally to the past in terms of cultural and religious tradition for the establishment of ethical guidelines, while teleologists are seen as forward looking and endeavouring to find solutions that will lead to the most positive outcomes for all" (Aronson, 2001, p. 249; see also Brady, 1985).

On the topic of leadership research, the issue of effectiveness was among the first topics examined by behavioral researchers in their attempt to uncover the traits, abilities, behaviors, sources of power or environmental conditions that determine how well a leader is able to influence followers and accomplish group objectives (Aronson, 2001, p. 245). This "trait" approach was ultimately deemed incomplete as no specific individual traits were ever identified as the sole precursor to good or effective leadership. This led to

the articulation of a theory of leadership behavior. In this model, the "what" and the "how" of leader's actions are primary to determining their effectiveness. This theory primarily focuses on task orientation and the interpersonal dynamics of the leader-follower relationship (Aronson, 2001, p. 245). By the late 1960s yet a different perspective began to be foremost in scholarly thought on leadership. In this period scholarly attention turned to what became known as the contingency approaches, which sought to specify under what conditions would a leader's task and/or interpersonal-oriented role behaviors be effective or ineffective (Aronson, 2001, p. 245). The primary limitation of these situation-based theories was that their proponents generally limited the examination of leadership to narrow examples of supervision over a small group. The matter of macro-dynamics of leadership was not addressed in these theories. This limitation led researchers into the research of charismatic leadership. Researchers in the phenomenon of charismatic leadership related their work to concepts in leadership influence processes, which propose that organizational leaders demonstrate three primary ways of influencing followers:

1. directive mode, which can range from autocratic to *laissez-faire*;
2. transactional mode, in which both leader and follower receive something from one another;
3. transformational mode of influence, in which the leader uses empowerment of others to stimulate change in follower's attitudes and values, which in turn supports the internalization of the leader's vision (Aronson, 2001, p. 246).

James MacGregor Burns is the thinker that postulated the theory of "transforming leadership," as described in the third descriptor mentioned above (Burns, 1978, pp. 42-43). Joanne Ciulla describes Burns' theory as a prescriptive about the nature of morally

good leadership (Ciulla, 1998, p. 15). Specifically, the relationship between the leader and the followers is the bedrock of the transforming leader. According to Ciulla's interpretation of this model, leaders operate at higher levels of need on Abraham Maslow's hierarchy of needs, and higher value levels, as in Milton Rokeach's value's development research (see Rokeach, 1973). Burns' transformational leadership theory envisages the leader raising the group toward their vision by engaging conflict among members as a way to assess and redefine their individual values and needs. Burns weaves ethical elements into his thought on leadership when considering the relation of leader and follower. Using the term "transactional" leader, in contradistinction to "transforming" leader, for the transformation leader, Burns proposes an evolution from lower level needs to higher ones and from follower to leader then, ultimately, to moral agent. Burns' describes the transformation leadership model as ethically superior to transactional leadership (Aronson, 2001, p. 247). On the contrary, transactional leadership stresses mechanisms instead of broader purposes. Burns implies that transactional leaders work to accomplish only enough to avoid problems, rather than working toward some higher vision of organizational effectiveness. Transactional leadership is focused on the means to certain ends (*e.g.* "responsibility, fairness, honesty, and promise keeping" [Ciulla, 1998, p. 16]). On the contrary, transforming leadership is focused on ends, such as liberty, equality, justice, etc. Additionally, the transactional leader is viewed as a consensus builder that may allow or even facilitate the watering down of the vision for the purpose of consensus (see Rost, 1991). Table 1 shows descriptive examples distinguishing Transactional Leadership from Transformational Leadership (Kanungo, 2001, p. 264).

Table 1. Transactional Leadership vs. Transformational Leadership

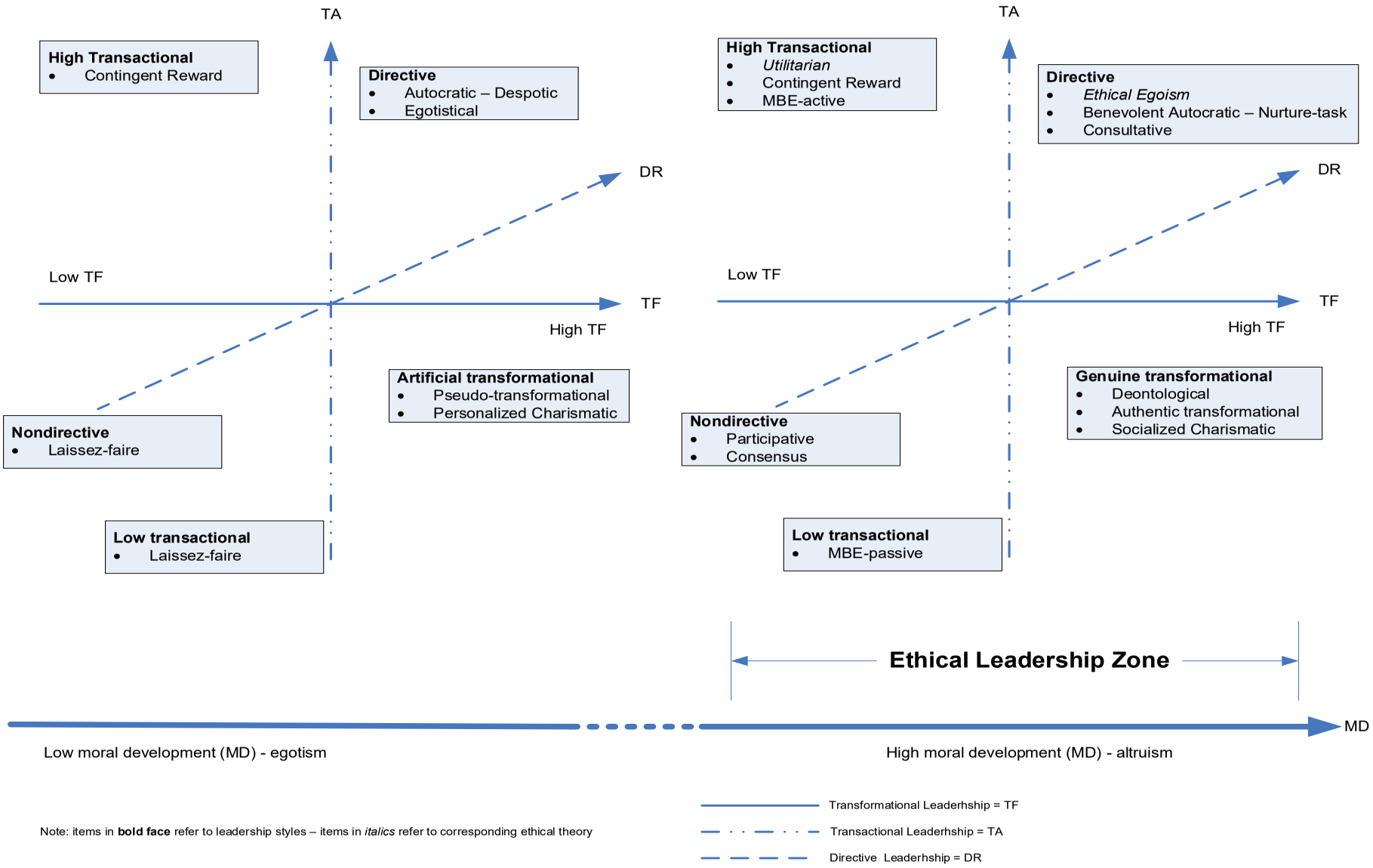
	Transactional Leadership	**Transformational Leadership**
Motive/Intent	Mutual Altruism	Moral Altruism
Internalized Norm	Reciprocity norm internalized	Social responsibility norm internalized
Self cognitions	Idiocentric "Me" self (individualistic) Self Centric	Allocentric "We" self (embedded self)
Relations to others	Atomistic (independent)	Organic (interdependent)
Rights and obligations	Actions to protect individual rights are valued	Actions that meet social obligations are valued
Nature of goals	Pragmatic goals	Idealistic goals
Evaluation of means and ends	Ends justify means (outcome or teleological orientation)	Means justify ends (process or deontological orientation)
Behavioural strategy to influence others	Utilitarianism: social contract and exchange of resources as basis for influence	Altruism: cultivating personal virtues and empowerment of others as basis of influence
Nature of ethics	Teleological and situational ethics: emphasis on purpose and particulars	Deontological and principle governed ethics: emphasis on duty and universals

Ultimately, according to Burns, without a transformational leader, leadership does not exist (Aronson, 2001, p. 247). Aronson argues that "ethical leadership may be exhibited by an entire range of leadership styles," provided they act from an ethical foundation (2001, p. 253). Depending upon the relative moral development of the leader and the ethical foundation from which the leader acts, the actions and the leadership may be said to be ethical to that same degree.

Aronson proposes a model of ethical leadership, presented in Figure 3, (Aronson, 2001, pp. 250-251).

Figure 3

A Model of Ethical Leadership*



Note: items in **bold face** refer to leadership styles – items in *italics* refer to corresponding ethical theory

*(Aronson, 2001, p. 250)

The bold line in the bottom of Figure 3 displays the level of moral development of the leader. The highest degree of moral development is altruism, which indicates that leaders are motivated out of a desire to benefit others, contrasting against egotism. The model of ethical leadership is displayed twice, once in the egotistic degree of leader-motivation and once in the altruistic degree of leader-motivation. The horizontal axis (TF) of the diagram represents the level of transformational leadership behavior. The vertical axis (TA) corresponds to the level of transactional leadership behavior. The transversal axis (DR) shows the level of directive leadership behavior, which can range from autocratic to *laissez-faire*. This model of ethical leadership comprehensively depicts the varying influences on whether a leader's behavior is ethical or not, that is whether it is within the ethical leadership zone. Specifically, this model simultaneously accounts for:

- the extent to which the leader influences followers by stimulating change in attitudes and values
- the degree to which the leader is concerned about the exchange of resources with the followers
- the degree to which the leader influences through a directive or participative style

The aforementioned variables are graphed against various levels of moral development of the leader, indicated by altruism or egotism.

In surveying the present day landscape of leadership in American business, it seems apparent that society is calling upon these leaders to conduct their business affairs with more attention to ethical considerations. Toward this end many styles of leadership can be exercised and still be ethical when rooted in an altruistic moral development of the leader. Business leaders are well versed in caring for both internal and external stakeholders. This attentiveness to both groups requires the corporation, in the person of

their leaders, to lead ethically both within the firm as well as in the larger community. What guides decisions for leaders acting from an ethical stance is a view toward deontological and teleological evaluation guided by the individual's personal characteristics as well as the prevailing situational context. Generally, leaders will exhibit a composite of the several leadership styles outlined in this paper. These styles, though, are also rooted in both personal characteristics and contextual factors on the part of the leader. Applying these considerations to leadership development within an organization, decision-makers can make use of Aronson's model of ethical leadership to search for candidates with a desired combination of leadership styles and ethical values, which viewed together, can provide a picture of the candidate's style of ethical leadership.

In conclusion, consider these points cited by Manuel Mendonca in his paper "Preparing for Ethical Leadership in Organizations" (2001 pp. 266-267):

- 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-year-old 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 (Finlay, 1995, p. 21).
- Two experimental design studios in the U.S. involving 179 top executives and 203 controllers found that 47% of top executives and 41% of controllers made fraudulent decisions that artificially inflated profits to increase their promotion chances (Brief, Dukerich, Brown, & Brett, 1996).
- A study of AACSB (Association of Advance Collegiate Studies of Business) Business School Deans found that deans are more likely to participate in unethical actions if they result in a substantial donation to their school (Siguaw, Rockness, Hunt & Howe, 1998).

These anecdotes exemplify actions executed without due consideration, or perhaps in wanton disregard for, sound ethical leadership. When pondering the theories and foundations of ethical leadership I wonder how our world would be different if

principal figures in history had made different choices. If a balanced blend of standards, context, personal moral stature, and sound ethics-based decision making had been exercised as a model style of ethical leadership; I propose that our world would be vastly different than the reality that confronts daily. In American business in these early years of the twenty-first century, the ethical scandals of such famous companies as Enron, WorldCom and others still loom large. As I witness the world's transformation into a global village, I see that the practice of ethical leadership is a principal challenge for organizational leaders in the twenty-first century.

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