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9 Integrating leadership with ethics: is good leadership contrary to human nature?

Joanne B. Ciulla

Introduction

Leadership is a human activity. People engage in leadership all over the world. All leaders do similar things as leaders. They initiate activities, they motivate people, and they move people towards various goals. Some use persuasion, others force. Some are democratic and aim to promote the greatest good, while others are autocrats who aim to maximize their own good and the good of their friends and cronies. Individual leaders vary across cultures and within cultures. They may have different leadership styles, attitudes, values, beliefs and practices, depending on the culture, institution or organization. This is not a chapter about traits, cultural differences, universal values or particular ethical problems facing business leaders, nor is it about leadership in one area or another. This chapter looks at a fundamental question about leadership. What is it about human nature that makes ethical leadership in any context or culture difficult?

The chapter examines leadership in terms of the basic philosophic question concerning human nature. To what extent does free will shape our lives and to what extent are our lives determined by our genes and by fate (Dennett, 1995; 2003)? This question is particularly salient to the study of both ethics and leadership. We begin by exploring the relationship between moral values and practical knowledge or ethics and effectiveness. We then go on to discuss risk and moral accountability or moral luck. Then we examine the problems of self-control, self-interest and altruism. Later in the chapter, we look at what biology tells us about self-interest, cooperation and reciprocity. In the end, we focus on nepotism. Throughout human history, leaders, meaning people who hold leadership positions, were indeed born (not made) into the family business or the family political dynasty. The majority of businesses in the world today are family businesses and many heads of state are members of a family dynasty. The natural inclination of leaders to look after their family, friends and clan is both a source of strength and a source of corruption in business, politics and a variety of

other organizations. In conclusion we argue that ethical leadership is a moral struggle because, in a sense, it does not come naturally.

Some definitions

Before we get started, a short note on the words 'ethics', 'morality' and 'leadership' is in order. Some people like to make a distinction between ethics and morality, arguing that ethics is about social values and morality is about personal values. Like most philosophers, I use the terms interchangeably. As a practical matter, courses on moral philosophy cover the same material as courses on ethics. There is a long history of using these terms as synonyms of each other, regardless of their roots in different languages. In *De Fato* (II. i) Cicero substituted the Latin word 'morale' for Aristotle's use of the Greek word 'ethikos'. We see the two terms defining each other in *The Compact Oxford English Dictionary*. The word 'moral' is defined as 'of or pertaining to the distinction between right and wrong, or good and evil in relation to the actions, volitions, or character of human beings; ethical' and 'concerned with virtue and vice or rules of conduct, ethical praise or blame, habits of life, custom and manners' (p. 1114). Similarly the dictionary defines ethics as 'of or pertaining to morality' and 'the science of morals, the moral principles by which a person is guided' (p. 534). Aside from linguistic considerations, it is not useful to divide ethics into public and personal ethics. Ethics is about relationships with other people and living things and, as such, the personal is the public. If we start separating public and private ethics, we find ourselves sliding into ethical relativism, which makes for tough going when leaders have to make real decisions about what is right and wrong both at home and in international contexts.

I have written extensively on why debates over the definition of leadership are really debates about the values related to leadership (Ciulla, 1995, 1999). Joe Rost (1991) argued that leadership studies could not progress without a common definition of leadership. He collected 221 definitions of leadership, ranging from the 1920s to the 1990s. All of these definitions generally say the same thing: leadership is about a person or persons somehow moving other people to do something. Where the definitions differ is in how leaders motivate their followers, their relationship to followers, who has a say in the goals of the group or organization, and what abilities the leader needs to have to get things done. I have argued that leadership scholars who worry about constructing the ultimate definition of leadership are asking the wrong question but trying to answer the right one. The ultimate question about leadership is not, what is the definition of leadership? We are not confused about what leaders do, but we would like to know the best way to do it. The whole point of studying leadership is to answer the question, what is good leadership? The use of the word 'good' here has two senses,

morally good leadership and technically good leadership (that is, effective at getting the job-at-hand done). The problem with this view is that, when we look at history and the leaders around us, we find some leaders who meet both criteria and some who only meet one. History only confuses the matter further. Historians do not write about the leader who was very ethical but did not do anything of significance. They rarely write about a general who was a great human being but never won a battle.

Ethics and effectiveness

History defines successful leaders largely in terms of their ability to bring about change for better or worse. As a result, great leaders in history include everyone from Gandhi to Hitler. Machiavelli was disgusted by Cesare Borgia the man, but impressed by Borgia as the resolute, ferocious and cunning Prince (Prezzolini, 1928). While leaders usually bring about change or are successful at doing something, the ethical questions waiting in the wings are the ones found in the various definitions mentioned earlier. What were the leader's intentions? How did the leader go about bringing change? And was the change itself good? I have argued that a good leader is an ethical and an effective leader (Ciulla, 1995). While this may seem like stating the obvious, the problem we face is that we do not always find ethics and effectiveness in the same leader. Some leaders are highly ethical but not very effective. Others are very effective at serving the needs of their constituents or organizations but not very ethical in other ways.

This distinction between ethics and effectiveness is not always a crisp one. Sometimes being ethical is being effective and sometimes being effective is being ethical. In other words, ethics is effectiveness in certain instances. There are times when simply being regarded as ethical and trustworthy makes a leader effective and other times when being highly effective makes a leader ethical. Given the limited power and resources of the secretary-general of the United Nations, it would be very difficult for someone in this position to be effective if he or she did not behave ethically. The same is true for organizations. In the famous Tylenol case, Johnson & Johnson actually increased sales of Tylenol by pulling Tylenol bottles off their shelves after someone poisoned one of them. The leaders at Johnson & Johnson were effective because they were ethical.

The criteria that we use to judge the effectiveness of a leader also are not morally neutral. For a while, Wall Street and the business press lionized Al Dunlap (Chainsaw Al) as a great business leader. Their admiration was based on his ability to downsize a company and raise the price of its stock. Dunlap apparently knew little about the nuts and bolts of running a business. When he failed to deliver profits at Sunbeam, he tried to cover up his losses and was fired. In this case, and in many business cases, the

criterion for good leadership is limited to whether he or she makes a profit for the firm. It does not take great skill to get rid of employees, and taking away a person's livelihood requires a moral and a practical argument. Also one of the most striking aspects of professional ethics is that often what seems right in the short run is not right in the long run, or what seems right for a group or organization, is not right when placed in a broader context. For example, Mafia families may have very strong internal ethical systems, but they are highly unethical in any larger context of society.

There are also cases when the sheer competence of a leader has a moral impact. There were many examples of heroism in the aftermath of the terrorist attack on the World Trade Center. The most inspiring and frequently cited are the altruistic acts of rescue workers. Yet consider the case of Alan S. Weil, whose law firm Sidley, Austin, Brown & Wood occupied five floors of the World Trade Center. After watching the Trade Center towers fall to the ground and checking to see if his employees got out safely, Weil got on the phone and within three hours had rented four floors of another building for his employees. By the end of the day he had arranged for an immediate delivery of 800 desks and 300 computers. The next day the firm was open for business with desks for almost every employee (Schwartz, 2001). We do not know if Weil's motives were altruistic or avaricious, but his focus on doing his job allowed the firm to fulfill its obligations to all of its stakeholders, from clients to employees.

On the flip side of the ethics effectiveness continuum are situations where it is difficult to tell whether a leader is unethical, incompetent or stupid. As Terry Price has argued, the moral failures of leaders are not always intentional. Sometimes moral failures are cognitive and sometimes they are normative (Price, 2000). Leaders may get their facts wrong and think that they are acting ethically when, in fact, they are not. For example, in 2000, South African president Thabo Mbeki issued a statement saying that it was not clear that HIV caused AIDS. He thought the pharmaceutical industry was just trying to scare people so that they could increase their profits (Garrett, 2000). Coming from the leader of a country where, at the time, about one in five people tested positive for HIV, this was a shocking statement. His stance caused outrage among public health experts and other citizens. It was irresponsible and certainly undercut the efforts to stop the AIDS epidemic. Mbeki understood the scientific literature, but chose to put political and philosophical reasons ahead of scientific knowledge. (He has since backed away from this position.) When leaders do things like this, we want to know if they are unethical, misinformed, incompetent or just stupid. Mbeki's actions seemed unethical, but he may have thought he was taking an ethical stand. His narrow mind-set about this issue made

him recklessly disregard his more pressing obligations to stop the AIDS epidemic (Moldoveanu and Langer, 2002).

In some situations leaders act with moral intentions, but because they are incompetent they create unethical outcomes. Take, for instance, the unfortunate case of the Swiss charity Christian Solidarity International. Their goal was to free an estimated 200 000 Dinka children who were enslaved in Sudan. The charity paid between \$35 and \$75 a head to free enslaved children. The unintended consequence of their actions was that they actually encouraged slaving by creating a market for it. The price of slaves and the demand for them went up. Also some cunning Sudanese found that it paid to pretend that they were slaves so that they could make money by being liberated. This deception made it difficult for the charity to identify those who really needed help from those who were faking it. Here the charity's intent and the means it used to achieve its goals were not unethical in relation to alleviating suffering in the short run; however, in the long run, the charity inadvertently created more suffering. However one might also argue that slavery is wrong, hence it is also wrong to participate in any commerce with a slave trader. After all, the problems with the scheme did stem from buying back the slaves (Ciulla, 2003).

The ethics-and-effectiveness question parallels the perspectives of deontological and teleological theories in ethics. From the deontological point of view, intentions are the morally relevant aspects of an act. As long as the leader acts according to his or her duty or on moral principles, the leader acts ethically, regardless of the consequences. From the teleological perspective, what really matters is that the leader's actions result in bringing about something morally good or 'the greatest good'. Deontological theories locate the ethics of an action in the moral intent of the leader and his or her moral justification for the action, while teleological theories locate the ethics of the action in its results. We need both deontological and teleological theories to account for the ethics of leaders. Just as a good leader has to be ethical and effective, he or she also has to act according to duty and with some notion of the greatest good in mind (Ciulla, 2001).

In modernity we often separate the inner person (intentions) from the outer person (behavior). Ancient Greek theories of ethics based on virtue do not have this problem. In virtue theories you basically are what you do (Aristotle, 1984). A number of business ethics scholars use virtue ethics to patch the Cartesian split between what people are and what they do (Solomon, 1992; Sisson, 2003; Hartman, 1988). The utilitarian John Stuart Mill saw this split between the ethics of the person and the ethics of his or her actions clearly. He said the intentions or reasons for an act tell us something about the morality of the person, but the ends of an act tell us about the morality of the action (Mill, 1987). This solution does not

really solve the ethics-and-effectiveness problem. It simply reinforces the split between the personal morality of a leader and what he or she does as a leader. Going back to an earlier example, Weil may have worked quickly to keep his law firm going because he was so greedy he did not want to lose a day of billings, but, in doing so, he also produced the greatest good for various stakeholders. We may not like his personal reasons for acting, but in this particular case, the various stakeholders may not care because they also benefited. If the various stakeholders knew that Weil had selfish intentions, they would, as Mill said, think less of him but not less of his actions. This is often the case with business. When a business runs a campaign to raise money for the homeless, they may be doing it to sell more of their goods and improve their public image. Yet it would seem a bit harsh to say that they should not have the charity drive and deny needed funds for the homeless. One might argue that it is sometimes unethical to demand perfect moral intentions. Nonetheless personally unethical leaders who do good things for their constituents are still problematic. Even though they provide for the greatest good, their people can never really trust them.

Moral luck

The historian's assessment of good leaders is sometimes contingent on what philosophers call 'moral luck'. Moral luck is another way of thinking about the free will/determinism problem in ethics. People are responsible for the free choices they make. We are generally not responsible for things over which we have no control. The most difficult ethical decisions leaders make are those where they cannot fully determine the outcome. Philosopher Bernard Williams describes moral luck as intrinsic to an action based on how well a person thinks through a decision, and whether his or her inferences are sound and turn out to be right. He says moral luck is also extrinsic to a decision (Williams, 1981). Things like bad weather, accidents, terrorists, malfunctioning machines and so on can sabotage the best-laid plans. Moral luck is an important aspect of ethics and leadership because it helps us think about ethical aspects of risk assessment.

Consider the following two examples. First, imagine the case of a leader who is confronted with a situation where terrorists are threatening to blow up a plane full of people. The plane is sitting on a runway. The leader gets a variety of opinions from her staff and entertains several options. Her military advisors tell her that they have a plan. They are fairly certain they will be able to free the hostages safely. The leader is morally opposed to giving in to terrorists but also morally opposed to killing the terrorists if it is not necessary. She has duties to a variety of stakeholders and long-term and short-term moral obligations to consider. She weighs the moral and

technical arguments carefully and chooses to attack, but she is unlucky. Things go wrong and the hostages get killed.

Now consider the case of another leader in the same situation. In this case the negotiations are moving forward slowly, and his advisors tell him that an attack is highly risky. The leader is impatient with the hostages and his cautious advisors. He does not play out the moral arguments. For him it is simple – ‘I don’t give a damn who gets killed – these terrorists are not going to get the best of me!’ He chooses to attack. This leader is lucky. The attack goes better than expected. One of the terrorists trips and loses his weapon. He is subdued, his colleagues are overpowered and the hostages are freed without harm (Ciulla, 2004).

Some are very careful about risking human lives, but they are unlucky, whereas others are not very careful about risking human lives but very lucky. Most really difficult moral decisions leaders make are risky, because they frequently have imperfect or incomplete information and lack control over all of the variables that will affect the outcome. Leaders who fail at something are worthy of forgiveness when they act with deliberate care and for the right moral reasons, even though followers may not always forgive them or lose confidence in their leadership. Americans did not blame President Jimmy Carter for the botched attempt to free the hostages in Iran, but it was one more thing that shook their faith in his leadership. He was unlucky because, if the mission had been successful, it might have strengthened people’s faith in him as a leader and improved his chances of retaining the presidency.

The irony of moral luck is that leaders who are reckless and do not base their actions on sound moral and practical arguments are usually condemned when they fail and celebrated as heroes when they succeed. That is why Immanuel Kant said that, because we cannot always know the results of our actions, moral judgments should be based on the right moral principles and not contingent on outcomes (Kant, 1993). The reckless, lucky leader does not demonstrate moral or technical competency, yet, because of the outcome, often gets credit for having both. Since history usually focuses on outcomes, it is not always clear how much luck, skill and morality figured in the success or failure of a leader. This is why we need to devote more study to the ethics of leaders’ decision-making processes in addition to their actions and behavior.

Moral standards

People often say that ‘leaders should be held to a higher moral standard’, but does that make sense? If true, would it then be acceptable for everyone else to live by lower moral standards? The curious thing about morality is that, if you set the moral standards for leaders too high, requiring something

close to moral perfection, then few people will be qualified to be leaders or will want to be leaders. For example, how many of us could live up to the standard of having never lied, said an unkind word, or reneged on a promise? Ironically, when we set moral standards for leaders too high, we become even more dissatisfied with our leaders because few are able to live up to our expectations. We set moral standards for leaders too low, however, when we reduce them to nothing more than following the law or, worse, simply not being as unethical as their predecessors. A business leader may follow all laws and yet be highly immoral in the way he or she runs a business. Laws are moral minimums that do not and cannot capture the scope and complexity of morality. For example, an elected official may be law abiding and, unlike his or her predecessor, live by 'strong family values'. The official may also have little concern for the disadvantaged. Not caring about the poor and the sick is not against the law, but is such a leader ethical?

History is littered with leaders who did not think they were subject to the same moral standards of honesty, propriety and so on as the rest of society. One explanation for this is so obvious that it has become a cliché: power corrupts. David G. Winter (2002) and David McClelland's (1975) work on power motives and on socialized and personalized charisma offer psychological accounts of this kind of leader behavior. Michael Maccoby (2000) and a host of others have talked about narcissistic leaders who, on the bright side, are exceptional and, on the dark side, consider themselves exceptions to the rules. Others have written about the way success corrupts leaders and how they lose strategic focus and abuse their power to get what they want and cover it up if they get caught (Ludwig and Longenecker, 1993).

E.P. Hollander's (1964) work on social exchange demonstrates how emerging leaders who are loyal to and competent at attaining group goals gain 'idiosyncrasy credits' that allow them to deviate from the groups' norms to suit common goals. As Price (2000) has argued, given the fact that we often grant leaders permission to deviate or be an exception to the rules, it is not difficult to see why leaders sometimes make themselves exceptions to moral constraints. This is why I do not think we should hold leaders to different or higher moral standards than ourselves. If anything, we have to make sure that we hold them to the same standards as the rest of society. What we should expect and hope is that our leaders will fail less than most people at meeting ethical standards, while pursuing and achieving the goals of their constituents. So when we say leaders should be held to a higher moral standard what we really mean is that leaders must be more successful at living up to moral standards, because the price of their failure is greater than that of an ordinary person. The really interesting question

for leadership development and organizational and political theory is, what can we do to keep leaders from the moral failures that stem from being in a leadership role? The checks and balances of a democracy and corporate boards and auditors are some of the formal structures we use to prevent the moral failure of leaders. We also need to develop self-discipline in aspiring leaders.

Altruism

Some leadership scholars use altruism as the moral standard for ethical leadership. In their book, *Ethical Dimensions of Leadership*, Rabindra Kanungo and Manuel Mendonca write, 'Our thesis is that organizational leaders are truly effective only when they are motivated by a concern for others, when their actions are invariably guided primarily by the criteria of the benefit to others even if it results in some cost to oneself (Kanungo and Mendonca, 1996, p. 35). When people talk about altruism, they usually contrast altruism with selfishness, or behavior that benefits oneself at a cost to others (Ozinga, 1999). Altruism is a very high personal standard and, as such, is problematic for a number of reasons. Both selfishness and altruism refer to extreme types of motivation and behavior. Edwin Locke brings out this extreme side of altruism in a dialogue with Bruce Avolio (Avolio and Locke, 2002). Locke argues that, if altruism is about self-sacrifice, then leaders who want to be truly altruistic will pick a job that they do not like or value, expect no rewards or pleasure from their job or achievements, and give themselves over totally to serving the wants of others. He then asks if anyone would want to be a leader under such circumstances? One might also ask, would we even want such a person as a leader? While I do not agree with Locke's argument that leaders should act according to their self-interest, he does articulate the practical problem of using altruism as a standard of moral behavior for leaders.

Avolio's argument against Locke is based on equally extreme cases. He draws on his work at West Point, where a central moral principle in the military is willingness to make the ultimate sacrifice for the good of the group. Avolio also uses Mother Teresa as one of his examples of altruistic behavior. In these cases, self-sacrifice may be less about the ethics of leaders in general and more about the jobs of soldiers and missionaries. The Locke and Avolio debate pits the extreme aspects of altruism against its heroic side. Here, as in the extensive philosophic literature on self-interest and altruism, the debate spins round and round and does not get us very far. Ethics is about the relationship of individuals to others, so, in a sense, both sides are right and wrong.

Altruism is a motive for acting, but it is not in and of itself a normative principle (Nagel, 1970). Requiring leaders to act altruistically is not only

a tall order, but it does not guarantee that the leader or his or her actions will be moral. For example, stealing from the rich to give to the poor, or Robinhoodism, is morally problematic (Ciulla, 2003). A terrorist leader who becomes a suicide bomber might have purely altruistic intentions, but the means that he uses to carry out his mission – killing innocent people – is not considered ethical even if his cause is a just one. One might also argue, as one does against suicide, that it is unethical for a person to sacrifice his or her life for any reason because of the impact that it has on loved ones. Great leaders such as Martin Luther King, Jr and Gandhi behaved altruistically, but their leadership was ethical because of the means that they used to achieve their ends and the morality of their causes. We have a particular respect for leaders who are martyred for a cause, but the morality of King and Gandhi goes beyond self-sacrifice. Achieving their objectives for social justice while empowering and disciplining followers to use nonviolent resistance is morally good and, some would say, morally awesome leadership.

Altruism is also described as a way of assessing an act or behavior, regardless of the agent's intention. For example, Stephen Worchel, Joel Cooper and George Goethals define altruism as acts that 'render help to another person' (Worchel *et al.*, 1988, p. 394). If altruism is nothing more than helping people, then it is a more manageable standard, but again simply helping people is not necessarily ethical (Price, 2003). It depends on how you help them and what you help them do. It is true that people often help each other, without making great sacrifices. If altruism is nothing more than helping people, then we have radically redefined the concept by eliminating the self-sacrificing requirement.

Manuel Mendonca offers a further modification of altruism in what he calls 'mutual altruism' (Mendonca, 2001). Mutual altruism boils down to utilitarianism and enlightened self-interest. If we follow this line of thought, we should also add other moral principles, such as the golden rule, to this category of altruism. It is interesting to note that Confucius explicitly calls the golden rule altruism. When asked by Tzu-Kung what the guiding principle of life is, Confucius answers, 'It is the word altruism [*shu*]. Do not do unto others what you do not want them to do to you' (Confucius, 1963, p. 44). The golden rule crops up as a fundamental moral principle in most major cultures (Wattles, 1996). The golden rule tells us how to transform knowledge of one's own self-interest into concern for the interests of others. In other words, it provides the bridge between altruism and self-interest (others and the self) and allows for enlightened self-interest. This highlights another reason why altruism is not a useful standard for the moral behavior of leaders. The minute we start to modify altruism, it not

only loses its initial meaning, it starts to sound like a wide variety of other ethical terms, which makes it very confusing.

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

In a city of good men, if it came into being, the citizens would fight in order not to rule ... There it would be clear that anyone who is really a true ruler doesn't by nature seek his own advantage but that of his subjects. And everyone, knowing this, would rather be benefited by others than take the trouble to benefit them. (Plato, 1992, 347d)

Rather than requiring altruistic motives, Plato is referring to the stress, hard work and (sometimes) thankless task of being a morally good leader. He is saying that, if you are a just person, leadership will take a toll on you and your life. He goes on to say that the only reason a just person accepts a leadership role is out of fear of punishment. He tells us, 'Now the greatest punishment, if one isn't willing to rule, is to be ruled by someone worse than oneself. And I think it is fear of this that makes decent people rule when they do' (ibid., 347c). Leadership here is not motivated by altruism but by enlightened self-interest. Plato's comment sheds light on why we sometimes feel more comfortable with people who are reluctant to lead than with those who really want to do so. Today, as in the past, we worry that people who are too eager to lead want the power and position for themselves, or that they do not fully understand the responsibilities of leadership. Plato also tells us that, while leadership is not in the just person's immediate self-interest, it is in their long-term interest. He goes on to argue that it is in our best interest to be just, because just people are happier and lead better lives than unjust people.

While we admire self-sacrifice, morality sometimes calls upon leaders to do things that are against their self-interest. This is less about altruism than it is about the nature of both morality and leadership. We want leaders to put the interests of followers first, but most leaders do not pay a price for doing that on a daily basis, nor do most circumstances require them to calculate their interests in relation to the interests of their followers. The practice of leadership is to guide and look after the goals, missions and aspirations of groups, organizations, countries or causes. When leaders do this, they are doing their job; when they do not do this, they are not doing their job. Looking after the interests of others is as much about what leaders do in their role as leaders as it is about the moral quality of leadership. Implicit in the idea of leadership effectiveness is the notion that leaders do their job. When a mayor does not look after the interests of a city, she is not only ineffective, she is unethical for not keeping the promise that she

made when sworn in as mayor. When she does look after the interests of the city, it is not because she is altruistic, but because she is doing her job. In this way, altruism is built into the way we describe what leaders do. While altruism is not the best concept for characterizing the ethics of leadership, scholars' interest in altruism reflects a desire to capture, either implicitly or explicitly, the ethics-and-effectiveness notion of good leadership.

Biology, reciprocity and cooperation

Biologists offer some intriguing insights into human nature that are relevant to understanding the role of altruism and self-interest in leadership and ethics. For example, in his provocative book, *The Selfish Gene* (1976), Richard Dawkins argues that Darwin's notion of the survival of the fittest is not about individual survival, but rather about survival of the gene pool. On his account, people appear to act altruistically by sacrificing themselves for their kin, but in effect are simply protecting their gene pool. Dawkins says that genes are voracious replicators. He argues we are born selfish and cannot depend on our genes to build societies where people cooperate unselfishly. Fortunately, Dawkins tells us, we do not have to do what our genes want because people are more than their genes. Culture provides practices and experiences that people imitate and replicate across generations. Dawkins calls these 'memes'. Memes include everything from the belief in God and an afterlife, to making pots. They are the parts of culture that have strong survival value and are passed on generation after generation. Dawkins says, 'When you plant a fertile meme in my mind you literally parasitize my brain, turning it into a vehicle for the meme's propagation in the same way that a virus may parasitize the genetic mechanism of a host's cell' (Dawkins, 1976, p. 192).

If genes are selfish and memes are culturally constructed, is cooperation unnatural? Do humans need leaders because we were born with uncooperative genes? Again, if we turn to the animal kingdom, we find some curious examples of reciprocity and cooperation, behaviors that are not selfish. Consider the case of the stickleback fish. Sticklebacks risk their lives to inspect the threat of predators, and they do this in pairs. A stickleback will tolerate defection of a fish that has cooperated in the past more than it will tolerate defection from one who has not. When a stickleback goes out on patrol, it will pick the fish that cooperated best in the past. Researchers have found similar behavior among vampire bats. When a vampire bat feeds, it will often share its meal with a bat that is hungry. Bats tend to share first with bats that have shared with them in the past, then with other bats from their cave, and then with bats from other caves. This sort of behavior shows that other species in nature seem to cooperate and practice reciprocity.

Reciprocity, according to Matt Ridley (1996), requires repetitive interactions, recognition and memory of what others have done, and an ability to keep score. Many animals are born knowing what every child is taught: if you don't cooperate, no one will want to play with you. Reciprocity cast this way is certainly not altruism, but self-interest, albeit of an enlightened kind. Biologists define as altruistic behavior in which an animal either does not reproduce or risks its life so that close relatives can survive. For example, bees risk their lives to defend the hive. They do this so that their genes survive. Ridley says that, in this case, 'their courage is gene selfish' (*ibid.*, p. 179). He goes on to argue that the ability of humans to act altruistically towards others is passed on genetically from altruistic behavior that they practice towards their family. In an era of globalization, the tendency of animals and humans to favor family, friends and neighbors is not only very evident, but also a key consideration for leaders.

It is ironic that some biologists focus on the selfish nature of human beings, while a growing number of behavioral economists are talking about our cooperative side. The research of these two groups converges in interesting ways. Dawkins believes that society needs to be set up in ways that allow altruistic and cooperative memes to flourish. Economist Robert Frank asserts that societies based on the assumptions of the 'rational economic man' teach people to be self-interested. Frank found that business students who had been taught to maximize their own interests performed worse in prisoner dilemma games than astronomy majors (Frank *et al.*, 1993). In the game, players may cooperate with each other or defect. Defection leads to a higher payoff, but if both players defect they achieve a worse result than if they had cooperated. The game is played many times so that experience can guide the players' behaviors. Tit for tat is the best strategy. Players cooperate on the first move and then do what the other players do on subsequent moves. The best strategy in the game is to be cooperative, but not a pushover. Players must try not to be jealous of opponents' success and they must show forgiveness when an opponent defects. In the game, the unselfish players outperform the greedy ones in the long run. Cooperative successes benefit strong and weak opponents. This is also the case with evolution: stronger rules for cooperation outplay weaker ones. Darwin's notion of individual advantage accounts for cooperation as the best long-term strategy (Axelrod, 1984).

Cooperation in the tit-for-tat scenario is based on reciprocity. There is, however, a moral difference between reciprocity that has an immediate payoff (for example, I give you money and you give me an espresso) and reciprocity that is done without knowledge or anticipation of a future payoff. The latter looks more like altruistic motivation and also conforms to some of our ideas of morality (especially the idea of a good will in

Kant's moral theory). For a real life example of long-term reciprocity, consider the case of Merck & Co. After World War II, tuberculosis thrived in Japan. Most Japanese could not afford to buy Merck's powerful drug, streptomycin, to fight it. Merck donated a large supply of the drug to the Japanese public. The Japanese did not forget Merck's kindness. In 1983, almost 40 years later, the Japanese government allowed Merck to purchase 50.02 per cent of Banyu Pharmaceutical. At the time this was the largest foreign investment in a Japanese company (Useem, 1998). The Merck case illustrates ethical behavior and long-term reciprocity. The company did not know, and perhaps did not expect, that there would be any future payoff, so we could say its motivation was altruistic. But there is a sense in which most moral action is based, not simply on good will, but on the conscious or unconscious sense that, in the long run, and in some unknown way, it is beneficial to behave ethically. From a biological perspective we may sense that, when we are ethical, it is more likely that people will 'want to play with us' in the future. In Merck's case it turned out that the Japanese wanted to play or do business with them 40 years later.

Reciprocity is central to leadership because it is the essential element of moral concepts such as loyalty, trust, justice and fairness (Becker, 1986). Reciprocity is so basic to human relationships and moral concepts that it is surprising leadership scholars have not focused more on the moral implications of transactional leadership. Transactional leadership, especially viewed in terms of long-term reciprocity, promises richer insights into the social and moral dynamics of leadership than the current emphasis on transformational leadership (Burns, 1978), which is often portrayed by scholars as the most ethical kind of leadership.

Are ethical leaders 'unnatural'?

The themes of altruism, self-interest, cooperation and reciprocity are parts of ethics as well as leadership. For example, Kant believed that a moral action is an act of the will that goes against what we might be naturally inclined to do. For Kant, ethical action always hurts a bit. The will keeps us in check against many of our inclinations. According to Thomas Hobbes (1983), the job of the leader (sovereign) is to enforce the social contract. Citizens would give up some of their liberty to pursue their self-interest to get protection from the state so that they could pursue their self-interests without fear. Kant and Hobbes fall into the selfish gene camp because they put leaders, ethics and laws in charge of keeping us from doing some things that may come naturally. Religion has also done its bit to keep us in line, often through intensive reciprocal arrangements. God or the gods are leaders who keep score, threaten eternal damnation or a long time-out in purgatory to anyone who does not control his or her natural urges and inclinations.

The relationship of followers to their God or gods is often portrayed as transformational, but in practice is frequently transactional. Throughout history, people have made deals with their gods through sacrifices, promises, pleading, gifts and prayers. There is a strong parallel with the reciprocal relationships people have with their gods and their leaders.

Mill (1987) had a different view of human nature than Kant and Hobbes. His approach is perhaps most relevant to leaders. First, Mill places more confidence in the human ability to cooperate and act on the basis of what is good for others. People learn through their own experience and the experiences of history and their culture. This collective experience and knowledge is analogous to what Dawkins calls 'meme replicators'. One objection to utilitarianism is that most people cannot or do not know what the greatest good is for the greatest number of people. Mill points out that, usually, we do not make utilitarian judgments that concern everyone in the world. We know from our own experiences what other people want and usually we make choices based on what is good for a specific group of people, not the whole world. Another objection to Mill's theory is that the utilitarian calculation concerning how to determine what will bring about the greatest happiness or serve the common good is too cold and calculating. It does not consider individual relationships. To this Mill replies that morality is about objective ideas and the minute you start molding your idea of the good to the relationship you have with individuals, you lose it. Mill recognized the importance of moral consistency and was not about to make exceptions for family and friends. Moral consistency is an essential part of trust. It is what makes reciprocity work and it facilitates cooperation. All of these things are central to effective leadership in any context and in any culture.

Mill, like Kant, seems to argue that morality is a kind of counterweight to the way we might naturally behave. Utilitarianism captures the most distinctive challenge of leadership. Leaders are, at least in principle, supposed to look out for the good of more people than the ordinary person. In a sense, leaders of multinational organizations must be superutilitarians, because of the sheer size and the complexity of calculations about greatest good for the greatest number. Yet, if we are naturally selfish and naturally inclined to look after our own genes, clans, friends, communities and countries, then morality that concerns a wide array of distant strangers may be a struggle against nature (Wolfe, 1989). Philosopher Peter Singer (1982) offers a more hopeful view. He believes that humanity has made moral progress, by expanding the circle of people to whom we have moral obligations. Howard Gardner (1995) also notes that some of the best leaders are those who are the most widely inclusive of other groups. Utilitarian leaders – meaning those who put the greatest good above the interests of their families, friends

and clans – are quite extraordinary. This kind of leadership is challenging because it is, in a sense, unnatural, whereas selfish leadership based on cronyism and individual gain is quite natural. Perhaps this is why there is still so much of the latter in the world today.

Family values

One reason why people even ask, ‘Are leaders born or made?’ is that the majority of leaders throughout recorded human history have been born into families of leaders. From pharaohs, to emperors, to kings, to leaders of a number of countries today, leaders have sought to keep leadership in their gene pool. This is how they look after their families, friends and, it is hoped, their constituents. Family genes also play a role in the way leaders build coalitions and enlist cooperation. Families matter when we talk about leadership because many countries in the world (democratic or undemocratic) are ruled by family dynasties. It is sometimes easy to forget that most businesses in the world are family-owned. Almost 95 per cent of American businesses are family-owned, including 40 per cent of the Fortune 500 companies (Bellow, 2003). In Asia, family dynasties control 46.6 per cent of the GDP in the Philippines, 84.2 per cent in Hong Kong and 76.2 per cent in Malaysia (*Economist*, 2001, p. 6).

Nepotism is a complicated problem for leaders of every stripe. People who are not in leadership positions are free to aid their family members in any way they can. Leaders can, too, but sometimes at the cost of other goals, such as competent administrators or getting the best price for goods and services. The ancient Chinese realized that nepotism was a problem for leaders. In the words of an old Chinese proverb, ‘When a man becomes an official, his wife, children, dogs, cats, and even chickens fly up to heaven’ (Bellow, 2003, p. 95). One of Confucius’s greatest contributions to an ethical doctrine is that which described how to balance the duties of filial piety with duties to the public and principles of merit (Confucius, 1963). The Latin root of the word ‘nepotism’ is *nepos*, which means nephew or grandson. The word comes from the Italian *nipote*, which refers to any male or female family member. The actual word ‘nepotismo’ originated in the fourteenth or fifteenth century and was used to describe the corrupt practice of popes who appointed relatives and illegitimate children to offices.

When we look around the world today, we often see the tension between leaders’ obligations to family and clan and obligations to organizations and others outside the clan. By clan, I not only include family, but friends of the leader and the leader’s family. Consider the following case that might be used in a business ethics class.

Imagine that you are the regional director of a large multinational manufacturing concern who oversees operations in several foreign countries. A year ago, you promoted a talented, hard working, local employee to run one of your factories. On a visit to the region you decide to stop in and visit the factory. When you arrive at the manager's office, you notice that the secretary has the same last name as the manager. You mention this to him and he tells you that she is his sister. He takes you on a tour of the plant and as you walk around the manager is greeted by various people working there as 'uncle', 'cousin' and 'father'. You ask him, 'Is this some sort of custom or are all of these people your relatives?' He replies, 'Yes, I have a duty to take care of my family.' You then discover that, of the 80 employees on the payroll over half are members of the manager's extended family.

The first reaction of most American MBA students is that the manager is unethical. Hiring one's relatives is unethical because the manager's relatives may not be the most qualified workers. Yet they also might be hard working and smart, like the manager. One might also argue that the factory manager does not own the factory and therefore does not have the right to keep the jobs within his family.

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

If the primary obligation of the leader is to make choices based on the greatest good for the organization or state, there is, in principle at least, nothing wrong with appointing family members and friends' family members to jobs, as long as they are the best qualified. However, in a democracy, the other moral principle at stake is equal opportunity. When qualified people do not have equal access to compete for a job on merit, it undermines public trust and perceptions of fairness. The same is true in organizations that claim to hold merit as the criterion for advancement. The Bush appointees may be well qualified for their jobs, but there may also be others out there who, if given a chance to compete for the job, would be better.

One might argue that nepotism in business is different from politics because a family business is private. Adam Bellow (2003) argues that people do not mind if leaders appoint relatives to jobs as long as they are competent. William Ford runs the Ford motor company, Jane Lauder heads Estée Lauder, and Bill Wrigley manages his family's chewing gum business.

On the one hand, we do not think that it is unfair that William Ford is CEO of Ford; he has a right to do so because it is his family's business. On the other hand, it would matter if an incompetent family member ran Ford because his or her incompetence would have a negative impact on a number of stakeholders. For example, stockholders and financiers complained when Rupert Murdoch appointed his 30-year-old son James to run BSkyB, Europe's largest satellite broadcaster (*Economist*, 2003). There were also concerns when Liz Mohn, the founder's wife, took over as family representative on the board of the international publishing giant Bertelsmann (*Economist*, 2004).

One intriguing question for future research is whether you get better or worse leaders as a result of nepotism. If genes shape our dispositions, leadership might be a genetic predisposition like music or art. The Bach and Brueghel families each produced great musicians and artists. On the one hand, leadership, like music or art, may also be a family business. Families of artists or leaders can provide the right combination of nature and nurture to foster certain talents. On the other hand, family connections and power may shield a person from developing important leadership skills and competing with others on merit. Leadership, unlike art and music, requires a complex set of social tasks with people outside the clan. Perhaps leaders develop better skills when they have to make it on their own. Some leadership scholars have noticed that a striking number of leaders lost their fathers as children. Gardner notes that 60 per cent of British prime ministers lost their fathers when they were young. He suggests that children who lose a parent when they are young are forced 'to formulate their own social and moral domains' (Gardner, 1995, p. 24).

Leadership, ethics and our common biology

We should never underestimate the pull of our biology that is inherent in conflicts between loyalty to family and friends and a leader's obligation to serve the best interests of the organization, group or country. It is more difficult to trust and feel moral obligations to strangers than it is to family and friends. The physical environment thrives on diversity. We know that, when societies close themselves off from outsiders, they become neurotic, vulnerable and weak, like an overbred dog (Diamond, 1997). The same is true for communities and organizations where leaders only look after the interests of their families and friends. Over time, nepotism, cronyism and, for that matter, nationalism become fertile breeding grounds for corrupt leadership.

The ability to build trust in strangers is not easy because leaders must first trust others before others will trust them (Solomon, 1998). Good leadership requires an enhanced capacity to feel morally obligated to a wide range of

others. This is not a skill, but a kind of knowledge and perspective on the world. As James Q. Wilson notes (1993), people all over the world seem to have a moral sense that allows them to make moral judgments about distant others. Robert Wright argues that our common biology is the basis for our sense of morality. As humans we have many of the same inclinations and feelings, but they get channeled in different ways by different cultures (Wright, 1994). Leadership appears to be an unnatural act in the sense that it requires self-restraint and imagination to care for the wellbeing of strangers. It is also a natural act in that cooperation does seem to come naturally to humans and other species and is often the best way to serve our self-interests.

Leadership scholars need to bring in other disciplines such as biology to develop a fuller picture of human nature than we get from the literature in psychology and organizational behavior. A rich picture of human nature serves as the foundation for understanding what ethical and effective leadership looks like for people everywhere, not just the ones in a particular culture or organization. We know that we are shaped by nature and nurture and governed by our free will and fate. The complicated relationship between these dichotomies offers insight into how to develop leaders who know when to act naturally and when to resist doing so. As Stephen Pinker observes, the voice of the species is 'that infuriating, mysterious, predictable, and eternally fascinating thing we call human nature' (Pinker, 2002, p. 24).

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