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## 2

## LEADERSHIP TRAITS AND ETHICS

## LEARNING COMPETENCIES

After studying this chapter, you should be able to:

- 2.1 Explain the universality of traits of effective leaders. p. 42
- 2.2 Describe the Big Five personality dimensions. p. 44
- 2.3 Compare and contrast the Achievement Motivation Theory and the Leader Motive Profile Theory. p. 51
- 2.4 Describe how attitudes are used to develop four leadership styles. p. 56
- 2.5 Explain three factors that influence ethical behavior, and how people justify unethical behavior. p. 61
- 2.6 Identify seven guides to ethical behavior. p. 70

### Deepa Narayan, International Advisor

**Deepa Narayan**, PhD, spent 25 years as senior advisor at the **World Bank** and with the **UN** system and civil society promoting the eradication of poverty and equality for women. She has been listed as one of the top 100 Global Thinkers by *Foreign Policy* magazine. Today, Deepa is an independent international advisor, author, and TED Talks speaker. Deepa focuses on “people first,” and local community-driven approaches to change. She provides strategic advice in the implementation and redesign of poverty-oriented programs and social enterprises. She also conducts experiential workshops using the creative arts for the empowerment of youth and women.

Deepa has written 17 books including the ground-breaking *Chup: Breaking the Silence About India’s Women*. The book demonstrates why current approaches to women’s empowerment, entrepreneurship, and leadership globally have little impact and are unlikely to succeed. Despite our intellectual beliefs about gender equality, inequality still exists in the United States and more so globally, and it will take a global collective effort to have gender equality. The book is organized around seven habits that both men and women use (often unknowingly with good intentions) that stifle girls and women today. Deepa says sexism affects everything we do and educated people must come together to unlearn and change these seven everyday habits that perpetuate gender inequality.

For a list of the seven habits, visit Deepa’s website <http://deepanarayan.com> and watch her TED Talk. You can also sign up to participate in *Chup Circles* and join groups that discuss gender inequality in their own lives.

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*Sources:* Deepa Narayan website, <http://deepanarayan.com>; Interviews, <http://blog.juggernaut.in/tag/deepa-narayan>; <https://spp.ceu.edu/files/interview-deepa-narayan-widespread-gender-inequality>; <https://www.powerinpraxis.com/post/interview-with-dr-deepa-narayan-on-her-new-book-chup-breaking-the-silence-about-india-s-women>. Accessed January 3, 2021.

### Opening Case Questions

1. What Big Five personality traits does Deepa Narayan possess?
2. Does Deepa Narayan have the personality profile of an effective leader?

3. How does “attitude” affect our gender equality behavior?
4. How does Deepa Narayan’s self-concept affect her leadership?
5. Is sexism ethical globally?

Can you answer any of these questions? You’ll find answers to these questions and learn more about Deepa Narayan and her leadership throughout the chapter.

## INTRODUCTION

Recall that trait theory of leadership was the foundation for the field of leadership studies. Research continues to support the importance of specific traits of effective leaders.<sup>1</sup> Before you learn about personality traits, complete Self-Assessment 2.1, which will help you identify your preferences in the Big Five personality profile. Visit the Penn State website, <http://www.personal.psu.edu/~j5j/IPIP/>, and take one of the Personality Assessments available by IPIP-NEO (International Personality Item Pool Representation of the NEO PI-R™) (**Global View**). Throughout this chapter, you will increase your knowledge of personality traits, which help explain why people say and do the things they do (behavior). You will reference your results from Self-Assessment 2.1 throughout the discussions.

### Self-Assessment 2.1

#### Big Five Personality Profile\*

There are no right or wrong answers, so be honest and you will increase your self-awareness. We suggest doing this exercise in pencil or making a copy before you write on it. We will explain why later.

Using the scale below, rate each of the 25 statements according to how accurately it describes you. Place a number from 1 to 7 on the line before each statement.

Like me	Some what like me	Not like me
7	6 5 4 3	2 1

- \_\_\_ 1. I step forward and take charge in leaderless situations.
- \_\_\_ 2. I am concerned about getting along well with others.
- \_\_\_ 3. I have good self-control; I don’t get emotional, angry, or yell.
- \_\_\_ 4. I’m dependable; when I say I will do something, it’s done well and on time.
- \_\_\_ 5. I try to do things differently to improve my performance.
- \_\_\_ 6. I don’t give up very easily, and I push myself to achieve my objectives.
- \_\_\_ 7. I enjoy having lots of friends.
- \_\_\_ 8. I think positively about the outcomes of situations and perform well under pressure.
- \_\_\_ 9. I work hard to be successful.
- \_\_\_ 10. I’m flexible and go with the flow when things change.
- \_\_\_ 11. I am outgoing and willing to be assertive when in conflict.

- \_\_\_\_\_ 12. I try to see things from other people's points of view.
- \_\_\_\_\_ 13. I have confidence in my judgments, decision making, ideas, and capabilities.
- \_\_\_\_\_ 14. I am loyal to my boss, coworkers, and the organization.
- \_\_\_\_\_ 15. I'm good at problem solving and making decisions.
- \_\_\_\_\_ 16. I want to climb the corporate ladder to as high a level of management as I can.
- \_\_\_\_\_ 17. I want other people to like me and to view me as very friendly.
- \_\_\_\_\_ 18. I give people lots of praise and encouragement; I don't put people down and criticize.
- \_\_\_\_\_ 19. I follow the policies and rules of an organization.
- \_\_\_\_\_ 20. I volunteer to be the first to learn and do new tasks at work.
- \_\_\_\_\_ 21. I try to influence other people to get my way.
- \_\_\_\_\_ 22. I enjoy working with others more than working alone.
- \_\_\_\_\_ 23. I am relaxed and secure, rather than nervous and insecure.
- \_\_\_\_\_ 24. I am considered to be trustworthy because I do a good job and support others.
- \_\_\_\_\_ 25. I believe that my successful performance depends on me, not others or good luck.

To determine your Big Five personality profile: (1) In the blanks below, place the numbers from 1 to 7 that represent your score for each statement. (2) Add up each column; your total should be a number from 5 to 35. (3) On the number scale, circle the number that is closest to your total score. Each column in the chart represents a specific personality dimension.

	Surgency		Agreeableness		Adjustment		Conscientiousness		Openness to Experience
	35		35		35		35		35
_____ 1.	30	_____ 2.	30	_____ 3.	30	_____ 4.	30	_____ 5.	30
_____ 6.	25	_____ 7.	25	_____ 8.	25	_____ 9.	25	_____ 10.	25
_____ 11.	20	_____ 12.	20	_____ 13.	20	_____ 14.	20	_____ 15.	20
_____ 16.	15	_____ 17.	15	_____ 18.	15	_____ 19.	15	_____ 20.	15
_____ 21.	10	_____ 22.	10	_____ 23.	10	_____ 24.	10	_____ 25.	10
Total	5	Total	5	Total	5	Total	5	Total	5
_____ Scale		_____ Scale		_____ Scale		_____ Scale		_____ Scale	

The higher the total number, the stronger is the personality dimension that describes your personality. What is your strongest dimension? Your weakest dimension? Continue reading the chapter for specifics about your personality in each of the five dimensions.

\*This Self-Assessment is also available online.

## PERSONALITY AND TRAITS

### LEARNING COMPETENCIES

#### 2.1 Explain the universality of traits of effective leaders.

Why are some people outgoing and others shy, loud and quiet, warm and cold, aggressive and passive? This list of behaviors is made up of individual traits.

### Personality and Traits Are Different but Related

**Traits** are distinguishing personal characteristics. The image we project is based largely on our character traits.<sup>2</sup> Traits do influence leadership,<sup>3</sup> as they help to explain how and why people lead in certain ways.<sup>4</sup> **Personality** is a combination of traits that classifies an individual's behavior. Positive traits tend to lead to positive results.<sup>5</sup> CEOs, and essentially all managers, observable personality traits influence firm performance.<sup>6</sup>

Personality is developed based on genetics and environmental factors. The genes you received before you were born influence your personality traits today. Your family, friends, school, and work also influence your personality. So our personality is partly innate, partly learned, and we can change, but it takes time and effort.

### Why Understanding Personality Is Important

Understanding people's personalities is important because personality affects behavior as well as perceptions and attitudes.<sup>7</sup> Understanding personalities helps us explain and predict others' behavior and job performance.<sup>8</sup> Personality tests are used to find the right people for the right jobs,<sup>9</sup> as they may be used to predict workplace performance.<sup>10</sup> For a simple example, if you know Kate is very shy, you can better understand why she is quiet when meeting new people. You can also predict that Kate will be quiet when going places and meeting new people. You can also better understand why Kate would not seek a job as a salesperson, and if she did, you could predict that she might not be highly successful. Therefore, you should seek a job and career based on your personality.<sup>11</sup>

### Personality Profiles and Tests

**Personality profiles** identify individual stronger and weaker traits. Completing a personality assessment like those provided by Penn State (or Self-Assessment 2.1) gives us our personality profile. Review your personality profile. Do you have higher scores (stronger traits) on some dimensions and lower scores (weaker traits) on others? There are many personality tests, such as the *Minnesota Multiphasic Personality Inventory* and the *Myers-Briggs Type Indicator*. You can take a free 64 question personality self-assessment of the *Jung, Briggs Myer Typology* identifying 16 personality types describing your strengths, preferences, and personality type, and you can discover careers and occupations most suitable for your personality type at **HumanMetrics** ([www.humanmetrics.com](http://www.humanmetrics.com)). The website also contains other trait-based self-assessments.

Recall the value of knowing yourself.<sup>12</sup> When we take personality tests, our self-awareness increases as we figure out our stronger and weaker traits. But we have to make a realistic assessment and acceptance of our strengths and weaknesses and work to improve our behavior.

**Traits** are distinguishing personal characteristics

**Personality** is a combination of traits that classifies an individual's behavior

**Personality profiles** identify individual stronger and weaker traits



We realize we are different from other people, and, as stated, we can change our behavior to improve our relationships and develop leadership skills.

### The Big Five Correlates With Leadership

Researchers conducted a major meta-analysis combining 73 prior studies to correlate the Big Five personality dimensions with leadership. The highest correlation with leadership was surgency (.31), followed by conscientiousness (.28) and openness to experience (−.24). Agreeableness was weakly correlated (.08), and adjustment was negatively correlated with leadership (−.24).<sup>13</sup> In other words, people high in surgency are perceived as leaderlike—they work hard, and they bring about change. They are not too concerned about being well liked and trying to please everyone, and they are stable or not overly emotional.

### Derailed Leadership Traits

Let's identify traits that led to leadership failure. A study was conducted and the derailed executives had prior success and were expected to go far, but they were passed over for promotion, were fired, or were forced to retire early. See Exhibit 2.1 for a list of the six major reasons for derailment.<sup>14</sup> Overall, the problem of derailed managers is poor interpersonal skills (Chapter 1).

#### EXHIBIT 2.1 ■ Why Executives Are Derailed

- They used a bullying style viewed as intimidating, insensitive, and abrasive.
- They were viewed as being cold, aloof, and arrogant.
- They betrayed personal trust.
- They were self-centered and viewed as overly ambitious and thinking of the next job.
- They had specific performance problems with the business.
- They overmanaged and were unable to delegate or build a team.

#### WORK APPLICATION 2.1

Select a present or past manager, and state whether they have any of the six traits of derailment. Give specific examples of weaknesses.

### We Can Improve

As stated, we can change our behavior to be more effective. The key to success is to assess our personality strengths and weaknesses. Unfortunately, most of us are in denial of our weaknesses or do not work at improving them.<sup>15</sup> So we need to plan how to change our behavior to improve our relationships and leadership skills. Once we determine the behavior we want to improve, it takes deliberate practice to succeed. You are given the opportunity to apply what you learn throughout this book in your personal and professional lives.

### Leadership Trait Universality

From the late 1940s into the 2000s, there have been many studies investigating various (3, 5, 6, 8, 10, 13) traits validating the importance of leadership traits, or supporting the universality of

leadership traits. However, there is no agreed-upon universal list of traits that leaders need to be successful.<sup>16</sup> So traits are universal in the sense that there is agreement that traits are important, but they are not universal because there are many lists of traits. There are always exceptions to the traits. For example, successful leaders are commonly extroverts,<sup>17</sup> but some CEOs describe themselves as introverts, including former **Yahoo** CEO **Marissa Mayer** and investors **Warren Buffett** and **Charles Schwab**. Also, certain personality traits have been shown to be important in some settings but not in others.<sup>18</sup>

In applying trait theory, we need to remember there are traits that many successful leaders have, and we will discuss them in the next major section with the Big Five, but you don't need to have all of them to be a successful leader. However, positive leadership traits can be developed,<sup>19</sup> and it is a transferable skill to different environments.<sup>20</sup>

## THE BIG FIVE INCLUDING TRAITS OF EFFECTIVE LEADERS

### LEARNING COMPETENCIES

#### 2.2 Describe the Big Five personality dimensions.

Personality is a dominant predictor of individual behavior,<sup>21</sup> so we discuss the Big Five Model of Personality traits because it is the most widely accepted way to classify personalities because of its strong research support and its reliability across age, sex, race, and language globally (**Global View**).<sup>22</sup>

The purpose of the Big Five is to reliably categorize, into one of five dimensions, most if not all of the traits you would use to describe someone. Thus, each dimension includes multiple traits. The **Big Five Model of Personality** categorizes traits into the dimensions of surgency, agreeableness, adjustment, conscientiousness, and openness to experience. To remember these categories, you could use the acronym "SAACO." The dimensions are listed in Exhibit 2.2 and described in this section.

Note that some researchers have slightly different names for the five dimensions,<sup>23</sup> and not all will agree under which dimension each leadership trait should be classified; there is some overlap. We include traits of effective leaders under each dimension based on their strong research support, and our definitions of each of the Big Five include the effective leadership traits in that category. However, again we should realize not all effective leaders have all these traits and, like all of us, are higher and lower in some than others.

### Surgency

The **surgency personality dimension** includes dominance, extraversion, and high energy with determination.

- *Dominance.* Successful leaders assert themselves and want to be managers and to take charge.<sup>24</sup> If you do not want to be a leader, chances are you will not be an effective manager. Thus, the dominance trait affects all the other traits related to effective leaders. Do you want to be a leader?

**Big Five Model of Personality** categorizes traits into the dimensions of surgency, agreeableness, adjustment, conscientiousness, and openness to experience

**Surgency personality dimension** includes dominance, extraversion, and high energy with determination

- *Extraversion.* It is on a continuum between extravert and introvert. Extraverts are outgoing, like to meet new people, and are assertive and willing to confront others, whereas introverts are shy. Extraverts are frequently selected for leadership positions.<sup>25</sup> How outgoing are you?
- *High energy with determination.* Leaders tend to have high energy with a positive drive to work hard to achieve goals, and they create energy in others.<sup>26</sup> Their positive attitude and optimism influence their high tolerance for frustration as they strive to overcome obstacles through being persistent; they don't give up easily. The late **Thomas Edison** was an American inventor and businessperson who has been described as America's greatest inventor. He had hundreds of failures along the way to successfully producing the ground-breaking technology of electric lights, photography, music, and the movies you enjoy today. Edison's attitude was now I know one more method that doesn't work. Do you have a high energy level with determination?

## Agreeableness

The **agreeableness personality dimension** includes traits of sociability and emotional intelligence. Agreeableness dimensions are based on interpersonal skills (Chapter 1) that employers seek in new hires.<sup>27</sup> Let's discuss the important dimensions of agreeableness next.

**Agreeableness personality dimension** includes traits of sociability and emotional intelligence

- *Sociability.* Sociable people have an inclination to seek out enjoyable social relationships. Strong sociability personality types are friendly, courteous, easy to get along with, and diplomatic.<sup>28</sup> How important is having good social relationships to you?
- *Sensitivity.* Sensitivity is part of being sociable. It refers to understanding group members as individuals and treating them fairly.<sup>29</sup> Recall that being insensitive is one of the reasons why executives are derailed. If you are concerned only about yourself and don't understand others, you probably will not be very successful. Are you sensitive to others?
- *Emotional Intelligence.* An offshoot of intelligence quotient (IQ) is EQ (emotional quotient). The commonly used term *emotional intelligence* (EI) describes people who have good interpersonal skills, as they have *emotional competence*.<sup>30</sup> Positive emotions lead to positive outcomes and vice versa.<sup>31</sup> **Safra Catz of Oracle** places a high value on EI over technical skills.<sup>32</sup> There are four components of EQ:<sup>33</sup>
  1. *Self-awareness* relates to being conscious of your emotions and how they affect your personal and professional life. Self-awareness is the cornerstone of all insight. Use your self-awareness (the exercises in this book help) to accurately assess your strengths and limitations; this leads to higher self-confidence.
  2. *Social awareness* relates to the ability to understand others. Empathy is the ability to put yourself in other people's situations, sense their emotions, and understand things from their perspective.
  3. *Self-management* relates to the ability to control disruptive emotions, ours and others. Successful leaders are self-motivated and don't let negative emotions (worry, anxiety, fear, anger) interfere with getting things done.



4. *Relationship management* relates to the ability to work well with others, which is dependent on the other three EI components. Most of this book focuses on developing relationship management skills. Do you have high EI skills in all four areas? Go to the *Global Leadership Foundation* website <https://globalleadershipfoundation.com/>. Click on the link in the bottom banner of the site “Free emotional intelligence assessment” and take the 40-item EI test. What is your score? What are your stronger and weaker traits? How can you improve on your weaker traits? (**Global View**). **Ursula Burns** of **Xerox** states, “Being kind doesn’t always mean that you’re smiling and happy. Kind means that you’re real with each other and that you can have a set of constructive, I call them fast-paced discussions. And so, you’ve got to build up relationships to allow that to happen, without having a whole lot of scar tissue at the end.”<sup>34</sup>

## Adjustment

**Adjustment personality dimension** includes traits of emotional stability and self-confidence

The **adjustment personality dimension** includes traits of emotional stability and self-confidence. Let’s discuss the important dimensions of adjustment here.

- *Emotional stability/self-control*. We all have emotions in leader–follower interactions. The question is how do we handle them? Adjustment is on a continuum between being emotionally stable and unstable. *Stable* refers to self-control, being calm—good under pressure, relaxed, secure, and positive—praising others. *Unstable* is out of



**PHOTO 2.1** A key to the leadership success of Ursula Burns is her ability to foster and develop relationships.

Photo by Jemal Countess/Getty Images for Time Inc.

control—poor under pressure, nervous, insecure, negative, and hostile—criticizing others without helping them improve. Know anyone like that? How emotionally stable are you?

- *Narcissism.* Narcissism is related to being unstable, and narcissists can ruin a company.<sup>35</sup> Narcissists are preoccupied with themselves; ignoring the needs of others; have an exaggerated sense of their self-importance; take credit for others' work, criticize, lie to, and manipulate others, and bully them to get their way.<sup>36</sup> The narcissistic personality traits of **Elizabeth Holmes**, ex-CEO of the now-bankrupt **Theranos**, have led to criminal prosecution and may factor into her defense.<sup>37</sup> Do you know any narcissists? Are you just looking out for yourself as #1 as a narcissist?
- *Agreeableness/Emotionalism.* Agreeableness and emotionalism tend to go together, as agreeable people tend to be in control of their emotions and disagreeable people tend to be neurotics. **Apple's Steve Jobs** and **Microsoft's Bill Gates** were frenemies, as they helped each other while competing in business. Jobs could be a disagreeable neurotic, whereas Gates is considered to be agreeable with EI. When Jobs would get upset and yell insults at Gates, Gates would not get emotional and yell back; he would remain very calm and speak softly until Jobs calmed down to continue a rational conversation.
- *Self-confidence.* It is on a continuum from strong to weak, indicating whether we are self-assured in our judgments, decision making, ideas, and competencies. How can we succeed at anything if we don't believe we can? Our self-confidence builds with our success at setting and achieving our goals. Effective self-confidence is based on an accurate awareness of our strengths and weaknesses, with an orientation to self-improvement.<sup>38</sup> **Steve Jobs** envisioned **Apple** creating world-changing products that others said couldn't be done, but his self-confidence influenced others to develop the products.<sup>39</sup> Do you have effective self-confidence?

## Conscientiousness

The **conscientiousness personality dimension** includes traits of dependability and integrity. **Dwayne “the Rock” Johnson** says success isn't about greatness; it's about consistency—consistent hard work.<sup>40</sup> To realize your dreams, you need to work harder. Know anyone who is all talk, and no action to succeed, with excuses for failing? Conscientiousness is an overall good predictor of job success, and effective leaders are conscientious, including **Facebook** chief operating officer **Sheryl Sandberg**.<sup>41</sup>

How strong is your desire to be successful?

- *Dependability.* It is on a continuum between responsible/dependable and irresponsible/undependable. Highly dependable people get the job done and are characterized as loyal, committed to their coworkers and the organization. Know anyone who is dependable and undependable? Are you dependable?
- *Integrity.* It is on a continuum between being honest and ethical or not. Integrity is the foundation for trustworthiness.<sup>42</sup> We focus on honesty here and will discuss ethics in more detail in the last two sections of this chapter. Integrity is about being honest with people<sup>43</sup>—no lying, cheating (manipulating), or stealing. To be effective, leaders need integrity.<sup>44</sup> Do you know anyone who has and lacks integrity? Do you have integrity?

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**Conscientiousness personality dimension** includes traits of dependability and integrity

## YOU MAKE THE ETHICAL CALL: ETHICS AND SOCIAL IMPACT

### 2.1 DOWNSIZING AND PART-TIME AND CONTRACT WORKERS

As firms struggle to compete in the global economy, many have downsized. Downsizing is the process of cutting resources to increase productivity. The primary area of cutting is human resources, which has led to layoffs. Another method of keeping costs down is using part-time employees who do not receive benefits (e.g., health care) rather than full-time employees who receive benefits. There is also a trend toward using contract workers, who get no benefits, such as at Uber and Lyft.

Walmart is known for having a heavy ratio of part- to full-time employees to keep costs down. Walmart is expanding its sales of grocery items, competing directly with supermarket chains. One of the reasons Walmart has lower prices is because it uses mostly part-time workers at or close to minimum wage and without benefits. Most supermarket chain employees are unionized and get higher wages and more benefits, and they want better pay and benefits. But supermarket chains state they can't afford to pay more; they must compete with Walmart.

1. Do you view Walmart as a company with integrity?
2. Is downsizing ethical and socially responsible?
3. Is using part-time, rather than full-time, employees and contract workers ethical?
4. What is the social impact of these types of employment?

### Openness

The **openness-to-experience personality dimension** includes traits of flexibility, intelligence, and internal locus of control.

**Openness-to-experience personality dimension** includes traits of flexibility, intelligence, and internal locus of control

- *Flexibility.* According to Gen Z (born between mid-to-late 1990s and early 2010s) Snapchatters, “Be Yourself,”<sup>45</sup> or be authentic.<sup>46</sup> However, employers are looking for fast learners who can quickly evolve and adjust to different situations.<sup>47</sup> Without flexibility, you will not be successful. How willing are you to change and try new things? Are you flexible?
- *Intelligence.* It refers to the cognitive ability to think critically, solve problems, and make decisions. It is also referred to as a general mental ability IQ. Intelligence is the best predictor of job performance in general, and for predicting leadership success.<sup>48</sup> Leaders such as **Oprah Winfrey (HARPO)**, **Sergey Brin (Google)**, and **Indra Nooyi (PepsiCo)** are known for their intelligence leading to their success as leaders.
- *Cultural intelligence (CI).* An offshoot of IQ. CI combines aspects of IQ and EQ to understand different cultures and to behave according to different cultural practices and use appropriate verbal and nonverbal behavior. In the global economy of today, CI skills are an essential skill for graduates, especially those who want to take international internships and jobs or work on diverse teams in their home country<sup>49</sup> (**Global View**).
- *IQ, EQ, and I got a clue.* It has been said that to be successful a high IQ is important but not enough. We also need strong interpersonal skills or a high EQ. Plus, we have to have a clue regarding what we are trying to accomplish (objectives) and how we will get the job done. Can you think of any people who are intelligent but lack people skills or don't seem to have a clue about what to do or how to get things done?

- *Locus of control.* It is on a continuum between external and internal belief in control over one's destiny/performance. *Externalizers* believe they have no control over their fate and their behavior has little to do with their performance. *Internalizers* believe they control their fate and their behavior directly affects their performance. Effective internalizer leaders take responsibility for who they are, for their behavior and performance, and for the performance of their organizational unit. Successful entrepreneurs, such as the founder of **Tesla** and **SpaceX**, **Elon Musk**, are internalizers. Do you know any internalizers and externalizers? Are you more of an internalizer or an externalizer?

See Exhibit 2.2 for a review of the Big Five personality dimensions with their 12 leadership traits. Exhibit 2.2 includes the letters used as answers in Concept Application 2.2.

EXHIBIT 2.2 ■ The Big Five Including Traits of Effective Leaders	
The Big Five Model of Personality	Leadership Traits Within the Big Five
Surgency	<ul style="list-style-type: none"> <li>a. Dominance</li> <li>b. Extroversion</li> <li>c. Energy/Determination</li> </ul>
Agreeableness	<ul style="list-style-type: none"> <li>d. Sociability/Sensitivity</li> <li>e. Emotional intelligence</li> </ul>
Adjustment	<ul style="list-style-type: none"> <li>f. Emotional Stability and Narcissism</li> <li>g. Self-confidence</li> </ul>
Conscientiousness	<ul style="list-style-type: none"> <li>h. Dependability</li> <li>i. Integrity</li> </ul>
Openness	<ul style="list-style-type: none"> <li>j. Flexibility</li> <li>k. Intelligence</li> <li>l. Locus of control</li> </ul>

### WORK APPLICATION 2.2

Select a present or past manager and assess their traits of effective leaders (surgency, agreeableness, adjustment, conscientiousness, and openness). Give an example of the manager's strong or weak dominance, extroversion, and energy/determination in a typical specific situation.

### OPENING CASE APPLICATION

#### 1. What Big Five and leadership personality traits does Deepa Narayan possess?

To a large extent, Deepa Narayan is a successful leader because of her strong personality in the Big Five. She has a need for *surgency* that helped her climb the corporate ladder to

become a senior advisor at the World Bank in Washington, D.C., which is dominated by men, and she started her own consulting business. Deepa has *agreeableness* as she focuses on 'people first,' and local community-driven approaches to change. She gets along well with people having strong interpersonal skills with EI. She is also sociable and sensitive to others. She is *conscientious* about getting the job done. Being very dependable by achieving great success is a cornerstone of her success. Plus, Deepa is viewed as having a high level of integrity. Deepa is well adjusted (*adjustment*). She has self-control and self-confidence, is calm, good under pressure, relaxed, secure, and positive. Deepa works well with both women and men to reduce sexism. Deepa is *open* to new experiences because of her innovating and bringing the challenge of overcoming sexism together on a global scale. She is highly intelligent earning a PhD from Iowa State University, has an internal locus of control as she takes charge to bring changes globally at home, in communities, and at work.

### Applying the Concept 2.1

#### Big Five Personality Dimensions

Identify each of these seven traits/behaviors by its personality dimension. Write the appropriate letter in the blank before each item.

- a. surgency
- b. agreeableness
- c. adjustment
- d. conscientiousness
- e. openness to experience

- \_\_\_ 1. A sales rep avoided the temptation to lie to a customer to make a sale.
- \_\_\_ 2. An employee came up with a brilliant way to increase the power of the generator.
- \_\_\_ 3. A leader is saying a warm, friendly hello to followers as they arrive at the meeting.
- \_\_\_ 4. A leader is brainstorming ideas with followers on new products.
- \_\_\_ 5. A follower is yelling about a problem, a leader calmly explains how to solve it.
- \_\_\_ 6. A leader is not very talkative when meeting unexpected customers.
- \_\_\_ 7. A leader is letting a follower do the job their own way to avoid a conflict.
- \_\_\_ 8. A leader is giving detailed instructions to a follower to do the job.
- \_\_\_ 9. A purchasing agent submitted the monthly report on time as usual.

### Applying the Concept 2.2

#### Personality Traits of Effective Leaders

Identify each of the following eight behaviors by its trait. The leader may be behaving effectively, or the behavior may be the opposite of the effective trait behavior. Refer to Exhibit 2.2 and use the "leadership traits within the Big Five." Write the appropriate letter a–l in the blank before each item.

- \_\_\_ 10. An outgoing leader is doing all the talking at the department meeting.
- \_\_\_ 11. A leader telling his boss that he is right on schedule to finish the job, planning to catch up before the boss finds out.

- \_\_\_\_\_ 12. A leader assigned a task to one follower, giving very specific instructions, and another task telling that follower to complete the task any way they want to.
- \_\_\_\_\_ 13. A leader is fixing a broken machine.
- \_\_\_\_\_ 14. A leader is acting very nervous while giving the follower a new task.
- \_\_\_\_\_ 15. A leader tells a follower that he can have lunch at noon. But 15 minutes later, the leader tells the follower to have lunch at 1:00.
- \_\_\_\_\_ 16. A leader listens to the follower complain and then paraphrases the complaint back to the follower.
- \_\_\_\_\_ 17. A leader in situation 10 above is/has been working to fix the machine for three hours now.
- \_\_\_\_\_ 18. A leader is giving excuses as to why performance is low and that nothing can be done to improve.

## THE PERSONALITY PROFILE OF EFFECTIVE LEADERS

### LEARNING COMPETENCIES

- 2.3** Compare and contrast the Achievement Motivation Theory and the Leader Motive Profile Theory.

Effective leaders have a common personality profile. **David McClelland's** trait theories of Achievement Motivation Theory and Leader Motive Profile Theory have strong research support and a great deal of relevance to the practice of leadership. Achievement Motivation Theory identifies three major traits, which McClelland calls *needs*. Leader Motive Profile Theory identifies the personality profile of effective leaders.<sup>50</sup> You will learn about both of these theories in this section.

### Achievement Motivation Theory

**Achievement Motivation Theory** attempts to explain and predict behavior and performance based on a person's need for achievement, power, and affiliation. Through an unconscious process, our behavior is motivated by our desire to satisfy our needs. **McClelland** stated that needs are based on personality and are developed as we interact with the environment. Leadership success is based on traits,<sup>51</sup> and leadership traits influence performance.<sup>52</sup> All people possess these three needs but to varying degrees.

**Achievement Motivation Theory** attempts to explain and predict behavior and performance based on a person's need for achievement, power, and affiliation

### The Need for Achievement (n Ach)

The *need for achievement* is the concern for excellence in accomplishments through individual efforts. High n Ach is categorized as the Big Five dimension of *conscientiousness* with dependability, but the person is not necessarily being high in integrity. People with high n Ach tend to be characterized as wanting to take personal responsibility for solving problems. They are goal oriented and set moderate, realistic, and attainable goals. They seek challenge, excellence, and individuality; take calculated, moderate risks; desire concrete feedback on their performance; and work hard. **McClelland's** research showed that only about 10 percent of the U.S. population



has a very “strong” dominant need for achievement. There is evidence of a correlation between high-achievement need and high performance in the general population.

### The Need for Power (n Pow)

The *need for power* is the concern for influencing others and seeking positions of authority. High n Pow is categorized as the Big Five dimension of *surgency*. People with a high need for power tend to be characterized as wanting to control the situation, wanting influence or control over others, enjoying competition in which they can win (they don’t like to lose), being willing to confront others, and seeking positions of authority and status. They tend to be ambitious and have a lower need for affiliation and agreeableness. They are attuned to power and politics as essential for successful leadership, and they tend to seek management positions.

### The Need for Affiliation (n Aff)

The *need for affiliation* is the concern for developing, maintaining, and restoring close personal relationships. High n Aff is categorized as the Big Five dimension of *agreeableness*. People with strong n Aff have the trait of sociability/sensitivity and often high EI. People with high n Aff tend to be characterized as seeking close relationships with others, wanting to be liked by others, enjoying lots of social activities, and seeking to belong; so they join groups and organizations. People with high n Aff are more concerned about what others think of them than about getting their own way (influencing others). N Aff is negatively related to leadership. Those with a high n Aff tend to have a low n Pow; they tend to avoid management because they like to be one of the group rather than its leader.

#### WORK APPLICATION 2.3

Explain how your need for achievement, power, and/or affiliation has affected your behavior and performance, or that of someone you work with or have worked with. Give an example of the behavior and performance, and list your predicted motive need.

#### Applying the Concept 2.3

##### Achievement Motivation Theory

Identify each of the behaviors below by its need, writing the appropriate letter in the blank before each item. The person may be behaving based on a strong need, or the behavior may be the opposite, indicating a weak need. Also state how the behavior meets the need and predict the performance.

- a. achievement
- b. power
- c. affiliation

- \_\_\_\_ 19. A person is refusing to be the chairperson of the committee.
- \_\_\_\_ 20. A person is going to talk to a coworker to resolve a conflict they have.
- \_\_\_\_ 21. The other coworker above will not be the first one to make a move to resolve the conflict; but when the other party comes to him, he will be receptive.

- \_\_\_\_\_ 22. A finance major has offered to calculate the financial analysis for the group's simulation game and to make the presentation to the class.
- \_\_\_\_\_ 23. A management major is studying hard for many hours to maintain his A average.
- \_\_\_\_\_ 24. A person who is asked to select between working on an individual project or on a team project chooses to work alone.

### Your Motive Profile

Note that **McClelland** does not have a classification for the *adjustment* and *openness-to-experience* Big Five personality dimensions; they are not needs. A person can have a high or low need for achievement, power, and affiliation and be either well adjusted or not, and either open or closed to new experiences. So these two dimensions of personality are ignored in determining the Achievement Motivation Theory personality profile. Complete Self-Assessment 2.2 to apply what you learned from your Big Five personality assessment to how it relates to your motive profile.

#### Self-Assessment 2.2

##### Motive Profile

From Self-Assessment 2.1, record your scores for conscientiousness, surgency, and agreeableness to the corresponding needs category. That is also your needs score.

Need for Achievement	Need for Power	Need for Affiliation
(This is equivalent to your conscientiousness score.)	(This is equivalent to your surgency score.)	(This is equivalent to your agreeableness score.)
Score _____	Score _____	Score _____

There is no right or wrong score for this profile. To interpret your score, check to see if there is much difference between the three need scores. If all three are about the same, one need is not stronger than the others are. If scores vary, one need is higher than the others and is called the stronger or dominant need, and the lower score is the weaker need. You can also have other combinations, such as two stronger and one weaker, or vice versa. Do you have stronger and weaker needs?

Knowing a motive profile is useful because it can explain and predict behavior and performance. Read on to determine if you have the motive profile of an effective leader.

### Leader Motive Profile Theory

**Leader Motive Profile Theory** attempts to explain and predict leadership success based on a person's need for achievement, power, and affiliation. **McClelland** found that effective leaders consistently have the same motive profile and that Leader Motive Profile is a reliable predictor of leader effectiveness.<sup>53</sup> Let's first define the profile of effective leaders and then discuss why it results in success. The **Leader Motive Profile (LMP)** includes a high need for power, which is socialized, that is greater than the need for affiliation and with a moderate need for achievement. The achievement score is usually somewhere between the power and affiliation score, and the reason is described below.

**Leader Motive Profile Theory** attempts to explain and predict leadership success based on a person's need for achievement, power, and affiliation

**Leader Motive Profile (LMP)** includes a high need for power, which is socialized, that is greater than the need for affiliation and with a moderate need for achievement

- *Power.* Power is essential to leaders because it is a means of influencing followers. Without power, there is no leadership. To be successful, leaders need to want to be in charge and enjoy dominance in the leadership role, with high energy and determination to succeed. We will need power to influence our followers, peers, and higher-level managers. We will discuss how to gain power and be successful in organizational politics in Chapter 5.
- *Socialized Power.* **McClelland** further identified power as neither good nor bad. It can be used for personal gain at the expense of others (personalized power), or it can be used to help oneself and others (socialized power).<sup>54</sup> Social power is discussed again later, with ethics. Effective leaders use socialized power, which includes the traits of sensitivity to others and stability with good EI relationships, and is the Big Five *adjustment* dimension. **Reshma Saujani**, founder and CEO of **Girls Who Code**, identified and sought to narrow the gender gap for women in technological fields through the use of socialized power.<sup>55</sup> Thus, a person with a low need for affiliation can have a high sensitivity to others. McClelland's research supports the reasons for executive derailment because these negative traits are personalized power. Complete Self-Assessment 2.3 to determine your motive profile with socialized power.

### Self-Assessment 2.3

#### Motive Profile With Socialized Power

Record your answers from Self-Assessment 2.2 in the corresponding columns. From Self-Assessment 2.1 record your adjustment score in the column for socialized power.

Need for Achievement	Need for Power	Socialized Power	Need for Affiliation
(This is equivalent to your conscientiousness score.)	(This is equivalent to your surgency score.)	(This is equivalent to your adjustment score.)	(This is equivalent to your agreeableness score.)
Score _____	Score _____	Score _____	Score _____

Again, there is no right or wrong score. The adjustment score will give you an idea if your power is more social or personal. Also realize that the questions in Self-Assessment 2.1 (3, 8, 13, 18, and 23) are not totally focused on social power. Thus, if you believe you have a higher sensitivity to others, your score on McClelland's LMP socialized power could be higher.

The LMP is included in the definition of leadership. Our definition of leadership includes the five key elements of leadership (see Exhibit 1.1) in the LMP. Our definition of leadership includes influencing and leaders–followers (power) and getting along with people (social power with EI). It also includes organizational objectives (which achievers set and accomplish well) and change (which achievers are open to).

- *Achievement.* To be effective, leaders generally need to have a moderate need for achievement. They have high energy, self-confidence, and openness-to-experience

traits, and they are dependable—*conscientious* (Big Five dimension). The reason for a moderate, rather than a high, need for achievement, which would include a lower need for power, is the danger of personalized power. People with a high need for achievement tend to seek individual achievement, and when they are not interested in being a leader, there is the chance for personalized power and derailment.

- *Affiliation*. Effective leaders have a lower need for affiliation than for power so that relationships don't get in the way of influencing followers. If the achievement score is lower than that for affiliation, the probability of the following problems occurring may be increased. Leaders with high n Aff tend to have a lower need for power and are thus reluctant to play the bad-guy role, such as disciplining and influencing followers to do things they would rather not do—like change. However, recall that effective leaders do have concern for followers—socialized power.

## OPENING CASE APPLICATION

### 2. Does Deepa have the personality profile of an effective leader?

It is hard to be precise without an LMP score. However, her need for power is illustrated through climbing the corporate ladder to become a senior advisor at World Bank. She has a socialized need for power since she relies more on relationships than simply her power. Deepa has a need for achievement, such as earning a PhD, that leads to continued success. She also has a need for affiliation as she works with people globally to work toward gender equality.

Before we go on to discuss leadership attitudes, let's review what we've covered so far in Exhibit 2.3 by putting together the Big Five Model of Personality, the nine traits of effective leaders, and Achievement Motivation Theory and LMP.

### EXHIBIT 2.3 ■ Combining the Big Five With Traits and Needs

The Big Five Model of Personality	Leadership Traits Within the Big Five	Achievement Motivation Theory and Leader Motive Profile (LMP)
Surgency	a. Dominance b. Extroversion c. Energy/Determination	Need for power
Agreeableness	d. Sociability/Sensitivity e. Emotional intelligence	Need for affiliation
Adjustment	f. Emotional Stability and Narcissism g. Self-confidence	Socialized power (LMP)
Conscientiousness	h. Dependability i. Integrity	Need for achievement
Openness	j. Flexibility k. Intelligence l. Locus of control	No separate need; it is included in the other needs

**Self-Assessment 2.4****Leadership Interest**

Select the option that best describes your interest in leadership now.

- 1. I am, or want to become, a manager and a leader.
- 2. I am, or want to become, a leader without being a manager.
- 3. I am not interested in being a leader; I want to be a follower.

If you want to be a leader, recall that research has shown that you can develop your leadership skills.

If you selected option 1, do you have an LMP? If you answered yes, it does not guarantee you will climb the corporate ladder. However, having an LMP does increase your chances, because it is a predictor of leadership success. On the other hand, an LMP is not enough; you need leadership skills to be successful. If your Self-Assessment score doesn't indicate you have an LMP, go back to Self-Assessment 2.1 and review questions 1, 6, 11, 16, and 21. Did you score them accurately? The most important question is 16. If you believe you have an LMP, be aware that your profile could be different using McClelland's LMP questionnaire. Also recall that not all successful leaders have an LMP; you can still be successful. Developing your leadership skills, through effort, will increase your chances of leadership success.

If you selected option 2, don't be concerned about your LMP. Focus on developing your leadership skills. However, your personality profile can help you better understand your strengths and weaknesses to identify areas to improve upon. This also holds true for people who selected option 1.

If you selected option 3, that's fine. Most people in the general population probably would select this option. Many professionals who have great jobs and incomes are followers, and they have no interest in becoming managers. However, recall that research has shown that leaders and followers need the same skills, that organizations are looking for employees with leadership skills, and that organizations conduct leadership skills training with employees at all levels. To increase your chances of having a successful and satisfying career, you may want to develop your leadership skills. You may someday change your mind about becoming a leader and manager.

Your need for power and LMP can change over time, along with your interest in leadership and management and your skill level, regardless of which option you selected.

**LEADERSHIP ATTITUDES****LEARNING COMPETENCIES**

**2.4** Describe how attitudes are used to develop four leadership styles.

In this section, we discuss how lead and follower behavior is affected by attitudes.<sup>56</sup> We start with how attitudes relate to Theory X and Theory Y, and how the Pygmalion effect influences followers' behavior and performance. Then we discuss self-concept and how it affects the leader's

behavior and performance. Lastly, we consider how the leader's attitudes about followers, and about their self-concept, affect the leadership style of the leader.

**Attitudes** are positive or negative feelings about people, things, and issues. We all have favorable or positive attitudes and unfavorable or negative attitudes about life, work, school, leadership, and everything else. **J. W. Marriott, Jr.**, president of **Marriott** hotels and resorts, stated the company's success depends more upon employee attitudes than any other single factor. Legendary football coach **Lou Holtz** says attitude is the most important thing in this world and we each choose the attitude we have. So, being a positive or negative person is your choice. Successful leaders have positive, optimistic attitudes. Do you?

**Attitudes** are positive or negative feelings about people, things, and issues

## Theory X and Theory Y

**Theory X and Theory Y** attempt to explain and predict leadership behavior and performance based on the leader's attitude toward followers. **Douglas McGregor** classified attitudes or belief systems, which he called *assumptions*, as *Theory X* and *Theory Y*.<sup>57</sup> People with Theory X attitudes hold that employees dislike work and must be closely supervised to do their work. Theory Y attitudes hold that employees like to work and do not need to be closely supervised to do their work.

**Theory X and Theory Y** attempt to explain and predict leadership behavior and performance based on the leader's attitude about followers

## Theory X and Y Leadership Style Affects Employees

Managers with Theory X attitudes tend to have a negative, pessimistic view of employees and display more coercive, autocratic leadership styles using external means of controls, such as threats and punishment. Managers with Theory Y attitudes tend to have a positive, optimistic view of employees and display more participative leadership styles using internal motivation and rewards.

It is widely accepted that managers with Theory Y attitudes are generally more productive than Theory X attitudes.<sup>58</sup> The six derailed executive traits reflect Theory X behaviors. If you are prone to Theory X beliefs, it does not mean you cannot be an effective leader. There are some situations, such as large-scale production and unskilled workers where a more autocratic style can work well. As with personality traits, we can change our attitudes, with effort. We don't have to be autocratic leaders.

## The Pygmalion Effect

The **Pygmalion effect** proposes that leaders' attitudes toward and expectations of followers, and their treatment of them, explain and predict followers' behavior and performance. Organizational employee assessments set up individuals who are expected to succeed and advance, and those that will not have successful careers.<sup>59</sup> In business, expectations are stated as objectives and standards. **Lou Holtz** advises setting a higher standard; the worst disservice you can do as a coach, teacher, parent, or leader is to expect little and lower standards. **Wegmans** treats employees well, sets high standards, and uses its profits to open more grocery stores.<sup>60</sup>

**Pygmalion effect** proposes that leaders' attitudes toward and expectations of followers, and their treatment of them, explain and predict followers' behavior and performance

### WORK APPLICATION 2.4

Give an example of when a person (parent, friend, teacher, coach, manager) expected you either to perform well or to fail and treated you like you would, which resulted in your success or failure.



## OPENING CASE APPLICATION

### 3. How does “attitude” affect our gender equality behavior?

A major factor in Deepa’s working hard to improve gender equality globally is her positive attitude, Theory Y. Deepa believes she can have an impact on changing the world’s attitude and sexist behavior (internal locus of control), and she has. Sexism is an attitude or behavior based on traditional stereotypes of different gender roles, which leads to inequality for girls and women. Our attitude toward sexism does affect our behavior.

Giving women an education and good jobs is not enough because they still face sexism and fewer career opportunities at work, especially leadership roles and advancing to top-level management. Deepa says we need to change cultural values and all of us stop the negative sexist attitudes and behavior. Unfortunately, changing cultures is a lot harder than giving women better jobs, and it takes much longer.

We can create greater gender equality if we all work together beginning with changing our own sexist attitude and behavior that actually comes from societal learned norms that negatively stereotype girls and women (which may be unintentional with good motives). Think about your friends, parents, teachers, bosses, and others. Do they say and do things to indicate how a man versus a woman should behave? Have you ever seen or felt pressured to think and behave the way others believe you should?

Deepa says we need to change the definition of a good man and woman—stop stereotype differences and pressuring people to play societal gender roles. Watch Deepa’s 13-minute TED Talk (<http://deepanarayan.com>) if you haven’t yet, and review Deepa’s 7 habits (1. she doesn’t have a body, 2. she should be quiet, 3. please others, 4. have no sexuality, 5. don’t trust women, 6. place duty over her desires, and 7. be dependent on others/men) and unlearn them and live by the correct habits.

## Self-Concept

**Self-concept** refers to the positive or negative attitudes people have about themselves

So far, we have discussed the leaders’ attitudes about followers. Now we will examine the attitudes of leaders and followers about themselves. **Self-concept** refers to the positive or negative attitudes people have about themselves.

Self-concept is a function of your performance plus others’ attitudes toward you (Pygmalion effect).<sup>61</sup> If you have a positive view of yourself as being a capable person, you will tend to have the positive self-confidence trait. *Self-efficacy* is the belief in your own capability to perform in a specific situation, which is based on your self-concept and self-confidence.

What we think determines what happens to us. As **Henry Ford** put it, “If you think you can, you can; if you think you can’t, you can’t.” Recall times when you had positive self-efficacy and were successful, or negative self-efficacy and failed. If you don’t believe you can be a leader you probably won’t be successful. You also need to project a positive self-concept so others perceive you to be a leader and follow you.<sup>62</sup> Again, good leaders know when to lead and when to follow.

Note assessing self-concept is difficult for narcissist personality types because they do not see themselves as others do. Narcissists think they have a good self-concept, but they tend to overexaggerate their capabilities, can use self-destructive behavior hurting themselves and others, and see no need to change their negative attitudes.<sup>63</sup> Whereas, virtually everyone else knows narcissists should change their attitudes and behavior to be more positive toward others.

## OPENING CASE APPLICATION

### 4. How does Deepa Narayan's self-concept affect her leadership?

Without a positive self-concept, Deepa would not have had the confidence, especially being brought up in India with a male-dominated sexist society with both men and women (fathers and mothers) stereotyping girls and women and pressuring them to conform to the seven bad habits. She had the self-efficacy to earn a PhD, move up to senior advisor at World Bank, and start her own business to change sexism globally.

## Developing a More Positive Attitude and Self-Concept

Our behavior and performance will be consistent with the way we see ourselves. Think and act like a winner, and you may become one. Self-awareness and self-development help. Following are some ideas to help you change your attitudes and develop a more positive self-concept:

1. *Consciously try to have and maintain a positive, optimistic attitude.* If you don't have a positive attitude, it may be caused by your unconscious thoughts and behavior. Only with conscious effort can you improve your self-concept.
2. *Cultivate optimistic thoughts—self-talk.* All behavior starts with thoughts. Every time you think positive thoughts, your body, mind, and spirit respond. There is nothing more powerful than the way you speak to yourself.<sup>64</sup> Use positive self-talk—I will do a good job; it will be done on time; and so on. Also use mental imagery—picture yourself achieving your goal. Thinking only positive thoughts about yourself helps you develop a more positive self-concept. So, as **Zig Ziglar** puts it: No stinking thinking.<sup>65</sup>
3. *If you catch yourself in negative self-talk, complaining, or being negative in any way, stop and change to a positive attitude.* With time, you will catch yourself less often as you become more positive about yourself.
4. *Look for the positive.* As **Lou Holtz** says, We choose to be happy/optimistic or sad/pessimistic—and we usually find what we are looking for. **Zig Ziglar** says if you look for the positive, you will be happier and get more out of life; why look for the negative and be unhappy?
5. *Avoid negative people, especially those who make you feel negative about yourself.* Associate with people who have a positive self-concept, and use their positive behavior.
6. *Set and achieve goals.* Set short-term goals (daily, weekly, monthly) that you can achieve. Achieving specific goals will improve your self-concept.
7. *Focus on your success; don't dwell on failure.* We are all going to make mistakes and experience failure, but we need to bounce back. If you achieve five of six goals, dwell on the five and forget the one you missed. Lou Holtz says happiness is nothing more than a poor memory for the bad things that happen to you.
8. *Don't belittle accomplishments or compare yourself to others.* If you meet a goal and say it was easy anyway, you are being negative. If you compare yourself to someone else and say they are better, you are being negative. No matter how good you are, there is almost always someone better. So focus on being the best that you can be, rather than putting yourself down for not being the best.

9. *Accept compliments.* When someone compliments you, say thank you; it builds self-concept. Don't say things like it was nothing, or anyone could have done it, because you lose the opportunity for a buildup.
10. *Realize that there are few, if any, benefits to negative, pessimistic attitudes about others and yourself.* Do holding a grudge, worrying, and fearing failure help you to succeed?
11. *Be a positive role model.* Your positive attitude can improve followers' attitudes. Having a Theory Y and positive Pygmalion attitude helps develop others' self-concept.
12. *When things go wrong and you're feeling down, do something to help someone worse off than you.* You will realize you don't have it so bad, and you will realize the more you give, the more you get. Volunteering at a hospital, soup kitchen, or becoming a Big Brother or Big Sister can help change your attitude. This is also a great cure for loneliness.

Complete Self-Assessment 2.5 to assess and improve your self-concept.

### Self-Assessment 2.5

#### Self-Concept

Reflect on how often you have negative thoughts about yourself and your capabilities to succeed. Rate your self-concept on a scale of 1 (negative) to 10 (positive) \_\_\_\_\_. It is also a good idea to have others who know you well rate your self-concept to find out if you view yourself as others do. Review the 12 suggestions presented for helping to improve your self-concept. Select a couple of the suggestions; write the numbers here \_\_\_\_\_. What is your action plan to implement the ideas for improvement, such as write a note/reminder of your action and review it as you start your day, and throughout the day, and assess how well you did at the end of the day?

#### How Attitudes Develop Leadership Styles

We now put together the leader's attitudes toward others, using Theory X and Theory Y, and the leader's attitude toward self, using self-concept, to illustrate how these two sets of attitudes develop into four leadership styles. Combining attitudes with the LMP, an effective leader tends to have Theory Y attitudes with a positive self-concept. See Exhibit 2.4 to understand how attitudes toward self and others affect leadership styles.

**EXHIBIT 2.4 ■ Leadership Styles Based on Attitudes**

	Theory Y Attitudes	Theory X Attitudes
<b>Positive self-concept</b>	The leader typically gives and accepts positive feedback, expects others to succeed, and uses a participative leadership style.	The leader typically is bossy, pushy, and impatient; does much criticizing with little praising; and uses an autocratic leadership style.
<b>Negative self-concept</b>	The leader typically is afraid to make decisions, is unassertive, and is self-blaming when things go wrong.	The leader typically blames others when things go wrong, is pessimistic about resolving personal or organizational problems, and promotes a feeling of hopelessness among followers.

## ETHICAL LEADERSHIP

### LEARNING COMPETENCIES

- 2.5** Explain three factors that influence ethical behavior, and how people justify unethical behavior.

The development of ethics goes back to at least **Plato** and **Aristotle**,<sup>66</sup> and interest in ethical leadership continues to grow because of the continuing business and government scandals globally (**Global View**).<sup>67</sup> Thus, Ethical<sup>68</sup> and Moral<sup>69</sup> Leadership are important issues today. Before we discuss ethical leadership, complete Self-Assessment 2.6 to better understand how ethical your behavior is. In this section, we discuss what ethics is and that ethical behavior does pay; how personality traits and attitudes, moral development, and the situation affect ethical behavior; how people justify unethical behavior; and we caution you against the escalation of unethical behavior.

### Self-Assessment 2.5

#### How Ethical Is Your Behavior?

For this exercise, you will be using the same set of statements twice. The first time you answer them, focus on your own behavior and the frequency with which you use it for each question. On the line before the question number, place the numbers 1–4 that represent how often you “did do” the behavior in the past, if you “do the behavior now,” or if you “would do” the behavior if you had the chance.

These numbers will allow you to determine your level of ethics. You can be honest without fear of having to tell others your score in class. Sharing ethics scores is not part of the exercise.

Frequently  
1      2      3      4  
Never

The second time you use the same statements, focus on other people in an organization that you work/worked for. Place an “O” on the line after the number if you observed someone doing this behavior. Also place an “R” on the line if you reported (whistleblowing) this behavior within the organization or externally.

O—observed R—reported

1–4 O–R

College

- \_\_\_\_ 1. \_\_\_\_ Cheating on homework assignments.  
 \_\_\_\_ 2. \_\_\_\_ Cheating on exams.  
 \_\_\_\_ 3. \_\_\_\_ Passing in papers that were completed by someone else, as your own work.

Workplace

- \_\_\_\_ 1. \_\_\_\_ Lying to others to get what you want or stay out of trouble.  
 \_\_\_\_ 2. \_\_\_\_ Coming to work late, leaving work early, taking long breaks/lunches and getting paid for it.

- \_\_\_\_\_ 3. \_\_\_\_\_ Socializing, goofing off, or doing personal work rather than doing the work that should be done and getting paid for it.
- \_\_\_\_\_ 4. \_\_\_\_\_ Calling in sick to get a day off, when not sick.
- \_\_\_\_\_ 5. \_\_\_\_\_ Using the organization’s phone, computer, Internet, copier, mail, car, and so on for personal use.
- \_\_\_\_\_ 6. \_\_\_\_\_ Taking home company tools/equipment for personal use without permission and then returning them/it.
- \_\_\_\_\_ 7. \_\_\_\_\_ Taking home organizational supplies or merchandise and keeping it.
- \_\_\_\_\_ 8. \_\_\_\_\_ Giving company supplies or merchandise to friends or allowing them to take them without saying anything.
- \_\_\_\_\_ 9. \_\_\_\_\_ Putting in for reimbursement for meals and travel or other expenses that weren’t actually eaten or taken.
- \_\_\_\_\_ 10. \_\_\_\_\_ Taking spouse/friends out to eat or on business trips and charging it to the organizational expense account.
- \_\_\_\_\_ 11. \_\_\_\_\_ Accepting gifts from customers/suppliers in exchange for giving them business.
- \_\_\_\_\_ 12. \_\_\_\_\_ Cheating on your taxes.
- \_\_\_\_\_ 13. \_\_\_\_\_ Misleading customers to make a sale, such as short delivery dates.
- \_\_\_\_\_ 14. \_\_\_\_\_ Misleading competitors to get information to use to compete against them, such as saying/pretending to be a customer/supplier.
- \_\_\_\_\_ 15. \_\_\_\_\_ Manipulating data to make you look good, or others bad.
- \_\_\_\_\_ 16. \_\_\_\_\_ Selling more of the product than the customer needs, to get the commission.
- \_\_\_\_\_ 17. \_\_\_\_\_ Spreading false rumors about coworkers or competitors to make yourself look better for advancement or to make more sales.
- \_\_\_\_\_ 18. \_\_\_\_\_ Lying for your boss when asked/told to do so.
- \_\_\_\_\_ 19. \_\_\_\_\_ Deleting information that makes you look bad or changing information to look better than actual results—false information.
- \_\_\_\_\_ 20. \_\_\_\_\_ Being pressured, or pressuring others, to sign off on documents with false information.
- \_\_\_\_\_ 21. \_\_\_\_\_ Being pressured, or pressuring others, to sign off on documents you haven’t read, knowing they may contain information or decisions that might be considered inappropriate.
- \_\_\_\_\_ 22. \_\_\_\_\_ If you were to give this assessment to a person you work with and with whom you do not get along very well, would she agree with your answers?  
Use a scale of yes 4–1 on the line before the number 25 and skip O or R.

Other Unethical Behavior:

Add other unethical behaviors you observed. Identify if you reported the behavior by using

R.

- 1. \_\_\_\_\_  
\_\_\_\_\_
- 2. \_\_\_\_\_  
\_\_\_\_\_
- 3. \_\_\_\_\_  
\_\_\_\_\_

Note: This self-assessment is not meant to be a precise measure of your ethical behavior. It is designed to get you thinking about ethics and your behavior and that of others from an ethical perspective. There is no right or wrong score; however, each of these actions is considered unethical behavior in most organizations. Another ethical issue of this exercise is your honesty when rating the frequencies of your behavior. How honest were you?

Scoring: To determine your ethics score, add the numbers 1–4. Your total will be between 25 and 100. Place the number here and on the continuum below that represents your score.

The higher your score, the more ethical your behavior is, and vice versa for lower scores.

**Unethical** 25—30—40—50—60—70—80—90—100 **Ethical**

## What Is Ethical Leadership?

**Ethics** are the standards of right and wrong that influence behavior. Ethics has been called the heart of leadership.<sup>70</sup> It is not always easy to distinguish between ethical and unethical behavior, such as accepting a gift (ethical) versus taking a bribe (unethical) especially when cultures vary on what they consider ethical and unethical (**Global View**). So, ethics is about right and wrong behavior, knowing the difference, and thinking and behaving ethically as a person and a leader.<sup>71</sup>

**Ethics** are the standards of right and wrong that influence behavior

### Ethics in Decision Making

Ethical leadership is not really a theory. In all decision-making situations, either implicit or explicit ethical issues are involved. So ethical leadership is rather a guide to making ethical decisions.<sup>72</sup>

### Views of Ethics

Here are three ways to view ethics. (1) *Utilitarian view* states that ethical decisions should be based on creating greater good for society (provide the greater good for the greatest number based on consequences/outcomes of actions), (2) *Rights view* states that ethical decisions should respect and protect individual privileges (right to privacy, free speech), (3) *Justice view* states that ethical decisions should be made to treat everyone fairly and impartially (don't discriminate, which we will discuss in Chapter 11). However, we should try to implement them all based on the situation.

### Does Ethical Behavior Pay?

Yes. It pays to be ethical in the long run, and yes ethics can be taught.<sup>73</sup> Also, prospective MBA students say they want curricula that cultivate responsible and ethical leadership.<sup>74</sup> Let's discuss ethics at the individual, business, government, and global levels of analysis.

### Ethics at the Individual Level

First, we should realize that organizations are not ethical or unethical, individuals and groups of individuals can behave ethically or unethically. Unethical organizational behavior has been attributed to the effects of individual unethical "bad apples." The bad apple unethical leader tends to have a strong influence than the good apple follower(s) and can spoil the whole barrel (group, department, organization). Thus, recall that many companies seek integrity in job applicants and even test for ethics.

Leadership success is based on personal traits of integrity and the ability to develop trusting relationships. If you are not honest with people and take advantage of them, they will not trust



you and you will not have the ability to influence them. You have to be honest with people to lead them.<sup>75</sup> So yes, truth absolutely, unequivocally does matter.<sup>76</sup> At the end of the day, the truth is all that matters.<sup>77</sup>

Using unethical behavior might give you some type of short-term gain, but in the long run, you've sabotaged yourself. Why? Only looking out for yourself and using unethical behavior usually eventually leads to getting caught and facing disciplinary action, being fired, and even going to prison, like Hollywood's **Harvey Weinstein**.<sup>78</sup> So there is a direct link between being ethical and being an effective person and leader.

### Ethics at the Business Level

Having a good company reputation is good for business,<sup>79</sup> and scandals lead to a bad reputation and the loss of customers.<sup>80</sup> Businesses found guilty of breaking the law and ethical standards including U.S. **Uber**, **Wells Fargo**, and **Enron** and now German **Wirecard** (missing \$2 billion)<sup>81</sup> caused damages and losses to these businesses, and society.<sup>82</sup>

Businesses that treat their employees with ethical fairness perform better than those that don't.<sup>83</sup> Employees who believe their boss is unfair are less likely to be motivated to do a good job and to help their manager, and their performance drops.<sup>84</sup> Virtually all major corporations have codes of ethics and are teaching their managers how to lead ethically and how to serve their stakeholders.<sup>85</sup> Why? Because spending time and money results in less unethical behavior that more than pays for itself,<sup>86</sup> as the **World's Most Ethical Companies** outperform others financially.<sup>87</sup>

### Ethics at the Government Level

Although the government is supposed to make and enforce laws to keep businesses honest, like in business there are unethical government employees and scandals. The U.S. Congress passed the Sarbanes-Oxley Act of 2002 to tighten the laws affecting business ethics, including helping to ensure that complaints about financial irregularities would surface and be swiftly acted upon, without retaliation against the person who exposed the unethical behavior ("whistle-blower").

### Ethics at the Global Level

Corruption is one of the grand challenges facing global society. Corruption is estimated to increase international project costs by more than 10%. Furthermore, corruption can add up to 25% to the cost of procurement contracts in some countries. Global corruption costs more than \$1 trillion being paid in bribes each year, the **World Economic Forum** estimated, "that corruption reduces global GDP by more than 5%." Instead of money being used to increase societal standards of living, products at lower costs, the money goes to corrupt individuals, increasing the price of products (**Global View**).<sup>88</sup>

To help stop global corruption, the United States has the Foreign Corrupt Practices Act law that bars U.S.-based or U.S.-listed companies from bribing foreign officials in exchange for business and requires them to keep accurate books and records. **GE** states it takes pride in not paying bribes to gain business globally (**Global View**).<sup>89</sup>

### Why Do Good People Do Bad Things?

Most people understand right and wrong behavior and have a conscience. So why do good people do bad things? Most often, when people behave unethically, it is not because they have some

type of character flaw or were born bad. It can be incredibly tempting to be unethical. Just about everyone has the capacity to be dishonest. One percent of people will always be honest, one percent will always be dishonest, and 98 percent will be unethical at times but just a little.<sup>90</sup>

### Incentives

We respond to “incentives” and can usually be manipulated to behave ethically or unethically if we find the right incentives.<sup>91</sup> Companies develop incentive systems that sometimes lead to unethical behavior,<sup>92</sup> such as the **Wells Fargo** bank financial incentive to increase customer accounts that led to employees signing customers up for accounts they did not authorize.

The incentive to be unethical is usually looking out for our own self-interest ahead of others, usually hurting others in some way,<sup>93</sup> and can be for personal gain, to avoid a loss or getting into trouble. What incentives have tempted you to be unethical?

### Factors Influencing Ethical Behavior

In this subsection, we discuss three reasons why people engage in ethical or unethical behavior.

#### Personality Traits and Attitudes

Our ethical behavior is related to our personality trait of integrity. Some people have higher ethical standards, and religious values do influence behavior.<sup>94</sup> But personality alone is not a good predictor of unethical behavior. Leaders with a dominance trait and surgency personality have two choices: to use unethical power for personal benefit or to use socialized power to help others. Narcissists often use unethical behavior to increase their power.<sup>95</sup>

An agreeableness personality trait that is sensitive to others can lead to following the crowd in either ethical or unethical behavior. People with an adjustment personality characterized by being emotionally unstable, and those with an external locus of control are more likely to use unethical behavior.

People with positive attitudes about ethics tend to be more ethical than those with negative or weak attitudes about ethics. Some people don't see anything wrong with being dishonest and consistently lie, even about irrelevant things. Do you know anyone with a personality type and traits and an attitude of it's all about me that uses unethical behavior for self-gain at the expense of others? Do you like them? What are your personality type and attitude toward ethics?

#### Moral Development

A second factor affecting ethical behavior is *moral development*, which refers to understanding right from wrong and choosing to do the right thing with a moral identity. Our ability to make ethical choices is related to our level of moral development and judgments.<sup>96</sup> There are three levels of personal moral development, as discussed in Exhibit 2.5, and we can improve our character development.<sup>97</sup>

At the first level, preconventional, we choose right and wrong behavior based on our self-interest and the consequences (reward and punishment). With ethical reasoning at the second level, conventional, we seek to maintain expected standards and live up to the expectations of others. One does what the others do, often to be accepted as a group member.<sup>98</sup> At the third level, postconventional, we make an effort to define moral principles regardless of leader or group ethics. Although most of us have the ability to reach the third level of moral development, postconventional, not many of us do. But **Martin Luther King, Jr.**, did as he broke what he considered unjust laws and spent time in jail seeking universal dignity and justice for all.

**EXHIBIT 2.5 ■ Levels of Moral Development****3. Postconventional**

Behavior is motivated by universal principles of right and wrong, regardless of the expectations of the leader or group. One seeks to do the right thing, even when it hurts the individual (get into trouble by telling the truth) or organization in some way.

*"I don't lie to customers because it is wrong."*

**2. Conventional**

Living up to expectations of acceptable behavior defined by others motivates behavior to fulfill duties and obligations. It is common for followers to copy the behavior of the leaders and group members. If the group accepts lying, cheating, stealing, and so on, when dealing with stakeholders, so will the individual. On the other hand, if these behaviors are not accepted, the individual will not do them either. Peer pressure is used to enforce group norms.

*"I lie to customers because the other sales reps do it too."*

**1. Preconventional**

Self-interest motivates behavior to meet one's own needs to gain rewards while following rules and being obedient to authority to avoid punishment.

*"I lie to customers to sell more products and get higher commission checks."*

Most people behave at the second level, conventional, while some have not advanced beyond the first level, preconventional. How do you handle peer pressure to be unethical? What level of moral development are you on? What can you do to improve your ethical moral development? We will discuss guides that will help you be an ethical leader.

**WORK APPLICATION 2.5**

Give an organizational example of behavior at each of the three levels of moral development.

**The Situation**

Our third factor affecting ethical behavior is the situation. People consider the situational forces in determining ethical behavior. Here are some of them:

- Highly competitive situations can provide incentives to use unethical behavior to beat the competition,<sup>99</sup> such as athletes using performance enhancement drugs.
- The impression (true or not) that competitors are engaging in unethical behavior can lead to pressure to copy the behavior to be competitive,<sup>100</sup> such as taking the drugs.
- Unethical behavior is also more likely when performance falls below aspiration levels and is punished in some way. Some of **Wells Fargo** employees unethically signed up customers for new accounts they did not authorize out of fear of losing their job.
- Unsupervised situations increase the odds of unethical behavior because it increases the chances of not getting caught.
- Unethical behavior occurs more often when there is no organizational formal ethics policy or code of ethics.
- Unethical behavior is more common when it is not punished, and it is especially prevalent when it is rewarded.

In summary, people are more likely to be unethical when they are pressured to perform at high levels, they are unsupervised, believe they will not get caught and punished, and especially when they are rewarded for being unethical.

**Whistleblowing.** People are also less likely to report unethical behavior (blow the whistle) when they perceive the violation as not being serious, when they are friends of the offender, or when they fear retaliation from bosses or peers. It takes high moral responsibility to be a *whistle-blower*, as is the postconventional level of more development behavior and the whistle-blower usually has some negative consequence for doing the right thing. Have you ever blown the whistle, will you?

**Integration.** To tie the factors affecting ethical behavior together, we need to realize that people use unethical behavior for personal gain in some way and that, given the right incentive, almost all of us will use unethical behavior. Also, personality traits, attitudes, and moral development interact with the situation to determine if we will use ethical or unethical behavior at any given time and place.

## OPENING CASE APPLICATION

### 5. *Is sexism ethical globally?*

Sexism is generally considered unethical in most countries, and some types of sexist behavior are illegal in some countries, including the United States, but some countries' cultures pressure women to behave in negative sexist roles more than others. Unfortunately, sexism still exists in America and globally. A big part of the problem pointed out by Deepa is that sexism is embedded in cultures. People in society in general often unknowing with good intentions pressure people to think and behave in sexist stereotype behavior that creates inequality for girls and women. So again, unlearn Deepa's 7 negative habits.

## How People Justify Unethical Behavior

As we seek our own self-interest, most of us give in to temptation and do the wrong thing sometimes. We all want to view ourselves positively. If we only lie, cheat, or steal a little, we can still feel good about our sense of integrity.<sup>101</sup> Therefore, when we do behave unethically, we usually justify the behavior by *rationalizing* to ourselves that there was a good reason for the behavior so we don't have to feel bad.<sup>102</sup> **Moral justification** is the thinking process of rationalizing why unethical behavior is used. Let's discuss several thinking processes used to justify unethical behavior.

- *Higher purpose* is rationalizing immoral behavior in terms of a higher purpose. "*It's for a greater good.*" People lie, cheat, and steal, claiming it is for the good of the organization, department, or employees.
- *Displacement of responsibility* is the process of blaming one's unethical behavior on others. "*I was only following orders; my boss told me to inflate the figures.*"
- *Diffusion of responsibility* is the process of the group using the unethical behavior with no one person being held responsible. "*It isn't my decision.*" "*Everyone does it.*" "*We all take bribes/kickbacks; it's the way we do business,*" or "*We all take merchandise home (steal).*" If you hear others are doing something, you will tend to be tempted to be unethical too.<sup>103</sup>

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**Moral justification** is the thinking process of rationalizing why unethical behavior is used

- *Advantageous comparison* is the process of comparing oneself to others who are worse. “*I call in sick when I’m not sick only a few times a year; Tom and Ellen do it all the time.*” “*We pollute less than our competitors do.*”
- *Disregard or distortion of consequences* is the process of minimizing the harm caused by the unethical behavior. “*If I inflate the figures, no one will be hurt and I will not get caught. And if I do, I’ll just get a slap on the wrist anyway.*”
- *Attribution of blame* is the process of claiming the unethical behavior was caused by someone else’s behavior. “*My peers made me do it—peer pressure.*”<sup>104</sup>
- “*It’s my coworker’s fault that I hit him. He called me did xxx, so I had to hit him.*”
- *Euphemistic labeling* is the process of using “cosmetic” words to make the behavior sound acceptable. *Terrorist group* sounds bad but *freedom fighter* sounds justifiable. *Misleading or covering up* sounds better than *lying* to others, and “*I’m having an affair,*” not “*I’m committing adultery.*”

## WORK APPLICATION 2.6

Give at least two organizational examples of unethical behavior and the process of justification.

### Applying the Concept 2.4

#### Justifying Unethical Behavior

Identify each thinking process used to justify the unethical behavior below.

- moral justification
  - displacement of responsibility
  - diffusion of responsibility
  - advantageous comparison
  - disregard or distortion of consequences
  - attribution of blame
  - euphemistic labeling
- \_\_\_ 25. Yes. I’m keeping it. I found it and the company will never miss it anyway.
  - \_\_\_ 26. I lied to the customer because my boss told me to.
  - \_\_\_ 27. Yes. Our boss is married, but that is not stopping her from having an affair with the president.
  - \_\_\_ 28. Yes. We have to take the other team’s playbook so that we can win the game.
  - \_\_\_ 29. I only take candy once in a while. Jean takes one every day.
  - \_\_\_ 30. We all do it, so don’t worry about it. Everyone takes candy without paying for it.
  - \_\_\_ 31. It’s not my fault. Kevin started breaking it, so I just joined in.

## YOU MAKE THE ETHICAL CALL: ETHICS AND SOCIAL IMPACT

### 2.2 SEX, VIOLENCE, AND SEXISM

The government has the power to regulate the media (online internet content, television broadcasts, music songs and videos, video games, etc.). Advocates for more regulation (Parents Television Council, National Viewers and Listeners Association, and Mediawatch-UK) state that the media with violent acts, profanity, and sexual content should not be easily available to children 24/7, such as Tic Toc and MTV Reality Shows.

Also, some advocates (both male and female) would like to stop or limit the portrayal of girls and women as sex objects and violence against them in the media, such as the video game Grand Theft Auto. Advocates say research supports the claim that watching females portrayed as sex objects leads to a narrow view of the total person. Girls who aren't sexually attractive can have more negative self-perceptions, and boys can view girls simply as sex objects. Also, listening to and watching violence against females can lead to more violence against them.

However, advocates against regulation (National Coalition Against Censorship) don't want censorship at all because it violates free speech. They claim it's up to the parents and adults to restrict access to media they don't approve of children listening to and watching.

1. How do the media impact society's values? (Consider that many children are engaged in media for five or more hours per day and that it does influence their values and behavior.)
2. Does the media that includes sex, violence, and sexism reflect religious and societal values?
3. Is it ethical and socially responsible for the media with sexual content, profanity, violence, and sexism to be easily available to children 24/7?
4. Is it ethical and socially responsible to portray women as sex objects and violence against them in the media?
5. Which of the seven justifications of unethical behavior do the media use to defend sex, violence, and sexism?
6. Should the government regulate the media, and if so, how far should it go? Should it make the media tone down the sex, violence, and sexism or have greater restrictions on content?

### Caution Against Escalation of Unethical Behavior

We face ethical confusion with popular *relativism* saying there is no absolute truth or right or wrong<sup>105</sup>—which contradicts itself by using an absolute. It's tempting to change the rules or truth and be unethical for personal gain, justifying the behavior. But doing what “works for you,” what “makes you feel good,” or “doing whatever it takes,” often leads to unethical behavior.

Did the people at **Enron**, **Wirecard**, and other companies start out planning to lie, cheat, and steal? Most didn't. What tends to happen is the company doesn't hit the target numbers, and the employees think “let's give inflated numbers this quarter, and we will make it up for it next quarter, and no one will know or get hurt in any way.” The problem is, for several quarters the same thing happens so they get to the point of not being able or willing to admit their unethical/illegal behavior until they get caught.

Little white lies are not little. The first time we use unethical behavior is harder, but it gets easier, and one lie leads to others,<sup>106</sup> so we repeat the behavior, and it can become a habit.<sup>107</sup> Without getting caught and punished, people tend to get worse over time but eventually get caught and punished, such as **Bernie Madoff** going to prison for his investment Ponzi scheme and **Jordan Belfort** (illustrated in the film *The Wolf of Wall Street*). So once you start down the road of unethical behavior, it is difficult to pull a U-turn.

It is important to understand the subtlety of how unethical behavior can take hold of you. The things we do repeatedly determine our ethical character.<sup>108</sup> The moral of the story is don't take the first step that leads to escalation of unethical behavior. Which justification processes have you used? How can you improve your ethical behavior by not using justification?

## GUIDES TO ETHICAL BEHAVIOR

### LEARNING COMPETENCIES

#### 2.6 Identify seven guides to ethical behavior.

In this last section, we discuss how to be ethical at the individual and organizational levels of analysis, and the application of ethical guides.

### Individual Guides to Ethics

Every day in your personal and professional lives, you face decisions in which you can make ethical or unethical choices. Doing the right things isn't always easy, and there are situations when it's not a clear right-versus wrong choice.<sup>109</sup> As discussed, you make these choices based on your personality traits and attitudes, level of moral development, and the situation.

### Business Ethics Begins With You

To make business more ethical, start with ourselves.<sup>110</sup> As a formal or informal leader, you can take a moral stance on issues and lead by example.<sup>111</sup> We can all develop our ethical character.<sup>112</sup> Following these four guides can help us make ethical decisions.

1. *Golden Rule.* Most religions have some form of the biblical Golden Rule: "Do unto others as you want them to do unto you." Or, put other ways, "Don't do anything to other people that you would not want them to do to you." "Lead others as you want to be led." "You have to treat people the way you want to be treated." Do you like it when people lie to you, cheat you, or steal from you? The workplace and world could change overnight if we all followed this one simple guide to our behavior.
2. *Four-Way Test.* *Rotary International* is a global network of 1.2 million people working internationally to improve our communities globally<sup>113</sup> (**Global View**). Rotary developed the four-way test to guide the things we think, say, and do during business transactions. The four questions are (1) Is it the truth? (2) Is it fair to all



concerned? (3) Will it build goodwill and better friendship? (4) Will it be beneficial to all concerned? When making your decision, if you can answer yes to these four questions, it is probably ethical. The Rotary motto is “Service Above Self.” If you focus on servant leadership as servant first,<sup>114</sup> rather than self-serving, and look out for others’ best interest and help them meet their goals,<sup>115</sup> you will be taking a form of Rotarian ethics.

3. *Stakeholder Approach to Ethics.* Under the **stakeholder approach to ethics**, one creates a win-win situation for relevant parties affected by the decision. It refers to organizations aligning self-interest and owner interests,<sup>116</sup> through agency theory.<sup>117</sup> A win-win situation meets the needs of the organization and employees as well as those of other stakeholders, so everyone benefits from the decision. Stakeholders include everyone affected by the decision. You can ask yourself one simple question to help you determine if your decision is ethical from a stakeholder approach: “*Am I proud to tell relevant stakeholders my decision?*” If you are proud to tell relevant stakeholders your decision, it is probably ethical. If you are not proud to tell others your decision, or you keep justifying it, the decision may not be ethical. Justifying is usually a cop-out. You can’t always create a win for everyone, because multiple stakeholders often have conflicting interests,<sup>118</sup> such as a layoff, but you can try.
4. *Discernment and Advice.* Making an immediate decision leads to increased odds of unethical behavior, whereas taking time to contemplate the decision and talking to others for advice leads to increased odds of ethical behavior.<sup>119</sup> If you are unsure whether a decision is ethical, talk to your boss, higher-level managers, and other people with high ethical standards. If you are reluctant to ask others for advice because you may not like their answers, and you keep justifying it, the decision may not be ethical. Seeking advice is especially important in the global economy because what is considered unethical in one country may be considered ethical in another country (**Global View**).

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**Stakeholder approach to ethics** one creates a win-win situation for relevant parties affected by the decision

## Organizational Guides to Ethics

Its management’s job to help ensure that everyone in the firm uses ethical behavior. Most major corporations have a person in charge of ethics with a title such as *Ethics and Compliance Officer*. Some organizations take ethics very seriously and even compete to be listed in the World’s Most Ethical Companies, including honorees **3M**, **HP**, and **L’Oréal**.<sup>120</sup> Here are three more guides to ethics that help ensure employees use ethical behavior.

1. *Codes of Ethics.* Organizations develop codes of ethics to guide individual behavior to be ethical. Also called *codes of conduct*, codes state the importance of conducting business ethically and provide guidelines (dos and don’ts). Effective codes of ethics determine what is deemed appropriate behavior,<sup>121</sup> set moral boundaries,<sup>122</sup> and managers enforce the rules of conduct.<sup>123</sup> Most large businesses have written codes of ethics, and many provide ethics training for employees.<sup>124</sup> For an example, go to your college or a business website and search for its code of ethics.



**PHOTO 2.2** L'Oréal was named by Ethisphere in 2021 as one of the World's Most Ethical Companies for the 12th time. The ethical principles of transparency, courage, respect, and integrity are baked into their core values and code of ethics (<https://www.loreal.com/en/articles/commitments/code-of-ethics>).

Photo by Carlos Alvarez/Getty Images

2. *Lead by Example.* Managers are ultimately responsible for the behavior of their employees, and they need to lead by setting an ethical example<sup>125</sup> because employees tend to copy their behavior.<sup>126</sup> *Servant leaders* with clear ethical values help ensure ethical behavior.<sup>127</sup>
3. *Enforce Ethical Standards.* Recall that when ethics violations are not punished, and especially if they are rewarded, they tend to be repeated.<sup>128</sup> As a means of enforcing ethical behavior, employees should be encouraged to become internal *whistle-blowers*. Some organizations have anonymous tip methods of reporting violations that help protect whistle-blowers from retaliation from employees at all levels. Employees who observe unethical behavior are more likely to leave their jobs,<sup>129</sup> so you lose good employees.

### Applying the Concept 2.5

#### Guides to Ethical Behavior

Use the numbers 1–7 from the list of guides to ethical behavior above to identify each statement's guide to ethical behavior

- \_\_\_\_ 32. I'm a Rotarian, so I use its approach when I make decisions.
- \_\_\_\_ 33. The company gave all of us these guidelines to use to make sure we are doing the right thing.
- \_\_\_\_ 34. I will not lie for you. It's against my religion to lie.
- \_\_\_\_ 35. I try to treat people the way I want them to treat me.

- \_\_\_\_\_ 36. Hank's using ethical behavior is a good demonstration of how we should make ethical decisions.
- \_\_\_\_\_ 37. Husain, what decision should I make to handle this situation?
- \_\_\_\_\_ 38. Carla, yes. You are being disciplined for breaking the ethics rule.
- \_\_\_\_\_ 39. I try to make sure that everyone affected by my decisions gets a fair deal.
- \_\_\_\_\_ 40. I don't rush making important decisions. I take my time and think about it.

### Application of Ethical Guides

Making decisions without using an ethical guide leads to less ethical choices. Whereas, using ethical guides at the point of making a decision helps keep you honest. So if you want to develop, maintain, or improve your relationships, be ethical<sup>130</sup> and get in the habit of using an ethical guide when making decisions. Are you willing to commit to doing so now? Which specific guides to ethical behavior do you and/or will you use to help you to be ethical?

### Playing by the Rules: Ethics at Work

This free video series was developed by **Public Media** highlighting the large damages and losses sustained by **Uber, Adidas, Wells Fargo, Citigroup, and Volkswagen** and the rise and historic fall of **Enron** businesses found guilty of breaking laws and violating ethical standards. Each episode challenges you to think about what you would do in these situations.<sup>131</sup> Your professor may require you to watch one or more episodes. If not, you can view them on your own at [wliw.org/ethics](http://wliw.org/ethics).

## CHAPTER SUMMARY

### LC 2.1 Explain the universality of traits of effective leaders.

Traits are universal in the sense that there are certain traits most effective leaders have. However, traits are not universal in the sense that there is no one list of traits that is accepted by all researchers, and not all effective leaders have all the traits. Thus, people do not need some of the traits of effective leaders, but they do not have to have a certain list of traits to be effective leaders.

### LC 2.2 Describe the Big Five personality dimensions.

The surgency personality dimension includes leadership and extraversion traits. The agreeableness personality dimension includes traits related to getting along with people. The adjustment personality dimension includes traits related to emotional stability. The conscientiousness personality dimension includes traits related to achievement. The openness-to-experience personality dimension includes traits related to being willing to change and try new things.

### LC 2.3 Compare and contrast the Achievement Motivation Theory and the Leader Motive Profile Theory.

Achievement Motivation and LMP theories are related because both are based on the need for achievement, power, and affiliation. They are different because the Achievement Motivation Theory is a general motive profile for explaining and predicting behavior and performance, while the LMP is the one profile that specifically explains and predicts leadership success.

**LC 2.4 Describe how attitudes are used to develop four leadership styles.**

The concept of Theory X and Theory Y is similar to the Pygmalion effect because both theories focus on the leader's attitude about the followers. The Pygmalion effect extends Theory X and Theory Y attitudes by including the leader's expectations and how they treat the followers, using this information to explain and predict followers' behavior and performance. In contrast, Theory X and Theory Y focus on the leader's behavior and performance. Both approaches are different from self-concept because they examine leaders' attitudes about others, whereas self-concept relates to leaders' attitude about themselves. Self-concept is also different because it focuses on how leaders' attitude about themselves affects their behavior and performance.

**LC 2.5 Explain three factors that influence ethical behavior, and how people justify unethical behavior.**

People commonly use unethical behavior for personal gain or to avoid getting into trouble. The three factors that influence behavior are *personality traits and attitudes* (some people have more integrity), the *level of moral development* (preconventional, conventional, postconventional), and the *situations* (sometimes there is more incentive to be unethical). People justify their behavior to protect their self-concept by rationalizing that there is a good reason for using the unethical behavior.

**LC 2.6 Identify seven guides to ethical behavior.**

The seven guidelines that help ensure ethical behavior are following the *Golden Rule* ("Don't do anything to anyone that you would not want someone to do to you"), answering the four questions of the *four-way test* (Is it the truth? Is it fair to all concerned? Will it build goodwill and friendship? Will it be beneficial to all concerned?), trying to create a win-win situation for all relevant stakeholders so that everyone benefits from the decision with the *stakeholder's approach*, and using *discernment and advice* to consider if the behavior is ethical and asking others if it is. Organizations also develop *codes of ethics* to help employees know how to behave ethically, and managers need to *lead by example* and *enforce ethical standards*.

**KEY TERMS**

Achievement Motivation Theory (p. 51)	openness-to-experience personality dimension (p. 48)
adjustment personality dimension (p. 46)	personality (p. 42)
agreeableness personality dimension (p. 45)	personality profiles (p. 42)
attitudes (p. 57)	Pygmalion effect (p. 57)
Big Five Model of Personality (p. 44)	self-concept (p. 58)
conscientiousness personality dimension (p. 47)	stakeholder approach to ethics (p. 71)
ethics (p. 63)	surgency personality dimension (p. 44)
Leader Motive Profile (LMP) (p. 53)	Theory X and Theory Y (p. 57)
Leader Motive Profile Theory (p. 53)	traits (p. 42)
moral justification (p. 67)	

**REVIEW QUESTIONS**

1. What are the Big Five dimensions of traits?
2. What is the primary use of personality profiles?

3. What are some of the traits that describe the high-energy trait?
4. Is locus of control important to leaders? Why?
5. What does intelligence have to do with leadership?
6. Does sensitivity to others mean the leader does what the followers want to do?
7. Does McClelland believe power is good or bad? Why?
8. Should a leader have a dominant need for achievement to be successful? Why or why not?
9. How do attitudes develop leadership styles?
10. Which personality traits are more closely related to ethical and unethical behavior?
11. Do people change their level of moral development based on the situation?
12. Why do people justify their unethical behavior?

### CRITICAL-THINKING QUESTIONS

The following critical-thinking questions can be used for class discussion and/or as written assignments to develop communication skills. Be sure to give complete explanations for all questions.

1. Would you predict that a person with a strong agreeableness personality dimension would be a successful computer programmer? Why or why not?
2. McGregor published Theory X and Theory Y over 30 years ago. Do we still have Theory X managers? Why?
3. In text examples related to the Pygmalion effect, Lou Holtz calls for setting a higher standard. Have the standards in school, society, and work increased or decreased over the last five years?
4. Do you believe that if you use ethical behavior it will pay off in the long run?
5. Can ethics be taught and learned?
6. Which justification do you think is used most often?
7. As related to the simple guide to ethical behavior, how do you want to be led?

### CASE STUDY

#### The Happiness Minimum Wage: The Story of Dan Price and Gravity Payments

In 2015, a young business executive named Dan Price, only 31 years old at the time, announced to his employees at Gravity Payments, he was both increasing all of their salaries to \$70,000 per year (phased in over three years)—in several cases, doubling the salaries of his employees—and decreasing his own annual salary from \$1.1 million to \$70,000 as well. On the day of his announcement, Price also increased all employee pay to \$50,000 per year.<sup>132</sup> At the time of his announcement, Price was earning 23 times the \$48,000 average annual salary paid at Gravity, a ratio he voluntarily changed to improve the salary levels of his employees.

Gravity Payments is a credit card processing company for small and mid-sized businesses that was the fruit of Dan Price's early efforts to provide financial relief to a local cafe he both patronized and had performed in as a former member of a rock band. Through his interactions there, Price learned of the steep fees and erratic service this business faced when it agreed to accept payment via credit cards. As Price began to understand the payment process and the risks that credit card payments presented to this business, his vision for a different, more streamlined, and less expensive approach began to take form. Price developed a business model that provided credit card processing services to small businesses, built on a totally transparent fee structure that lowered credit card processing fees for these businesses by 10% to 15%.<sup>133</sup> In exchange for this service, Price earned a small fee. At the time Gravity Payments was formally launched, Dan was only 19 years old and still a college student at Seattle Pacific University, and his brother Lucas (his partner at the time) was 24 years old. By 2015, Gravity Payments served approximately 12,000 small businesses, processed nearly \$7 billion in annual credit card transactions, and employed 120 people.<sup>134</sup>

Price's decision to dramatically alter not only the salaries of his workers but also his own salary has consistently provoked impassioned responses from the U.S. business community. Several factors influenced Price's remarkable decision, including a confrontation by an employee who felt that Price had failed to adequately grow staff compensation after Price's company, Gravity Payments, rebounded from the significant downturn it experienced during the Great Recession. Price was also deeply influenced by a conversation with his friend who, while earning \$40,000, was facing new financial troubles and considerable stress resulting from a \$200 per month rent increase. In a *People* magazine interview, Price said, "It was just throwing her life into total chaos . . . I talked to her about it, and she thought that a salary of \$70,000 was the amount that she would need to be able to take care of all of her obligations and her son."<sup>135</sup>

During this same period, Price read an article recounting the 2010 research of Nobel Prize winners Daniel Kahneman and Angus Deaton regarding discoveries they made that showed correlations between levels of reported personal happiness and income level. The two economists discovered, as the incomes of the survey respondents increased, the respondents reported higher levels of "emotional well-being," but these increases plateaued at a salary level of approximately \$75,000 per year.<sup>136</sup> After weighing the evidence presented to him by conversations with employees and friends who were struggling both financially and emotionally, Dan Price hoped that, if he increased the wages of his employees to \$70,000 per year, then they might experience life in a happier, more fulfilling way.

Five years later the bold move by Price appears to have fulfilled his aspirations. Gravity Payments has tripled its revenue and doubled the number of employees and customers. Employees have been able to make major life improvements such as purchasing homes, starting families, increasing retirements savings (the average individual 401(k) contribution increased by 155%), and eliminating debt. Gravity's employees feel they are financially secure. Without the stress and strain of financial concerns, employees have been more productive and creative. Seventy-six percent of Gravity's employees report being engaged at work.<sup>137</sup>

When Dan Price identified with himself as an owner, he felt justified in offering the wages he did. When his perspective changed, and he instead identified himself with his employees, the result was a dramatic change in wages designed to enhance the quality of his workers' lives. Price explains his change in perspective in the following way, "I don't think people realize that when attaining wealth for its own sake, it makes it harder for other people to have what they



need. The big realization for me was I was part of the problem.”<sup>138</sup> Price had a realization that, as an owner, narrowing his focus to questions of his net worth created a blind spot regarding meeting the needs of his employees. As Price’s perspective changed, and he began to identify more with the personal financial realities of his employees, Price became motivated to make wage changes that would benefit the lives of his employees, even at great cost to himself. Price’s goal became one of identifying a salary level that would enable his employees to both afford necessities and save extra for themselves and their families.<sup>139</sup>

The question of Dan Price’s motivations in making these wage changes at his company has been explored broadly in the media. Bloomberg, for example, published an article entitled, “The CEO Paying Everyone \$70,000 Salaries Has Something to Hide,” in which the author asserted the whole story of Dan Price and Gravity Payments is too good to be true.<sup>140</sup> The article explored the lawsuit that Lucas, Dan Price’s brother and former partner, filed against Dan, seeking financial compensation for what Lucas deemed executive mismanagement. The lawsuit was eventually resolved in Dan Price’s favor and his brother was both denied financial compensation and ordered to pay Dan Price’s sizable, related legal bills.

An article by *Esquire* suggested it was not money that Price was after, but, rather, it was fame and admiration.<sup>141</sup> As one flips through the dozens of articles that have been published about Dan Price and Gravity Payments since the day of his announcement regarding the \$70,000 minimum wage, Price is depicted in many varied ways: hero, management exemplar, ethical leader, outstanding entrepreneur, foolhardy, hopeless, a socialist, undemocratic, a reformed capitalist. It seems that Dan Price and his story are somewhat like the inkblot in a Rorschach test, where each onlooker sees something slightly different in the picture.

Regardless of the attributes and motives ascribed to him, Dan Price has done something few employers have done. When one pauses to consider the monetary and reputational costs Price incurred with this change, it becomes clear that, regardless of motive, this was a genuinely costly endeavor for this young entrepreneur. Before implementing his \$70,000 wage threshold for all of his employees, Price was earning \$1.1 million per year.<sup>142</sup> To achieve the goal of increasing salaries across his entire organization, Price cut his own salary to \$70,000, taking a personal pay cut of more than \$900,000 (81.8%) in that initial year, and presumably hundreds of thousands more in the subsequent years. In an article published by *Inc.* magazine, the author estimates the cost to Price in introducing the drastic changes in the pay scale at his company:

- \$1.8 million in pay raises over 3 years
- \$1 million in lost salary per year
- Liquidation of \$3 million in personal assets (stocks, retirement savings, remortgaging home)<sup>143</sup>

It certainly seems fair to surmise that Dan Price’s motives were complex and multifaceted. However, does it genuinely seem more probable that, as a business owner, Dan Price would forgo hundreds of thousands of dollars, potentially millions of dollars, in a simple play for company publicity and/or personal attention? Perhaps it is at least as likely that Dan Price genuinely came to empathize with the financial struggles of his friends and employees caused by insufficient income and, in taking the actions he did, became yet another person entering into a long, historical, and ongoing conversation surrounding the moral and spiritual imperatives and the potential societal and economic benefits of a just approach to determining the wages of workers.



Whatever the motives, Dan Price can certainly be said to have put his money where his mouth is, and he has followed through with this plan of improving the lives of his employees in tangible and quantifiable ways. So, while the question of Dan Price's motives continues to be explored, it seems unlikely that Dan Price failed to estimate the enormous personal costs he would incur for selecting this course of action. Dan Price took a huge risk in creating a different type of experience for his organization, one that moved it beyond the restrictive boundaries of a singular focus on profit motive. Dan Price and his team at Gravity Payments continue to explore ways to serve, create value, and create community. It also seems fair to say that it is an amazing and uncommon story that inspires hope for many.

—Case contributed by Dr. Kelly Nyhoff, Trinity Christian College

## DEVELOPING YOUR LEADERSHIP SKILLS 2.1

### Improving Attitudes and Personality Traits

#### PREPARING FOR THIS EXERCISE

You should have read and now understand attitudes and personality traits. Effective leaders know themselves and work to maximize their strengths and minimize their weaknesses. As the name of this exercise implies, you can improve your attitudes and personality traits through this exercise by following these steps.

1. **Identify strengths and weaknesses.** Review the self-assessment exercises in this chapter and online. List your three major strengths and areas that can be improved:

Three Strengths	Three Areas for Improvement
1.	1.
2.	2.
3.	3.

We don't always see ourselves as others do. Research has shown that many people are not accurate in describing their own personalities, and others can describe them more objectively. Before going on with this exercise, you may want to ask someone you know well to complete your personality profile (see Self-Assessment 2.1) rate your attitude as positive or negative, and list your strengths and areas for improvement.

2. **Develop a plan for improving.** Start with your Number One area to improve on. Write down specific things you can do to improve. List specific times, dates, and places for when you will implement your plans. You may want to review the 11 tips for developing a more positive attitude and self-concept for ideas.
3. **Work on other areas for improvement.** After you see improvement in your first area, develop a new plan for your second area, and proceed through the steps again.

**Optional Way to Improve:** If you have a negative attitude toward yourself or others—or you would like to improve your behavior with others (family, coworkers), things, or issues (disliking school or work)—try following the late internationally known motivational speaker and trainer

Zig Ziglar's system.<sup>144</sup> Thousands of people have used this system successfully. This system can also be used for changing personality traits as well.

Here are the steps to follow, with an example plan for a person who has a negative self-concept and also wants to be more sensitive to others. Use this example as a guide for developing your plan.

1. *Self-concept.* Write down everything you like about yourself. List all your strengths. Then go on and list all your weaknesses. Get a good friend to help you.
2. Make a clean new list, and using positive affirmations, write all your strengths. Example: "I am sensitive to others' needs."
3. *On another sheet of paper, again using positive affirmations, list all your weaknesses.* For example, don't write "I need to lose weight." Write "I am a slim (whatever you realistically can weigh in 30 days) pounds." Don't write "I have to stop criticizing myself." Write "I positively praise myself often, every day." Write "I have good communications skills," not "I am a weak communicator." The following list gives example affirmations for improving sensitivity to others. Note the repetition; you can use a thesaurus to help.

**I am sensitive to others.**

**My behavior with others conveys my warmth for them. I convey my concern for others.**

**My behavior conveys kindness toward others.**

**My behavior helps others build their self-esteem. People find me easy to talk to.**

**I give others my full attention. I patiently listen to others talk.**

**I answer others slowly and politely.**

**I answer questions and make comments with useful information.**

**My comments to others help them feel good about themselves.**

**I compliment others regularly.**

4. *Practice.* Every morning and night for at least the next 30 days, look at yourself in the mirror and read your list of positive affirmations. Be sure to look at yourself between each affirmation as you read. Or, record the list on a tape recorder and listen to it while looking at yourself in the mirror. If you are really motivated, you can repeat this step at other times of the day. Start with your areas for improvement. If it takes five minutes or more, don't bother with the list of your strengths. Or stop at five minutes; this exercise is effective in short sessions. Although miracles won't happen overnight, you may become more aware of your behavior in the first week. In the second or third week, you may become aware of yourself using new behavior successfully. You may still see some negatives, but the number will decrease in time as the positive increases.

Psychological research has shown that if a person hears something believable repeated for 30 days, they will tend to believe it. Ziglar says you cannot consistently perform in a manner that is inconsistent with the way you see yourself. So, as you listen to your positive affirmations, you will believe them, and you will behave in a manner that is consistent with your belief. Put simply, your behavior will change with your thoughts without a lot of hard work. For example, if you listen to the affirmation, "I am an honest person" (not, "I have to stop lying"), in time—without having to work at it—you will tell the truth. At first you may feel uncomfortable reading or listening to positive affirmations that you don't really

believe you have. But keep looking at yourself in the mirror and reading or listening, and with time you will feel comfortable and believe it and live it.

Are you thinking you don't need to improve, or that this method will not work? Yes, this system often does work. Zig Ziglar has trained thousands of satisfied people. One of this book's authors tried the system himself, and within two or three weeks, he could see improvement in his behavior. The question isn't will the system work for you, but rather will you work the system to improve?

5. *When you slip, and we all do, don't get down on yourself.* In the sensitivity-to-others example, if you are rude to someone and catch yourself, apologize and change to a positive tone. Effective leaders admit when they are wrong and apologize. If you have a hard time admitting you are wrong and saying you are sorry, at least be obviously nice so the other person realizes you are saying you are sorry indirectly. Then forget about it and keep trying. Focus on your successes, not your slips. Don't let ten good discussions be ruined by one insensitive comment. If you were an MLB player and got nine out of ten hits, you'd be the best in the world.
6. *Set another goal.* After 30 days, select a new topic, such as developing a positive attitude toward work, school, or trying a specific leadership style you want to develop. You can also include more than one area to work on.

#### DOING THIS EXERCISE

##### OBJECTIVE

To develop your skill at improving your attitudes and personality traits. As a leader, you can also use this skill to help your followers improve.

##### AACSB GENERAL SKILLS AREA

The primary AACSB skills developed through this exercise are analytic and reflective thinking skills and application of knowledge.

Preparation You should have identified at least one area for improvement and developed a plan to improve.

**In-class procedure 1 (in person or online with breakout groups)** (1–2 minutes) Break into groups of two or preferably three; try to be in a group with others you feel comfortable sharing with.

**Procedure 2** (4–6 minutes) Have one of the group members volunteer to go first. The first volunteer states the attitude or personality trait they want to work on and describes the plan. The other group members give feedback on how to improve the plan. Try to give other plan ideas that can be helpful and/or provide some specific help. You can also make an agreement to ask each other how you are progressing at set class intervals. Don't change roles until you're asked to do so.

**Procedure 3** (4–6 minutes) A second group member volunteers to go next. Follow the same procedure as above.

**Procedure 4** (4–6 minutes) The third group member goes last. Follow the same procedure as above.

**Online** Students send their attitude or personality trait they want to work on and describe the plan to the professor, or students post their answers online for comments from the professor and students.

**Conclusion**

The instructor may lead a class discussion and/or make concluding remarks.

**Apply it** (2–4 minutes) What did I learn from this exercise? Will I really try to improve my attitude and personality by implementing my plan?

**Sharing**

In the group, or to the entire class, volunteers may give their answers to the “Apply it” questions.

**DEVELOPING YOUR LEADERSHIP SKILLS 2.2****Personality Perceptions****PREPARING FOR THIS EXERCISE**

Read the section on “Personality Traits and Leadership,” and complete Self-Assessment 2.1. From that exercise, rank yourself below from the highest score (1) to the lowest (5) for each of the Big Five traits. Do not tell anyone your ranking until asked to do so.

\_\_\_\_\_ surgency, \_\_\_\_\_ adjustment, \_\_\_\_\_ openness to experience, \_\_\_\_\_ agreeableness,  
\_\_\_\_\_ conscientiousness

**DOING THIS EXERCISE****OBJECTIVE**

To develop your skill at perceiving personality traits of other people. With this skill, you can better understand and predict people’s behavior, which is helpful to leaders in influencing followers.

**AACSB GENERAL SKILLS AREA**

The primary AACSB skills developed through this exercise are analytic and reflective thinking skills and application of knowledge.

**In-class procedure 1 (in person or online with breakout groups)** (2–4 minutes) Break into groups of three. This group should be with people you know the best in the class. You may need some groups of two. If you don’t know people in the class, and you did Skill-Development Exercise 1 in Chapter 1, “Getting to Know You by Name,” get in a group with those people.

**Procedure 2** (4–6 minutes) Each person in the group writes down their perception of each of the other two group members. Simply rank which trait you believe to be the highest and lowest (put the Big Five dimension name on the line) for each person. Write a short reason for your perception, including some behavior you observed that leads you to your perception.

Name \_\_\_\_\_ Highest personality score \_\_\_\_\_ Lowest score \_\_\_\_\_

Reason for ranking \_\_\_\_\_

Name \_\_\_\_\_ Highest personality score \_\_\_\_\_ Lowest score \_\_\_\_\_

Reason for ranking \_\_\_\_\_

**Procedure 3** (4–6 minutes) One of the group members volunteers to go first to hear the other group members’ perceptions.

1. One person tells the volunteer which Big Five dimension they selected as the person’s highest and lowest score, and why these dimensions were selected. Do not discuss this information yet.
2. The other person also tells the volunteer the same information.

- The volunteer gives the two others their actual highest and lowest scores. The three group members discuss the accuracy of the perceptions.

**Procedure 4** (4–6 minutes) A second group member volunteers to go next to receive perceptions. Follow the same procedure as above.

**Procedure 5** (4–6 minutes) The third group member goes last. Follow the same procedure as above.

**Online** Students ask two people they know to rank their personality profile. After the students get the ranking, students tell the person their ranking and compare and discuss the personality profile. Students may send their profile comparing it to others to the professor.

#### CONCLUSION

The instructor may lead a class discussion and/or make concluding remarks.

**Apply it** (2–4 minutes) What did I learn from this exercise? How will I use this knowledge in the future?

#### SHARING

In the group, or to the entire class, volunteers may give their answers to the “Apply it” questions.

## DEVELOPING YOUR LEADERSHIP SKILLS 2.3

### Ethics and Whistleblowing

#### PREPARING FOR THIS EXERCISE

Now that you have completed Self-Assessment 2.5: How Ethical Is Your Behavior (available online), answer the discussion questions based on that assessment.

#### DISCUSSION QUESTIONS

- For the “College” section, items 1–3, who is harmed and who benefits from these unethical behaviors?
- For the “Workplace” section, items 4–24, select the three items (circle their numbers) you consider the most seriously unethical behavior. Who is harmed by and who benefits from these unethical behaviors?
- If you observed unethical behavior but didn’t report it, why didn’t you report the behavior? If you did blow the whistle, why did you report the unethical behavior? What was the result?
- As a manager, it is your responsibility to uphold ethical behavior. If you know employees are using any of these unethical behaviors, will you take action to enforce compliance with ethical standards?

#### DOING THIS EXERCISE

#### OBJECTIVE

To better understand ethics and whistleblowing, and decide what you will do about unethical behavior.

#### AACSB GENERAL SKILLS AREA

The primary AACSB skills developed through this exercise are ethical understanding, analytic and reflective thinking skills, and application of knowledge.

**Preparation**

You should have completed the preparation for this exercise.

**Experience**

You will share your answers to the preparation questions but are not requested to share your ethics score.

**In-class procedure 1** (5–10 minutes) The instructor writes the numbers 1–24 for all to see. For each statement, students first raise their hands if they have observed this behavior, then if they have reported the behavior. The instructor writes the numbers for all to see. (Note: Procedure 1 and Procedure 2A can be combined.)

**Procedure 2** (10–20 minutes) **Option A:** As the instructor takes a count of the students who have observed and reported unethical behavior, they lead a discussion on the statements.

**Option B:** Break into groups of four to six, and share your answers to the four discussion questions at the end of the preparation part of this exercise. The groups may be asked to report the general consensus of the group to the entire class. If so, select a spokesperson before the discussion begins.

**Option C:** The instructor leads a class discussion on the four discussion questions at the end of the preparation part of this exercise.

**Online** Students post their answers to the four questions online for comments from the professor and students.

**CONCLUSION**

The instructor may make concluding remarks.

**Apply it** (2–4 minutes) What did I learn from this exercise? How will I use this knowledge in the future to be ethical? When will I use a simple guide to ethics?

**SHARING**

Volunteers may give their answers to the “Apply it” questions.

## DEVELOPING YOUR LEADERSHIP SKILLS 2.4

**Your Leadership Point of View II****OBJECTIVE**

To continue developing your leadership point of view.

**AACSB GENERAL SKILLS AREA**

The primary AACSB skill developed through this exercise is analytic and reflective thinking skills and application of knowledge.

**PREPARING FOR THIS EXERCISE**

Write or rewrite a description of your leader point of view from Chapter 1. What type of leader do you want to be? Consider including the answers to the following questions in your written leadership point of view.

- How does your personality profile influence how you lead or will lead (Big Five scores)?
- Which of the 12 leadership traits in Exhibit 2.2 should you include in your leadership point of view?

- What is your attitude about being a leader—do you want to lead? Do you have a leadership personality profile?
- What is your view on being an ethical leader, is integrity important to you?

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**DOING THIS EXERCISE**

**In-class option 1** (10–20 minutes) Students tell their leadership point of view to the class, and the instructor may make comments.

**In-class option 2** (15–30 minutes) Break into groups of five or six, and select a leader to perform the spokesperson role (remember, this is a leadership class). Each person states their leadership point of view. Then the group discusses the common answers, as the spokesperson takes some notes. Each spokesperson tells the class the common answers of its group. The instructor may lead a class discussion (5–10 minutes).

**Online** Students post their leadership point of view online for everyone to read. The instructor and students may make comments.

**Apply it** (3–5 minutes) Reflect on others' leadership points of view and revise your written statement to include good ideas for your own leadership point of view. Create a document that you can revise, such as Word, that you can revise as you progress through the book.

**Ongoing application** Every chapter includes concepts that you may want to incorporate in your leadership point of view. In the next four chapters, we will give you the opportunity to refine your leadership point of view.



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