

The 7 Principles of Ethical Leadership

By Yonason Goldson

"Everyone is entitled to his own opinion, but not his own facts."
~Daniel Patrick Moynihan



ETHICAL
IMPERATIVES

THE STEEP ROAD AHEAD

- How do members of a pluralistic, largely secular culture reach consensus on common values?
- What happens to the foundation on which civil society endures when universal truths cease to be self-evident?
- Do the ethics of business exist separately from the ethics of society, or are the two intertwined and interdependent?

Before attempting to answer those questions, we must first address these:

- What are ethics?
- What is morality?
- Is there a difference between the two?

INTELLECTUAL INTEGRITY

Consider one of the most contentious legal debates in modern America: preserving Second Amendment gun-ownership rights vs. protecting public safety through gun control.¹

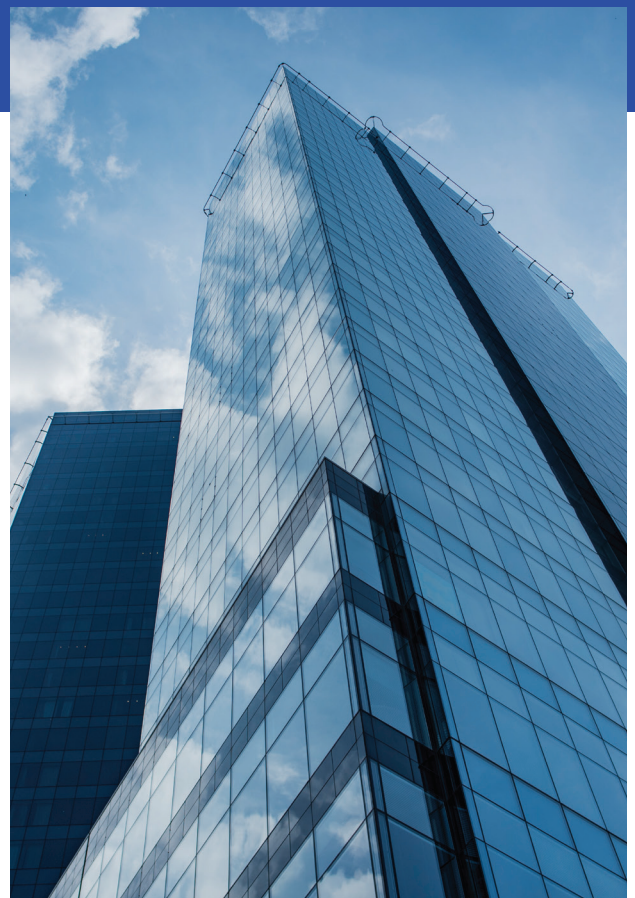
The Framers established the canon of private gun ownership as follows: *A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.*

Doubtless, the authors believed they were being clear and straightforward. Two-and-a-half centuries later, determining the intention behind their words is anything but simple.

Ambiguity arises from the first clause. Why did the authors hinge gun-rights on the need for a militia? Did they mean that gun ownership should be protected only in times of citizen armies, when every able-bodied person might be called out at a moment's notice to defend his (or her) homeland, but not necessarily when the nation is protected by a professional, standing army?

Or did they mean that defending the nation is a responsibility incumbent upon every citizen, regardless of how the machinery of warfare or the structure of the military might evolve?

Both interpretations can be defended from a position of logic and principle. Lacking the availability of a time machine, how are we to correctly interpret the Framers' intentions?



1. Setting aside, for the moment, the claim by gun rights advocates that gun ownership does in fact promote public safety.

Observation #1:

In fact, we have such a time machine. An investigation of writings and records from the constitutional era might reveal the general attitude toward the right to bear arms and determine where popular predisposition resided when the Second Amendment was originally articulated.

That discussion lies beyond the scope of this work. It does, however, bring us to our first principle of ethics.

Ethical Principle #1:

Discounting available information that might support one side of an issue or the other, no less than cherry-picking facts or skewing data, is intellectually dishonest.

Political scientists have a name for the conscious choice to overlook or devalue information deemed not worth the cost of its acquisition: *rational ignorance*. On a personal level, that cost might be the anxiety or insecurity caused by knowledge that challenges our opinions or threatens our worldview.

But let's say we overcome our insecurities and do investigate; and let's say that both interpretations turn out to be equally defensible. What happens then? The next level of observation requires an assessment of the logical arguments offered by each side. Regarding the gun control debate those include the following:

Observation #2a:

Gun laws already exist. The prohibition against private citizens owning automatic rifles (*aka machine guns*) has gone largely uncontested. Consequently, if gun rights advocates object to a ban on semi-automatic "assault rifles," they need to articulate why the same concern for public safety applied to the former cannot be applied to the latter. True, machine gun firing capability is much faster than that of a semi-automatic. But that is a quantitative, not a qualitative difference. How does that distinction translate into a constitutional principle? Simply invoking the Second Amendment as basis for rejecting a second exception does nothing to advance the debate.

Observation #2b:

Statistically, less than one-fifth of violent gun crimes are committed with legally owned guns.² Consequently, while it is reasonable to argue that new laws might help curb 20% of gun violence, how will gun control laws have meaningful impact on the other 80%? Proponents of gun control laws need to answer that question to credibly claim that their goal is ending violent crime.

Now, take a breath.

Do you feel inclined to stop reading? Do you feel anger or indignation rising within you in response to a point-of-view contrary to your own? If so, kindly review the previous two observations and note that no position has been presented or endorsed in either. Nothing more has been put forward than two questions, each merely addressing the possibility of logical inconsistency.



² Fabio, Anthony, et. al. "Gaps continue in firearm surveillance: Evidence from a large U.S. City Bureau of Police." Social Medicine, 2016.

Ethical Principle #2:

Facts and logic evaluated under the influence of emotion and personal bias invariably lead to supporting unsupportable positions as credible and dismissing reasonable positions as unsound.

Our purpose here is not to resolve – nor even debate – the matter of gun control. But when confronting any issue, each of us has an ethical obligation to evaluate his or her own intellectual integrity. What does it say about our commitment to truth if we condemn fallacies in the arguments of our ideological opponents while overlooking them in the arguments of our allies – or ourselves?

If we are unwilling to critique both sides of any issue with equal syllogistic rigor, we threaten the survival of civil society. Why? Because such unwillingness characterizes *groupthink*, the ideological tribalism that convinces us that every rational person believes exactly as we do, and that everyone else is either misguided, delusional, or evil.

What determines whether a society is civilized and ethical? The expectation that individuals holding disparate views will practice civil discourse in pursuit of finding common ground and achieving consensus. A community endures only when its members collaborate to implement common sense, compromise solutions that neither side may find entirely agreeable, but which all sides can learn to live with.

Ethical Principle #3:

Only through constructive disagreement and logical consistency is it possible to build a community guided by ethical axioms and committed to ethical values.

LEGISLATING ETHICS

The same challenges we confront concerning political and social issues exist in the business world. One of the most dangerous delusions we face is the belief that we can prevent financial malfeasance by legislating compliance laws.

Such celebrated scandals as Wells Fargo, Novartis, Uber – and, of course, Enron – were perpetrated by individuals and organizations that flouted existing laws. Additional regulations would have made no difference.

Even worse, over-regulation stifles productivity while creating new loopholes. Ambiguous wording and impenetrable language produce gray zones, while new laws often contradict pre-existing ones. The more complicated regulation gets, the easier laws become to manipulate or circumvent.

But these are not the worst unintended consequences of over-regulation.

This is: *attempting to legislate ethics undermines ethics.*

By conflating *morality* with *legality*, we compromise the integrity of both, because commitment to upholding the letter of the law depends on respect for the spirit of the law.



Which brings us back to our question concerning morality versus ethics. Drawing a distinction between the two will prove not only beneficial but essential.

The word *ethics* derives from the Greek *ethos*, meaning *personal disposition*, from which emerges the concept of character. *Character* is the hallmark of integrity. A person of integrity is one who demonstrates intellectual and ethical consistency, who aspires to virtuous ideals, who treats his fellow human beings and, indeed, all creatures, with a fair measure of deference and respect.

The word *morality* derives from the Latin *moralis*, perhaps coined by Cicero as a translation of the Greek *ethikos*. This suggests no significant difference between the terms. However, the contemporary derivative *moralizing*, used often as a pejorative, suggests the following distinction:

Morality refers to a set of values handed down from a Higher Authority. This raises the immediate problem that a heterogeneous society will lack consensus on what that authority is, how its mandates are to be understood, and through what mechanism they should be legislated and enforced. Morality serves to guide only those who have a clear vision and understanding of the source and method of dissemination from which moral imperatives descend. Within a culture that includes a panoply of beliefs, the application of morality remains subjective and abstract.

Ethics, on the other hand, may be defined not as descending from on high but as arising organically from a set of common values. Of course, the problem remains: without a universally recognized authority, how can there be any universal values at all?

This is precisely the question taken up by Immanuel Kant in the 18th century. His principle of universalizing individual moral intuitions by applying them to society as a whole does not offer a practical solution. It does, however, provide a useful starting point.

Sincere reflection on the correctness of your actions – how they affect both the individuals around you and the society in which you live – inevitably increases empathy, thereby laying the foundation on which ethical awareness stands. A lack of empathy results in diffusion of responsibility, otherwise known as herd mentality. If everyone else does it, why shouldn't I? *If no one else is doing it, why should the burden fall on me?*

As one satirical poster observes: no raindrop believes it is responsible for the flood.

Conversely, the ethical citizen contemplates: what would the world be like if everyone acted like me?

Society is made up of individuals. The more responsible one person acts, the more others will feel obligated to act responsibly themselves. The more selfish or thoughtless one person acts, the more those behaviors become the norm. That's why, despite its flaws and limitations, the utilitarian approach is not entirely without merit. Attempting to calculate and quantify which course of action will produce the greater good is essential in making ethical decisions.

But it's not enough. Obvious choices between good and evil or right and wrong are not where ethics is most needed. Choosing between competing levels of evil or contradictory applications of good – this is the realm where the application of ethics is indispensable.³

Consequently, it is by balancing the intellectual assessment of the utilitarian against the intuition of the Kantian that we can reach acceptable compromise. As we saw earlier, the head and the heart must be brought into harmony or, at least, détente.

3 See Badaracco, Joseph L., *Defining Moments*, Harvard Business School Press, Boston, 1997.



Ethical Principle #4:

Ethical actions are not based solely on legality. They are achieved through the application of understanding and empathy.

Only by understanding the views and attitudes of others will we be able to relate to those who share our world. Only by relating to others will we be able to empathize and thereby appreciate the impact our words and actions will have on them.

Ethical Principle #5:

Ethics requires an awareness of both the short-term and long-term impact our behavior will have on the lives, livelihoods, and feelings of those around us and on the society in which we live, followed by the consistent translation of that awareness into action.

THE INERTIA OF SELF-INTEREST

Ethics is a mindset, a cultural orientation, an ideal and an aspiration. By definition, ethics governs the vast gray area between what's legal and what's illegal.⁴ The only way to assure ethical conduct is to establish ethical idealism as an integral part of personal and professional culture.

In a perfect world, we would commit ourselves to live ethically because doing the right thing is the right thing to do. Unfortunately, the world is not perfect, and neither are we.

Nevertheless, ethics does not call on us to embrace altruism at the expense of personal security or prosperity. Just the opposite: it offers a way for us to have both. So how do we resolve the apparent contradiction between selfishness and selflessness? According to Rabbi Yisroel Meir Kagan, the revered leader of 19th Century European Jewry:

"We don't need to be pious; we need to be smart." If we're smart, we'll recognize that acting ethically is in our own best interest.

Ethical Principle #6:

We don't need to choose between being good and being successful. What is best for us is to live in a world we make better by promoting ethical values and modeling ethical behavior.

Contemplate the ways you measurably benefit yourself through ethical actions. Calculate how often unethical behavior leads to self-destruction. Reflection on both provides a powerful incentive for making ethical choices.

Of course, this is easier said than done. Consider the numerous hot-button issues tearing our communities apart: gun control, abortion, climate change, hate speech, wealth distribution, affirmative action. All these skirmishes in the contemporary culture war create the impression of a house divided violently against itself, a society on the brink of collapse. And perception rapidly becomes reality.

⁴ For purposes of this discussion, we will leave aside the complex discussion of addressing immoral or unethical laws.

Emotions run so high that the mere mention of social or political ideology shuts down rational discourse and renders impossible the hope of amicable compromise. But there is one thing that all of us can agree on: we want to make more money. And the way to make more money is not by treating other people like products or resources, but by treating them like partners.

According to research by the Trust Edge Leadership Institute, employees say what they want most from a job is an employer they trust. What creates trust? Ethical leadership.⁵

Everything else follows naturally. Ethics creates trust. Trust promotes loyalty. Loyalty generates passion. Passion drives productivity. Employees who feel part of a team and take pride in its mission are happy employees. Happy employees are the key to prosperity, profitability, and success according to virtually every metric.

Over half-a-trillion dollars in productivity are estimated lost each year in the U.S. due to workplace disengagement and conflict.⁶ For every discontented employee who leaves for greener pastures, the resulting costs of hiring, onboarding, training, ramp time, higher business error rates, and general loss of engagement are estimated as high as 213% of their annual salary.⁷ And that doesn't even account for the toxic impact high turnover has on workplace environment and company culture.⁸

It also doesn't account for damage to brand image, which can crash overnight from blunders and scandals that an ethical mindset could have forestalled. United Airlines, Expedia, and Memorial Sloan Kettering are just a few recent examples having seen brand-collapse follow ethics scandals.

That's why *good ethics is good business*. Companies ranked highest for ethics outperformed the Russell 1000 index throughout the decade ending in 2016 by nearly five percent.⁹ A culture of ethics promotes efficiency, quality, committed employees, loyal customers, and higher profits.

Can you think of a better definition of success?

THE CURRENT OF PROSPERITY

Culture is like water. It travels from the top down. When leaders invest in creating an ethical culture as the well-spring of good business, the benefits of an ethical mindset flow into our communities and our politics.

This, too, is easier said than done. Many leaders who possess the vision, drive, acumen, and confidence to make savvy business decisions are adept at finding avenues around the law and may even consider themselves above the law. Without a method of checks and balances, the temptation to game the system is almost irresistible.

⁵ The 2019 Trust Outlook, p. 5. The Trust Edge Leadership Institute, 2018.

⁶ CCP Global Human Capital report, 2008, and Gallup, 2012.

⁷ "There Are Significant Business Costs to Replacing Employees" by Heather Boushey and Sarah Jane Glynn, Center for American Progress, 2012.

⁸ Altman, Jack. "How Much Does Employee Turnover Cost?" Huffpost, 2017.

⁹ Yoshimoto, Catherine, and Frauenheim, Ed. "The Best Companies to Work for are Beating the Market." Fortune, 2018.

That's why we have compliance laws. However, when compliance regulations provide a substitute for an ethical mindset, the proposed cure ends up masking the spread of the disease.

And when that happens, compliance becomes the enemy of ethics.

No one said it better than Edmund Burke: *Men of intemperate minds cannot be free. Their passions forge their fetters.* Herein lies the extraordinary wisdom and vision of the United States Constitution. Recognizing the self-serving predisposition of human nature, the Framers created a document not of laws but of legal principles and ideals to foster a culture of ethical consciousness. The same construct applies to business as well. That's why compliance laws only succeed when they rest on a foundation of ethical idealism.

Tragically, both ethics and idealism are hard to find. Over time, a torrent of political acrimony and social anarchy has eroded the bedrock principles of the world's first true democratic republic. An agenda-driven media and the influence of money on elections has created a corrupt political culture unlikely to repair itself.

But the power to shape a healthy professional culture still resides in the hands of business and corporate leaders. It is theirs to restore or to abandon.

What is the first step forward? To adopt the language of Hillel's famous aphorism: *The guide for civilized living is ethics. All the rest is commentary; go learn it.*

Learn it from King Solomon; from Socrates; from *Ethics of Fathers*; from Marcus Aurelius; from Thomas Aquinas; from John Locke; from Khalil Gibran; from Phillipa Foot; from Stephen L. Carter; from Rabbi Lord Jonathan Sacks; from Susan Cain; from Dan Ariely; from Carol Dweck; from Adam Grant; from Brené Brown; from Jonathan Haidt.



Ethical Principle #7:

Like any other discipline, ethics must be studied at the feet of masters.

We have easy access to a pantheon of moral authorities, ancient and modern, who will show us the way if we're willing to follow their lead. They won't solve our ethical dilemmas for us. But they will do something even better: they will teach us how to grapple with those dilemmas ourselves.

Once we apply the principles of ethics to our professional lives, we improve the chance that those same principles will seep out into the world of social and political engagement, restoring civil society, providing our communities with a new lease on life, and driving ever greater prosperity.

We don't have to be noble; we just have to be smart. When all is said and done, we'll find that being noble and being smart are truly one and the same.

TAKING ACTION

After identifying the principles of ethics, we have an ethical imperative to apply these principles to our attitudes and our behavior. That application of ethical actions steps looks like this:

#1: Evaluate informational integrity

Protect against rational ignorance by seeking out all relevant information both supporting and opposing any position.

#2: Evaluate emotional bias.

Protect against groupthink by engaging in civil discourse with those who hold opposing views.

#3: Evaluate logical consistency.

Articulate your opinions so those who have not already bought into them can understand them. Rearticulate opposing views to confirm that you understand them and are able to authentically represent them. Through constructive disagreement, determine if the same reasoning supporting one side applies equally to the other.

#4: Cultivate empathy through understanding.

Engage ideological adversaries on a personal basis. Learn about their backgrounds, their families, their interests, and their dreams. Learn their stories, independent of their ideologies, and you will become less inclined to divide the world into “us” and “them.”

#5: Translate awareness into action.

Monitor your own responses, your language and style of speech, your own behavior and ethical discipline. Solicit feedback from objective observers.

#6: Recognize that acting ethically is in your own best interest.

Act in the way you would like others to act toward you. Define yourself as a force for good and strive to be a source of positive inspiration.

#7: Learn from a mentor.

Seek out models of virtue in articles, books, interviews, or videos – but especially face-to-face. There is no substitute for human interaction with people of quality. As Jim Rohn said: *You are the average of the five people you spend the most time with.*

Stop looking for short-cuts, loopholes, and justifications to circumvent the spirit of the law. Seek out the humanity in those with whom you disagree. Demand the same intellectual integrity from yourself that you demand from others. Test your own fair-mindedness and moral objectivity. Don't try to justify your preconceptions. Try to discover the truth.

Recognize how bettering yourself better the world, and how living in a better world makes for a better life. When you do, you set yourself on a course to attain the life of success and happiness you've always dreamed of.



ETHICAL
IMPERATIVES

***Grappling with the Gray: an ethical handbook
for personal success and business prosperity.***

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