Business Leadership: Three Levels of Ethical Analysis

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ABSTRACT. Research on the normative aspect of leadership is still a relatively new enterprise within the mainstream of leadership studies. In the past, most academic inquiry into leadership was grounded in a social scientific paradigm that largely ignored the ethical substance of leadership. However, perhaps because of a number of public and infamous cases of failure in business leadership, in recent years there has been renewed interest in the ethical side of leadership in business. This paper argues that ethical issues of leadership actually arise at number of different levels, and that it is important to distinguish between various diverse kinds of ethical issues that arise in the study of leadership. The three levels identified are the level of the individual morality of leaders, the level of the means of their leadership, and the level of the leadership mission itself. We argue that only by fully understanding all of the different levels of ethical analysis pertinent to business leadership, and the distinctive kind of issues that arise at each level, can we fully integrate normative studies of leadership into the field of leadership studies. As such, this paper offers a model that incorporates three different levels of ethical analysis that can be used to study normative issues in leadership studies. Such a model can be used to better understand and integrate ethical issues into research, teaching, and training in leadership.

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Leadership studies is a well-established field of business research, and much effort has been put into delineating the nature and characteristics of leadership in the business world (see, Antonakis et al., 2004; and Weber, 1997). For most of the history of leadership studies, researchers focused primarily upon empirical questions concerning the nature of leadership: questions concerning the characteristics possessed by successful leaders or various models of leadership style (Antonakis et al., 2004). The aim of such research could be summarized in terms of the attempt to achieve a better understanding of what makes for effective leadership. However, as Joanne Ciulla points out, much less attention was paid in the literature to "the ethics of how they lead or the moral value of their achievements" (Ciulla, 2003, p. vi). Perhaps precisely because leadership studies in the twentieth century were largely grounded in the social scientific paradigm (Ciulla, 2002, p. 339), the normative underpinnings of leadership went largely unexplored. This is not to say that various moral qualities of leaders were not commonly noted or even advocated for, but that when such normative considerations were raised, they were seen as largely incidental to the study of leadership itself. However, in recent years there has been a growing recognition that there are a number of reasons for believing that the normative side of leadership must be more fully incorporated into the mainstream of leadership studies.

One reason for this renewed interest of the ethical side of leadership studies is that, at the practical level, the spectacular business failures involved in well-known cases such as Enron, WorldCom, Firestone,

and more recently in the sub-prime mortgage banking industry, all involved failures of leadership. Those who watched the stories of these cases unfold recognized the strong role that executive leaders played in the events that led to these business crises (see, for example, Sison, 2003). Further, because of the serious impact the events in these cases had upon employees, customers, investors, and the community at large, witnesses to them rightly recognized that their proper analysis must involve a moral component. In short, many people correctly recognized that the failures of leadership involved were not merely pragmatic failures to achieve business goals, though they were in the end no doubt that too, but ethical failures as well. Likewise, as Jay Conger points out, as executive compensations have sky-rocketed in recent years, far beyond comparative growth in the salaries of other employees, a greater spotlight has been put upon the value of these executives' leadership (2005). Are the ever growing compensation packages justified by the leadership that those who receive them provide? Are such highly paid leaders really acting in the best interest of the corporations that they lead, or are they merely promoting their own self-interest? Questions such as these have inevitably led to more concern for the ethical foundations of leadership.

In conjunction with such practical concerns that focused attention on the ethics of leadership in the public's eye, the limitations of the purely social scientific paradigm of studying leadership were also being challenged at the conceptual level. Again, Joanne Ciulla, who has been at the forefront of the recent move toward the normative analysis of leadership studies, forcefully argues that there is an essential ambiguity in the notion of good leadership that is the focus of leadership studies (2004, p. 308). The notion of good leadership can have both a purely pragmatic sense and a normative sense. In the first sense, good leadership simply means instrumentally effective leadership, while in the second sense the meaning of good leadership implies ethically responsible leadership. Unfortunately, the social scientific paradigm common in leadership studies typically adopted the first notion without clarifying its connection to the second. For this reason, Ciulla and others involved in the normative turn in leadership studies argue that we need to supplement the social scientific studies of leadership with a normative account of leadership that seeks to clarify the ethical sense of good leadership as well as its connection to the more pragmatically grounded conception of good leadership.

While Ciulla and others have done much to clarify such questions about the normative nature of leadership, in this paper my goal is to further advance this agenda by offering a model for conceptualizing the role of ethical considerations in leadership studies. My aim in this regard is twofold. One, I will argue that ethical issues of leadership actually arise at a number of different levels, and that it is important that we distinguish between various kinds of ethical issues that arise in the study of leadership. In this regard, I will offer a model that incorporates three different levels of ethical analysis that can be used to study normative issues in leadership studies. Such a model can be used to better understand and integrate ethical issues into research, teaching, and training in leadership. In offering such a model though, I will also argue for a particular view of the nature of good leadership in business. In this regard, I will argue that a robust account of good leadership will make it clear as to why normative considerations are intrinsic to understanding the nature of business leadership itself.

The essential nature of leadership

Before delving into a consideration of the ethics of leadership, something must first be said about the nature of leadership itself. This task is a bit more difficult than it might appear at first, for despite the decades of research on leadership there still remains a number of divergent approaches to identifying the nature of leadership. In a wide-ranging survey of the history of the literature on leadership studies, Joseph Rost (1991) found hundreds of different definitions of leadership. Indeed, Bernard Bass notes that "there are almost as many different definitions of leadership as there are persons who have attempted to define the concept" (2007, p. 16). To further complicate matters, leadership is often defined contextually, as for instance, in contrast to management (Kotter, 2007). While everyone seems to be able to intuitively recognize instances of leadership, arriving at a precise definition of leadership for the purposes of scholarly inquiry has not proven to be an easy task.

Indeed, when looking at the vast array of definitions of leadership that have been provided, one might be led to conclude "the meaning of leadership may depend on the kind of institution in which it is found" (Bass, 2007, p. 16). However, without claiming to be able to provide a complete or comprehensive definition of leadership, I nonetheless do think that when looking at the literature concerning its definition, we can arrive at what I will call a core concept of leadership. This core notion of leadership, I would argue, is essential to any complete notion of the concept, and can be seen as an element of any of the various definitions previously proposed. My own view is that the various competing definitions of leadership are arrived at by building on the core notion of leadership in different ways, or by accenting the elements of the core notion in different manners or in relation to different contexts. Thus, while I will not argue for a complete definition of leadership in this paper, I will maintain that any plausible notion of leadership will include the core element discussed here. In this view, leadership, at its core, essentially involves influencing others to act in light of a vision of how best to achieve a shared mission.[1]

This core notion properly gets out two aspects essential to the idea of leadership: that leadership involves motivating others to act and to do so in light of some common aim. There are, of course, lots of different ways in which people can be influenced to act: ranging from threats of force to appeals to the common good, but all leadership seeks to move others to act. However, the attempt to move others to action, while a necessary element of leadership, is by no means sufficient for explaining what leadership involves. For what is also distinctive about leadership is that it seeks to move others to action in light of some purpose, and some purpose that is offered not merely as the purpose of the leader herself, but as a purpose for those who are moved to act (see, for instance, Antonakis et al., 2004; Greenleaf, 2003; Kotter, 2007; and Weber, 1997). In this regard, Jack Weber rightly notes that "increasingly the notion of leadership is most commonly associated with the notion of vision" (1997, p. 364).

There are two further points concerning the core definition of leadership offered here that are worth noting. First, it makes it clear why leadership is better thought of as a function than as a specific role,

a point now widely recognized in the literature on business leadership (Kotter, 2007). Persons take on a leadership function whenever they take on the responsibility for moving others to act in light of a common mission, and while some persons, such as CEOs and other high level executives, may exercise that function more often than others because of their corporate roles, nearly any position within a corporation, from mid-level manager to sales clerk, will offer the opportunity for leadership at some point as well. The recent trend toward inculcating leadership skills among all levels of employment is in this regard well founded. Businesses continue to adopt new modes of organization in the light of rapidly developing technologies, globalization, and new workplace models, and the leadership function is now more dispersed than under older hierarchical organizational models (Weber, 1997).

The core notion of leadership also allows us to see the difference between the managerial and the leadership function often made use of in the literature of leadership studies (Kotter, 2007). The managerial function involves such things as implementing processes, allocating resources, monitoring results, and overseeing day-to-day operations, while the leadership function involves envisioning new directions, generating strategic change, and inspiring people to accept and act upon a corporate mission. We should not conclude from this that the roles of manager and leader are necessarily different, or that there are two kinds of individuals, leaders and managers. The same role can involve both functions at varying times and to varying degrees, and the same individual may well exercise both functions in different contexts (Kotter, 2007). Nonetheless, there is an important difference between the managerial function and the leadership function; a difference that renders the ethical responsibilities of the leadership function significantly different from that of the managerial function. The management function is one of implementation, and does not involve the visionary aspect inherent in the leadership function.

Having outlined what I take to be the core element of leadership itself, I would also stress here that I will largely be concerned with the notion of *business* leadership in this paper. This is important to bear in mind since, as was noted earlier, the context of leadership can determine the nature of the particular

kind of leadership. Though all forms of leadership will involve the core notion of leadership, there will be differences in the particular forms that leadership takes in different organizational or social contexts; military leadership, educational, or political leadership thus should not be expected to function exactly the same as business leadership. In part, this is because these domains involve different missions, and the leadership function in business will be uniquely guided by a business mission. Thus, we cannot understand business leadership without understanding the underlying goods of business, a point I will return to later. I would also note here that we should not confuse the motivation of particular leaders with their leadership vision itself. The latter is an ideal for which the efforts of both the leader and those who follow him or her are to be directed. In this sense, it is for the business itself that the business leader leads, not merely for himself or herself, or for personal gain. This is not to say that (s)he might be largely motivated by personal gain to lead, as presumably most people who enter the world of business do so at least partly out of such motivation. But it is to say that we should not confuse the personal motivation of leaders, whatever they might be, with the aim of their leadership, for the latter is clearly grounded in something independent of their personal motivations.

In a similar regard, we should also note that what distinguishes leadership in business from leadership in other domains such as education, politics, or the military is not a distinction, as has sometimes been implied, between the characteristics or motivations of the leaders themselves, as, again, the personal motivations for taking on leadership roles in any domain can vary from person to person. Rather, the difference between the leadership function in different areas depends upon what Aristotle would call the telos, or purpose, of those realms of activity. According to Aristotle, every activity has its own end or purpose – the good or the reason for which that activity is done (Aristotle, 1999). The telos of an activity refers to this reason or good for which an activity aims. The difference in the nature of leadership in different fields will then depend in part upon the nature of those fields themselves and the kinds of ends that they seek to secure: that is, from the differences of telos between different arenas of activity.

Three levels of ethical analysis in leadership studies

Having outlined the basic nature of the leadership function in business, we can now turn to an examination of the ethics of leadership. As noted earlier, while there has been a growing interest in ethical issues involved in leadership, the conceptual foundations for understanding these issues is still in need of clarification. Here, I will show that there are actually three different levels of analysis concerning ethical issues in leadership, and that it is important to recognize each distinctive area as well as the unique issues that are raised in each. I will also argue that it is at the third level of analysis that the most significant questions concerning the ethics of leadership arise in business, and that this level of analysis needs more attention than it has so far garnered. Along the way, I also hope to provide some further clarification on the various ways in which efficiency and ethics are related in good business leadership.

The first level of analysis: ethical leadership as the ethics of leaders

One way of conceiving the ethical requirements of leadership is to focus upon the ethical behavior of leaders *qua* individuals. Indeed, when ethical components of leadership were mentioned in most of the business leadership literature in the past, it was primarily in terms of this level of analysis. Leaders, it was claimed, should exhibit a personal morality that served as a model for the ethical behavior of those under them. Not surprisingly, ethical accounts of leadership that operate at this level of analysis tend to result in encouragement for leaders to adopt ethically sound behaviors, in both their personal and their professional lives. However, too often they offered little more than such encouragement. In this regard, Ciulla argues that such accounts of the ethics of leadership often treated "ethics as an exhortation rather than an in-depth exploration of the subject" (2004, p. 305).

Of course, it is no doubt true that it would be desirable to have leaders who generally exhibit ethical behavior in their personal and professional lives, and thus that the ethics of leadership should include a general account of both morally right

action and the moral virtues. As John Gardner puts it in his book *On Leadership*, ''we should hope that our leaders will keep alive values that are not so easy to embed in laws – our caring for others, about honor and integrity, about tolerance and mutual respect, and about human fulfillment within a framework of values'' (1990, p. 77, as cited in Ciulla, 2004, p. 305). We all desire that those who would lead us have a basic commitment to morality. As social contract theorists have long argued, we are all generally better off to the extent the persons adopt the basic principles of morality. Further, it is also probably true that since the leadership role brings both greater responsibility for others and interaction with a larger number of persons, the leaders will have greater opportunity to exercise their personal moral characteristics. Thus, we have even more reason for desiring that leaders display a personal concern for morality.

However, aside from a general interest in wanting leaders to be ethical persons, there are two interesting arguments that have recently been made for seriously considering the personal moral characteristics of leaders as essential to the nature of our understanding of leadership. The first sort of argument, made by Norman Bowie, suggests that there is a close connection between the personal moral lives of business leaders and their moral behavior as business leaders (2005, p. 144). Bowie, for instance, uses examples of the Haft family, Martha Stewart, Al Dunlap, Dennis Kozlowski, and others to suggest that leaders who lack a commitment to ethical behavior in their personal lives will also be prone to unethical behavior in their leadership roles. While Bowie admits that these anecdotal case studies need to be supported by further empirical 'hard data,' he nonetheless raises a suggestive point about why the personal morality of leaders might be of significance to an understanding of the goodness of their leadership as well (2005, p. 158). If Bowie is correct, it might be true that the distinction between the private and the public realm may be more fluid than is sometimes assumed.

A second consideration is artfully raised by Alejo Sison in *The Moral Capital of Leaders*. Sison's examination of numerous cases of organizational breakdown within the world of business illustrates the close connection between corporate downfall and leadership failure (2003). More importantly though, Sison demonstrates that such leadership failure stems in part from a moral failure of leadership. Here, Sison develops the intriguing notion of moral capital to describe the resources that human virtue represents within business enterprises. Sison argues that moral capital can be seen as crucial to the long-term success of businesses, and that ''without moral capital, all other forms of capital could easily turn from the source of a firm's advantage to the cause of its downfall'' (2003, p. 42). With the notion of moral capital, he demonstrates how personal virtue translates into business virtue, and thus is not merely a personal matter.

Arguments such as Bowie's and Sison's go beyond mere exhortations to ethical behavior on the part of business leaders and provide a better understanding of why the morality of leaders matters within business enterprise.[2] As important as the first level of analysis may be though, I do not believe it can provide an exhaustive account of the ethics of leadership. For instance, though Bowie offers compelling arguments for thinking that there is often a contingent relationship between personal morality and good leadership in some business contexts, I do not believe that such a connection is necessary. When we consider the vast ways and diverse contexts in which the leadership function can occur, it is not clear why personal morality and good leadership need always go hand in hand. Bowie even makes this case in struggling to articulate the relationship between Bill Clinton's presidential leadership, which Bowie himself admires greatly, and Clinton's clearly morally problematic personal life (2005, p. 151). Further, and perhaps more importantly, even if leadership fails because of the personal ethical failures of leaders, it is not clear why this is uniquely an ethical failure of leadership. That is to say, analyzing the ethics of leadership at the first level may have lots to tell us about how general ethical principles and virtues are applicable to leaders no less than to anyone else, but it does not necessarily show us what ethical issues are unique to leadership as such.

A different concern with the first level of analysis is that focusing upon the personal morality of leaders may pose the danger of leading us to hold leaders personally accountable to a higher standard of morality than we do others. As Ciulla well notes, we should realize that ''leaders do not have to live by higher moral standards then the rest of us''

(Ciulla et al., 2005, p. 1). Concentrating too much attention on the personal morality of leaders may cause us to expect too much of them, and indeed to have expectations of our leaders that are unrealizable. Leaders, no less than anyone else, are fallible human beings who are prone to all of the same moral mistakes and mishaps that we all make from time to time, and though we should encourage leaders to adopt standards of morally good behavior and exhibit morally worthy characters, we should not require moral perfection from them. Such a standard is bound to be too high, and ironically could even lead ethically minded persons to avoid leadership roles precisely because they see the standard as impossible to meet. Finally, we should not think that all ethical failures of leaders, even those that they make while in leadership roles, are failures of leadership. Again, Clinton's ethical failures in his personal life are not in any direct ways failures of his political leadership, despite the attempts of some of his political rivals to make them so. Similarly, some of the very same character traits that make for virtues of good business leaders, such as a wholehearted dedication to work or a low tolerance for imperfection, can lead to vice in other areas of those leaders' lives, as when they neglect family relationships or are too demanding of loved ones.

The second level of analysis – the means of ethical leadership

While the first level of analysis concentrates upon the ethics of leaders themselves, the second level of analysis moves to a consideration of how leaders lead – the means by which leaders exercise their leadership. Leadership involves acting to move others to act; it is an essentially affective role. This pragmatic function of leadership has been the focus of a great deal of the social scientific studies of leadership, and the literature is ripe with studies concerning the means by which leaders affect others. Various schools of leadership such as the trait school or the contingency school accented different aspects of the leadership function and attempted to pinpoint the precise qualities that determined effective leadership (Shackleton, 1995). Contrasting qualities of different leadership styles also were used to accent different means of leadership, for instance in the distinction between autocratic and participatory models of leadership, or more recently in Bass's (1985) distinction between transactional and transformational leadership. Of course, from the perspective of the social scientific paradigm, the major objective is to determine which means of leadership are most effective in moving others to act and, in doing so, to also provide those in leadership positions within the world of business with the instrumental tools to bring about organizational change.

While the social scientific viewpoint on leadership is primarily concerned with the efficiency of various means of leadership, one can raise uniquely ethical questions about how leaders lead as well. Thus, at this second level of analysis, the focus is upon the ethics of the means of leadership. Here, we might profitably distinguish between two different ways in which we might look at the means of leadership. One way of doing so would be to focus upon the specific actions that are taken in performing the leadership function. That is, on a day in, day out basis, those acting in leadership roles engage in numerous individual actions to provide direction for their businesses and to motivate those under them to act. Each of these actions can be evaluated in moral terms, and we might then view the ethical analysis of the means of leadership of any particular leader simply as the sum of the morality of all his or her individual leadership acts. While there are times in which we certainly do want to focus upon particular actions in this way, such an approach is unlikely to provide a systematic account that would ground a theory of leadership.

A second approach would be to view the means of leadership in terms of styles or models of leadership, as has been common in the social scientific literature on leadership. The advantages of utilizing this approach for ethical analysis are at least twofold. First, it allows us to better understand the connections existing among the diverse actions that leaders take. Rather than isolated events, such actions can be viewed as fitting into patterns stemming from a root disposition. Second, this approach will allow us to better understand why leadership fails, since such failures will not appear as isolated events, but as connected to an underlying character of leadership. In this way we might profitably conceive of the relationship between a leader's general approach to leadership and the various individual actions she

makes as a leader in terms of the distinction between character and action. When exercising the leadership function, leaders exhibit a certain character in their approach to effecting leadership – an approach that evinces their general disposition to dealing with those under their leadership, which is typically displayed in how they interact with and seek to motivate those persons. While there is no perfect one–one correlation between leadership character and individual actions (we all, at times, act, as it were, 'outside' of our character), it is nonetheless true that in general the individual actions of a leader will reflect their underlying leadership character.

Ethical analysis of leadership at the second level then should seek to show how different models of leadership exhibit different characters of leadership and, in turn, how ethical values are appropriate to the appraisal of these characters. As noted previously, numerous different models have been proposed for studying contrasting leadership styles, and I do not have the space here to survey the various typologies or examine the extent to which they exhaust the possible means of leadership. However, I would like to pull together what I think are two important aspects of the currently available work in leadership studies in this area that are illuminative of our understanding of the ethical analysis of leadership models.

In the first place, a good deal of the current research shows that there is, at least in many cases, a contingent connection between effective leadership, in the strategic sense, and ethical leadership in the world of business (see, for example, Bandsuch et al., 2008; Kouzes and Posner, 2003 and Surie and Ashley, 2008). Of course, in the strategic sense, effective leadership in business is simply leadership that effectively contributes to the achievement of business goals. While it is more difficult to arrive at a consensus concerning what ethical means of leadership involve, I would argue that at a minimum ethical leadership involves respect for persons. In this view, the means of ethical leadership will exhibit a fundamental respect for those being motivated to act. To treat people with respect in this sense entails that we do not view them as mere means to our own ends (Kant, 1964, p. 33). This Kantian-inspired notion of respect for persons accentuates the idea that persons are not mere things to be used solely for the purposes of others and that respect for persons

entails recognition of their intrinsic worth as rational beings (Kant, 1964, p.96). Applied to leadership models, this view entails that modes of leadership that fail to respect the personhood of those led are unethical, and that such modes of leadership will inevitably involve using persons as mere means. For instance, deception, threats, coercion, and blackmail are all unethical means of effecting leadership precisely because they fail to respect the personhood of others. On the other hand, ethical means of motivating persons to act will respect their intrinsic worth as rational beings with their own interests and values.

In this sense, we can say that the character of a leader fundamentally reflects his or her attitude toward those with whom (s)he interacts, and his or her fundamental dispositions to act toward others. As noted above, what is interesting about much of the current research in leadership studies is that it suggests that in the world of business ethical leadership models tend to be more effective than unethical models in the sense outlined above. Thus, for instance, much of the current literature on leadership styles stresses the importance of such qualities as reciprocity, trust, and honesty in modeling effective leadership (Kouzes and Posner, 2003). I would argue that it is not surprising that ethical modes of leadership tend to be more effective in the world of business, precisely because the world of business is predicated upon mutual interaction among free agents. This is why, for instance, Robert Solomon has argued that integrity and honesty are so important in the world of business, as business itself is ultimately a practice that occurs in a community of individuals interacting together, and not as isolated individuals (Solomon, 1992, p. 207)

A second important aspect to consider when examining the means of leadership concerns the emotional dimension of leadership. Again, Robert Solomon has done more than anyone in recent years to remind us of the role that emotions play in both ethics and leadership (Solomon 2005). Leadership is not merely a cognitive activity, and the leadership function is rarely exercised through rational persuasion alone. Indeed, an essential part of the leadership function consists in establishing an affective connection, so that persons are strongly moved to act. Emotions play a central role in our motivational structure, and leadership cannot function effectively

without emotional appeal. As we are all well aware though, emotional appeals can be directed in ways that are manipulative as well as genuine. In the former, emotional responses are solicited in a fashion that belies respect for a person's real interests, while in the latter they are solicited in order to appeal to and strengthen a person's sincere commitments.

Borrowing from existential philosophers such as Sartre then, we might distinguish between authentic and inauthentic forms of leadership (Sartre 1956). While authentic leadership is based upon a real connection of purpose between leaders and followers, inauthentic leadership is based upon artifice and guile. Authentic leadership establishes emotional connections and utilizes affective responses to move others toward a shared good, while inauthentic leadership manipulates emotional responses in order to move others to act without concern for their own ends. Clearly, inauthentic leadership fails to respect persons, and in doing so adopts unethical means of leadership. A number of recent studies in leadership have also argued persuasively that inauthentic leadership is likely to be ineffective as well as unethical in the world of business (see, for example, George, 2003). Further, I would argue that the reason that this is true is precisely because business activity generally takes place within cooperative and transparent frameworks of mutual interaction. Such climates are not conducive to inauthentic forms of leadership, which generally are founded upon relationships that involve extreme dependency, rigidly defined social or political roles, and gross imposition of force. Further, inauthentic leadership relies upon a certain level of emotional dysfunction, and thus presupposes a context that is unlikely to be conducive to successful business in any case. Indeed, I believe that further empirical research into the function of emotional health and emotional perception in business relationships is an important area of future inquiry in leadership studies.

Analysis of the means of leadership is a well-established field of study, and in recent years, more work on the ethical side of this area has also been done (see, for example, Ciulla, et al., 2005). Above, I have tried to show what I believe can most profitably be learned from this work, and how we might build upon it to best understand and further encourage ethical modes of leadership. However, as important as this level of analysis is, it still does not provide a complete account of the ethics of leadership. For one thing, those who have focused on this level have tended to reduce ethics to mere strategy, utilizing the old saw that good ethics is good business. This, as I have suggested above, may well be true, at least within certain parameters, but it is misleading if it is meant to imply that the ethical component is reducible to the strategic component. Ethical leadership is not merely strategically sound leadership. In a similar regard, even when the means of leadership are ethical, that does not entail that the leadership itself is ethical, for that depends on the ends of leadership as well. Authenticity, while perhaps a necessary condition of ethical leadership, is not a sufficient condition. In order to get a complete account of the ethics of leadership then we must look beyond both the leader as a person and the means of leadership, to the value of the leadership itself. It is this level of analysis that I turn to next.

The third level of analysis – the heart of leadership

As important as it is to carry out the first two levels of analysis, it is only with the third level of analysis that we arrive at what I would call the heart of the ethics of leadership. For it is not just the personal ethics of leaders, or even of their means of leadership, that determines the ethics of leadership. Rather, leadership ethics must also be defined in relation to the leadership offered itself. What I mean by this is that leadership, as shown earlier, essentially involves moving others to act in light of a common vision, of framing means of achieving a unifying telos that provides the direction toward which collective action is guided. Again, leadership presupposes a common mission and offers a vision of how best to achieve that mission. Tyranny is thus different from leadership, even though tyrants and leaders may at times make use of the same means of motivating others, and may even display the same personal morality, because tyranny presupposes no common telos. Tyrants impose a telos upon others, while leaders move others to achieve a common telos. The heart of leadership thus lies in the offering of a vision in light of a common telos, and here too the ethics of leadership completes itself. It is here that the third level of analysis lies then, and it is also this area that has been least explored in the literature on

leadership. As such, I now wish to offer a framework to illustrate how we might best conceptualize the ethical issues that pertain to this level of analysis as well as their significance for understanding the nature of business leadership.

I think it is easier to understand the ethics of leadership at this level negatively, by looking first at what ethically failed leadership involves. If leadership essentially involves providing a vision of a common good in order to motivate persons to act in light of a common mission, then there are at least two ways in which leadership can exhibit ethical failure at this level. To see this we should note that leadership appeals to two elements: a telos, which represents the common good that is sought, and a vision, or projection, of how that good will be achieved. The telos represents what leadership aims at, and what I will term the projection represents how the telos is to be achieved. In the world of business, the common good, or general telos, to be achieved is the good of the business itself, a good which both leaders and followers participate in, but is not reducible to any of their individual goods. This explains why we are intuitively bothered by extremely lucrative executive compensation packages that do not seem to be matched by corresponding performance for the corporation, for we recognize that the executive leader is supposed to have the good of the corporation in mind, and not merely his or her own personal good. The projection is likewise not equivalent to a specific business plan or model, though these things may of course fall out of it, but rather refers to the most basic idealization by which the completion of the telos is envisioned. As Kotter points out in a similar vein, "setting a direction is never the same as planning or even long-term planning" (Kotter, 2007, p. 32). The projection articulates a general notion of the strategies by which the general mission of the business can best be achieved.

One way in which leadership fails in business then is when the projection offered by a leader is inherently in conflict with the mission of the business. It is important to note that not every failure of general strategy is an ethical failure of this type, as every business venture involves some risk. If the failure is merely a failure of miscalculation, or the result of other contingent factors that routinely prevent success in business, then the failure of leadership may be a strategic failure, but as long as the plan was projected in good faith, it need not represent an ethical failure. On the other hand, it is an ethical failure if the failure results from an intrinsic disconnect between the telos and the projection that were offered, in the sense that the leadership offered a projection that leaders ought to have known was in conflict with the very mission of the business they were leading. For instance, when we look at the leaders responsible for the downfall of Enron, there are numerous ethical questions that can be raised about the behavior of the executives involved. At heart though, what is most significant about the ethical failures of their leadership is that they pursued and promoted a general business strategy that was inherently in conflict with the good of the business itself (Culpan and Trussel, 2005). There was simply an intrinsic conflict between the vision they offered to those who worked for or invested in the company and the mission that they were allegedly promoting.

Likewise, ethical leadership can fail when it is centered upon a mission that is inherently unsupportable. This kind of ethical failure is connected to the very nature of the telos of business. Earlier I noted that in business, the common telos around which the leader motivates others is the success of the business. But here we need to unpack the notion of success more fully, for success can also have two different connotations. In one sense, we can speak of success in a purely pragmatic sense, in which success indicates mere achievement of an end. However, in another sense we can speak of success in the sense of the achievement of a worthwhile end. Ultimately though I would argue that success in business must be understood in the second sense, since only this provides a justification as to why business is worth pursuing as a collective good. If the only sense of success applicable to business was pragmatic, then one could never explain why we endeavor to engage in the ends of business in the first place. Our acceptance of the pragmatic sense of success itself depends upon our recognition of another sense of success. Business then succeeds to the extent that it meets its telos, or purpose, and not merely when it meets particular strategic aims. What is the telos of business activity in general? Why do we engage in business at all? I think at least a partial answer to such questions is that the telos of business can be found to be the collective goods that business provides us with

as an activity. To again borrow from Aristotle, we must think of the telos of business in terms of the manner in which business contributes to our flourishing as human beings. More specifically then, the world of business allows for human flourishing by providing for the creation of goods and services, efficiently distributing those goods and services for the common good, and affording meaningful opportunities for persons to exercise and develop their talents. Business is, in this sense, an activity inherently subject to normative evaluation, since we must judge its worth by what it allows us to achieve.

There is then an inherent normative criterion that can be used to judge the success of businesses and the ethical nature of leadership in turn. For the mission of a business itself grounds the leadership that it offered. Ethical failures of leadership then also occur in business whenever leadership is founded upon a flawed telos or mission. Taking the simplest example, we can see here what is intrinsically, and not just strategically, wrong with pyramid or Ponzi schemes as forms of business. As Daryl Koehn (2001) argues, such business schemes lack any substantial value precisely because they produce no tangible good and are inherently unsustainable (pp. 153–154). Even when those who instigate them are able to profit from them, we are loath to call them successful as businesses, for we recognize that whatever the persons succeeded at, it was not, in the full sense of the word, a business success. Such 'businesses' by their very nature could not be successful in the full sense, since they contain no real purpose or point other than profiting the individuals who instigated them. Their telos is limited to the narrow aims of their initiators, we dare not call them leaders, and they soon wither away when those aims are fulfilled. They contribute nothing to human flourishing and by their very nature are doomed to collapse upon their own empty promises. Ethical leadership leads for a purpose, and the purpose is ultimately what will determine the worth of the leadership. Good leaders, in both the ethical and the efficient sense, recognize that the ends toward which they move others are not merely their own personal ends, but are ends that reach beyond themselves to all who are engaged in the collective enterprise itself. Good leadership must be understood in terms of the underlying goods to which it is directed.

Finally, in this way, I think we can better understand why we should think, as Norman Bowie suggests in a somewhat different way, that there is a close connection between good leadership and sustainable business (Bowie, 2005, p. 144). Successful business is business that contributes to human flourishing, and unsustainable business models will, in the end, be unable to make such a contribution. Whether by threatening the very environment that renders our continued existence possible or by furthering the oppression of the most vulnerable in society, unsustainable business models frustrate the very ends for which business exists. On the other hand, sustainable business is business that properly lives up to the very promise of business itself. Sustainable business is business that recognizes that business has a purpose outside of business itself, and which develops business in light of that purpose. Good leaders recognize the purpose in business, and in that light seek to establish models of business that sustain this purpose as well.

Conclusion

In analyzing the three levels of the ethics of leadership, I have shown the different ways in which ethical issues arise in regards to leadership. A complete account of the ethics of leadership will necessarily encompass all three levels. Research on the normative aspect of leadership is still a relatively new enterprise within the mainstream of leadership studies, and in clarifying the different levels of analysis and the different kinds of questions that arise at each level, I hope to have provided a model for better integrating ethical issues into the study of leadership. Leadership is what drives innovation, expansion, and achievement within the world of business. In a globalized environment in which rapidly changing technology and innovative organizational paradigms are transforming the very landscape of business, the leadership function is more important than ever. Put simply, good leadership will be in demand more than ever. Good leadership though is more than strategically successful leadership, and the goal of future leadership studies should be to more fully integrate ethical analysis into our understanding of good leadership. In offering a model that clarifies the various ways in which ethical

issues are pertinent to leadership, I hope to have provided some of the groundwork for this endeavor.

Notes

[1] A reviewer of an earlier version of this paper correctly pointed out that there is a distinction between the notions of mission and vision. The mission concerns the foundational purpose of an enterprise, and thus is something that is common to the participation of all of those who participate in the business. The mission of an enterprise is the common bedrock upon which all those who participate in the enterprise, whether leaders, managers, or lower level employees, organize their activities. A vision, on the other hand, refers to a particular view as to how best to fulfill the corporate mission. In my view, leaders have the obligation both to focus others on the common mission and to provide a vision to inspire others to action to best achieve that mission. In the section discussing the third level of analysis, I make use of these two concepts again, and hopefully clarify further the nature of the distinction.

[2] It is important to note that I do not mean to imply that the work on ethical leadership done by scholars such as Bowie and Sison only deal with what I am calling the first level of analysis. Indeed, as I later point out, Bowie's work on ethical leadership contributes significantly to our understanding of the third level of analysis. In a similar vein, Sison's work on ethical leadership clearly encompasses important elements of all three levels of analysis as well. My point in using these examples is only to show how central elements of the work of certain authors on ethical leadership well illustrate a particular level of analysis of ethical leadership, and should not be taken to imply that their work, as a whole, is limited to those levels of analysis. My use of such examples is thus merely meant to help clarify the different levels of analysis, not to pigeonhole the work of previous scholars on ethical leadership discussed in this paper.

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