Ethical leadership and the dual roles of examples

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Abstract
Through the examples they set, leaders do a great deal to shape—for good or for ill—the culture of the organizations in which they serve. Leaders thus serve in a teaching role. But in order to learn how to set positive examples, leaders must also be students who seek to learn what they can from others’ examples. Employing as a jumping-off point a recent high-profile and multi-faceted scandal involving Penn State University and decision makers affiliated with it, this article explores a number of ethical decision making lessons to be learned from that scandal and considers how those lessons can be applied to a variety of decisions faced by corporate leaders. Along the way, the article addresses ways in which common human tendencies impair the quality of thinking and decision making. It also offers ways for improving thinking quality and enhancing the ethical nature of resulting business decisions.

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1. Leaders as students and teachers

In late 2011 and into 2012, media headlines featuring Penn State University and leaders affiliated with it stemmed from reasons the university and those individuals will long regret and the public will long remember. The multi-faceted scandal involving child sexual abuse and what was done (or not done) about it by persons with relevant information furnished a jarring reminder of what can happen when organizational leaders fall short in an ethical sense or are widely perceived as having done so. Though set in a university context and against the backdrop of a high-profile sports program, the Penn State debacle serves as a sobering example from which leaders in a corporate environment can learn useful lessons—if they learn the right ones. As will be seen, learning the right lessons may often require overcoming common human tendencies that adversely affect the quality of our thinking and decision making.

This article uses the events at Penn State and the fallout that ensued as a jumping-off point for examination of broader questions concerning ethical decision making and ethical leadership. It explores the dual roles that corporate leaders play regarding matters of ethics: they are students in the sense that they learn, or should learn, from relevant experiences (both their own and those of others); and, through the examples they set, they are teachers of other persons affiliated with the organization and of non-affiliated persons who observe their actions. Along the way, the article considers the roles that sound critical thinking, asking of the right questions, and application of practical self-tests may play in improving the quality of decisions that have ethical dimensions and in helping leaders to set the right kinds of examples.
At the outset, it may be useful to clarify that as used in this article, the term ‘leader’ is not restricted to persons at the top of the corporate hierarchy even if some of the matters to be explored seem especially relevant to those in high-level executive positions. Neither is there an attempt here to dwell on the technical niceties of possible distinctions between leaders and managers or to elaborate on when a person may be both a leader and a manager. On ethical questions, one may be a leader, and therefore may demonstrate ethical leadership, at any level of the organization and without regard for whether he or she has formal management responsibilities. Whatever their positions within the organization, those who consistently demonstrate a commitment to doing the right thing can have a positive impact on all with whom they interact.

1.1. Setting examples and learning from examples

Leadership in an organizational setting involves a good bit of example-setting. In an influential study, Badaracco and Webb (1995) examined the experiences of Harvard MBA graduates during their early years in the corporate work environment. The authors noted the MBAs’ emphasis on the importance of examples set by corporate leaders in shaping the organizational culture regarding matters of ethics. The subjects studied were not just talking about positive examples, however. More commonly, they noted negative examples in which persons higher up in the organizational command structure acted in ways that struck the MBAs as insensitive to, or openly dismissive of, ethical concerns. Such examples did far more to shape the firms’ culture than did company codes of ethics and lofty statements of supposed corporate principles to which, it seemed, only lip service was paid (Badaracco & Webb, 1995). However, some of the MBAs who participated in the study saw that a positive ethical climate could emerge from examples their organizational leaders were setting. One would expect those MBAs to have a more favorable view of the firms for which they worked.

Through the examples they set, therefore, organizational leaders serve as teachers in regard to actions and decisions that have ethical dimensions. To be effective teachers, leaders must be conscious of the examples they set. They also have to be skilled learners, in order to know what lessons to impart through their examples. They must learn not only from their own experiences but also from the experiences of others. This brings us back, for the moment, to where we began: with the Penn State scandal and what should and should not be learned from it.

2. The Penn State debacle

2.1. Recap of key events

A recap of the key Penn State events (as reported in numerous media accounts from November 2011 until January 2012, when this article went to press), may be helpful. In 1998, police investigated a report that Jerry Sandusky, for many years the defensive coordinator for Penn State’s football team, had showered in a Penn State locker room with a boy Sandusky met through his work with the Second Mile Foundation (an organization that focused on disadvantaged youth). The boy’s mother had made the report to the police. No arrest was made and no charges were filed.

In 1999, Sandusky resigned as defensive coordinator after learning from Penn State’s longtime head coach, Joe Paterno, that he would not be named as Paterno’s successor at whatever time the legendary coach decided to retire. Paterno supposedly indicated that the time Sandusky was spending on Second Mile matters had interfered too much with his coaching duties. Years later, after the events described below, Paterno denied having known about the 1998 police investigation of Sandusky. Although he was not a member of the Penn State coaching staff after 1999, Sandusky held emeritus status at the university. He had an office there and enjoyed ready access to locker rooms and other university facilities. Sandusky therefore remained a regular and visible presence despite his lack of official status with the football program.

During an evening in 2002, Mike McQueary, a former Penn State player and then a graduate assistant (later an assistant coach), stopped by the locker room to drop off some shoes. According to grand jury testimony he gave in graphic detail several years later, McQueary heard noises coming from the shower area, looked into the showers, and saw Sandusky sexually assaulting a young boy. A shocked McQueary left the premises and contacted his father to discuss what he should do. McQueary informed Paterno (still the head coach) the next day about what he had witnessed. In grand jury testimony he later provided, Paterno stated that McQueary did not go into extreme detail about what he had seen but that McQueary had said it involved behavior of a sexual nature.

A day or two after hearing from McQueary, Paterno informed Penn State’s athletics director, Tim Curley, about what McQueary had told him. Paterno’s involvement ceased at that point. He did not inform the police and did not follow up with Curley regarding what, if anything, Curley had done with the information. A Penn State vice-president (Gary Schultz) and the university’s president (Graham Spanier) later
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