C. William Pollard Papers

Work and Faith

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Ethical Leadership

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ETHICAL LEADERSHIP

Etched in stone on the floor of the chapel of Christ Church College at Oxford University are the words of John Locke spoken over 300 years ago.

> "I know there is truth opposite falsehood and that it may be found if people will search for it, is worth the seeking".

As we conduct business in a pluralistic society, can we agree on a source of truth and moral authority? Would that source be relevant to a business firm's success or to the way it performs its role in society? Is there a moral basis for the ethos of the firm that helps to develop a spirit of community to guide and constrain what might otherwise become a fragmented center of self-interests?

Can the business firm make money, create wealth and also become a moral community for the development of human character and social concern? Does leadership make a difference? Are these questions also applicable to the leadership of the non-profit?

These are just some of the questions that should be raised as one considers the subject of ethical leadership.

Our recent history reflects far too many well publicized examples of moral failures by leaders in business and in other sectors of our society including the church.

In the world of business we have and continue to seek solutions with more legislative answers and rules of compliance. There is also momentum to seek the application of many of these standards to the leadership and governance of non profits.

While legislation and rules of compliance may help to clarify the boundaries of right and wrong business practices, they can not do the whole job. The ethical and moral judgments of business leaders in changing, dynamic markets cannot be solely determined by a set of rules nor can a right result always be achieved by following a particular process. While legislative actions may bring a higher standard of accountability and add a "stick" of more penalties for violations, they can not assure the honesty, character, or integrity of the people involved.

Thus we must continue to consider the question of how these virtues can become an integrated part of the person and translate into how he or she performs as a leader?

Effective and responsible leadership starts with the ability of a leader to define reality and in so doing to understand the essence of their own human nature and the human nature of the people they are leading. A leader should be concerned not just about what people do and how they do it, but also about the deeper questions of why people do their work and who they are becoming in the process.

As Peter Drucker has often noted, it is important for a leader to recognize that management is a liberal art requiring an understanding of the human condition and recognition that our humanity cannot be defined solely by its physical or rational nature, but also has a spiritual dimension. It is this spiritual side of our humanity that influences our character, our ability to determine right and wrong, to recognize good and evil, to make moral judgments, and to love or to hate. It is the driver for developing a philosophy of life and a world view that can provide a moral and ethical framework and standard that is not relative and functions even when there are no prescribed rules.

In the business world we sometimes talk about people in terms of a cost of production. But, people do not come to the workplace as a line on a profit and loss statement. They come as whole people and they must be understood and led as such. This issue is at the heart of character development in the work environment and is both a challenge and a responsibility for the ethical leader.

After tracing the history of religious faith in American and its effect on our society and economy, Robert Fogel, an economist from the University of Chicago, and a 1993 Nobel prize Winner, concluded that a major issue in our culture today was simply a lack of the distribution of what he referred to as "spiritual assets". There was, he said, a void in our society in the development of the character of people and a provision for their spiritual needs. He also went on to say that in order for the business firm of the future to resolve the growing complexities of ethical issues, it will have to acquire more "spiritual capital".

In his commencement address at Harvard University, entitled *Worlds Split Apart,* Alexander Solzhenitsyn reminded the graduates of the misery and evil of life under a communist regime and the consequences for a society without a moral compass. He also noted, however, that he was increasingly finding in the West a growing dependence upon no other scale but a legal one. Such a society, he said, would never reach for anything higher than a set of rules and the letter of the law and would not take advantage of the high level of human potential and possibility. In such a culture, he concluded, there would be nothing more than a moral mediocrity, paralyzing the noblest of impulses.

In his classic work, *The Gulag Archipelago*, Solzhenitsyn also pointed out that this line between good and evil passes through every human heart. He asserted that even within hearts overwhelmed by evil there was one small bridgehead of good and, even in the best of hearts, there remained a small corner of evil. His conclusion was that it was impossible to expel evil from the world in its entirety, but it was possible to recognize it and constrain it. For Solzhenitsyn, the source of truth and constraint came from God, an authority beyond himself. As a follower of Jesus Christ my answer would be the same.

To craft a culture of character requires executives to be intentional, to possess a strong moral fiber to know their source of moral authority, and to select and develop leaders to think and know what is right and wrong when there are no rules of compliance. This, I suggest is all part of the process of developing the workplace as a moral community. A community that is focused on the dignity and worth of every person. A community that expects of its leaders, truth and transparency in their conduct and dealings with others.   As I reflect on these issues I do so not as a philosopher, educator, or religious leader, but simply as a business person – someone who over a 25 year period participated in the leadership of ServiceMaster during a time of rapid growth and expansion.

As I have now retired from those leadership responsibilities and look back, I can add up the numbers that show growth in profits, customers served, and a premium return for our shareholders. While these figures are part of a normal business assessment of performance, the conclusion for me cannot be limited to these money value measurements. The lasting measurement is whether the results of my leadership can be told in the changed lives of the people I have led.

As a business firm we wanted to excel at generating profits and creating value for our shareholders. If we didn't want to play by these rules, we didn't belong in the ball game. But we also tried to encourage an environment where the workplace could be a community to help shape human character. We considered the people of the firm as the soul of the firm. As leaders we were about the process of soulcraft.

My experience confirmed Peter Drucker's conclusion that people work for a cause not just a living and mission and purpose are important organizing and sustaining principles for the firm.

Our corporate objectives at ServiceMaster were simply stated: To honor God in all we do; To help people develop; To pursue excellence; and To grow profitably. Those first two objectives were end goals, the second two were means goals.

We did not use that first objective as a basis for exclusion. It was, in fact, the reason for our promotion of diversity as we recognized that different people with different beliefs were all part of God's mix. The fact that we had these goals did not mean that everything was done right. We experienced our share of mistakes. We sometimes failed and did things wrong. But because of a stated standard and a reason for that standard, we could not hide our mistakes. Mistakes were regularly flushed out in the open for correction and, in some cases, for forgiveness. Leaders could not protect themselves at the expense of those they were leading.

The process of seeking understanding and application of these objectives at all levels of the organization was a never-ending task. It involved matters of the heart as well as the head and it was not susceptible to standard management techniques of implementation or measurement. While at times it was discouraging, it also was energizing as one realized the continuing potential for creativity, innovation, and growth.

Now a business firm must operate in a diverse and pluralistic world. It is not the role of the firm to impose or mandate any one person's faith or belief. In fact, one of the essentials of my faith as a Christian is the recognition that different people with different beliefs are all part of the world God created and the world He so loved. The firm, as a moral community, must be inclusive. It is not a church, synagogue, or place of worship.

The ultimate litmus test for any of the firm's moral standards or actions should be the resulting effect upon people. Do such standards and practices reflect the dignity and worth of every individual? Do they encourage the development of the whole person and provide an environment where there is freedom to explore truth, including the question of God and His role in transforming the beliefs and actions of people?

It was C. S. Lewis who said: "There are no ordinary people. You have never talked to a mere mortal. Nations, cultures, arts, civilizations – they are mortal and their life is to ours as the life of a gnat, but it is immortals we joke with, work with, marry, snub, and exploit". And it was Drucker who said, "A leader has really only one choice to make – to lead or mislead."

Executives who ignore their responsibility to develop the firm as a moral community do so at their "peril". It is incumbent upon those who hold executive

responsibilities, to seek truth, to know what they believe and understand why certain actions are right and others are wrong, to provide an example of right behavior, and to be about the process of developing the whole person. The ethical executive must consider the full scope of what is involved in knowing and understanding the human condition and must also be responsible for the results and performance of the firm. Executive leadership involves "both and," not "either or".

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