Ethical Leadership.¹ What – Why – How?²

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Prelude

"Power is inseparable from morality. Morality, most centrally expressed in religion, regulates that libidinous assertion of selfhood in the interest of peaceful social cooperation on which individual and collective survival depends. For that reason the issue of morality – a transcendent morality suited to an age of globalism – will constantly crop up in pages..... understanding people, even the most repulsive, before judging them. Morality in sociopolitical analysis is not an unscientific luxury but a necessity of survival. Moral indignation, all too fashionable these days, tends toward violence; it prevents clarity of vision. How can we control our destiny when ignorant moralizing keeps us from grasping the forces that shape our age" [Von Laue, 1989]

Lesson # 1: Power, ethics, and leadership cannot be separated.

Starting Point.

The industrial age introduced economic thinking. Production, growth, and distribution of wealth began to steer the behaviour of people. Societies turned from stationary into dynamic ones.

The scene was set for a new societal philosophy. The answer was the Theory of Utilitarianism saying that "actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness" [Mill, 1861]. Happiness was defined as pleasure and the absence of pain. Any individual should act so that the consequences add up to better conditions for as large a group of people as possible than any alternative actions. The goal should be as much welfare for society as a whole and its individuals as possible. This constitutes the core of act utilitarianism to be followed by rule utilitarianism, which defines “the rightness or wrongness of a particular action as a function of the correctness of the rule of which it is an instance³”. Rule utilitarianism puts its finger on the sore spot classifying rules as ‘good’ if followed by individuals, businesses, and organisations it leads to a ‘better’ society (a higher degree of happiness) than alternative rules. This highlights the question of how societies should allow such rules to dominate and even more important how to define which rules are ‘good’ and which ‘rules’ are bad.

¹ I am grateful for comments and advice to an earlier draft made by Arun Bala.
Neoclassical Economics became the companion of Utilitarianism. Self-interest ultimately serves the public good and is brought about by free markets with individuals pursuing materialistic goals. Human beings are seen as responding almost exclusively to economic incentives overruling human to human contacts and rejecting happiness seen as decisive by utilitarianism.

Since the mid-19th century, the industrialised countries have lived with a combination of utilitarianism and Neoclassical Economics contradicting and supplementing each other searching for well-being or happiness in the spectrum from non-materialism to materialistic values.

Some industrialised countries begin to see happiness in the context of what people do together with other people – clearly detected in communication – and a more intimate interaction among people⁴. Shifting the perception of happiness from materialistic welfare, which can be measured, to non-materialistic welfare, which cannot⁵, embeds a redefinition of ethics with repercussions for how societies are organised – rules for human to human relations and the individual versus the state. There is a schism between these countries and many Emerging Markets and Developing Economies (EMDE) which have a lower national income per capita and strive to obtain higher living standards in materialistic terms.

Lesson # 2: Happiness for the individual should coalesce into happiness for all members of the society.

Lesson # 3: Feeling happy may depend on the stage of economic development tipping the balance for or against materialistic welfare.

The model’s foundations change.

Until mid-twentieth century the world was dominated by the national economy, culturally homogenous nation-states not confronted with the problem of an influx of people adhering to another culture (e.g. religion and definition of ethics), plus a fairly long time for new technology to be adopted by a majority of households. Together these elements shielded individuals and societies against quick, strong and massive cultural shocks questioning generally accepted perception of ethics.

At the beginning of the 21st century individuals are exposed to explosive and colossal changes. Those who are unable to absorb, adjust, and adapt to new surroundings in a short time span turn against the societal model and its core ethics feeling ‘outside’ the system. Social coherence becomes threatened.

In this new environment four challenges need to be addressed.

- Can the basic principles of utilitarianism plus Neoclassical Economics be adapted to fit such a world instead of ‘monoculture’ nation-states?
- Can the greatest happiness principle of utilitarian theory be extended to embrace more diverse multicultural societies (the happiness of all minority groups being taken into account), societies in which there is recognition that we are genetically programmed not only to be selfish but also altruistic (so that the happiness takes into account the happiness we experience in enhancing the happiness of others)?
- What is the impact on society of genetic engineering and artificial intelligence becoming more pervasive (but also one which directs these along lines that maximise happiness and welfare of all human beings)?
- Can mankind shift the horizon to include happiness of future generations (environmental concerns) and animal rights (the happiness of non-human sentient life) in ethics underpinning happiness for the individual and happiness for society as a whole?

⁴ Maybe today’s definition of happiness would be the intensity of personal relationships.
⁵ Allegedly Einstein said “Not everything that counts can be counted, and not everything that can be counted counts.”
Lesson # 4. The challenge is to inquire into seminal changes outside our control – in particular multiculturalism, technology, and globalisation – to evaluate how they interfere in our perception of ethics.

Basic principles of utilitarianism plus Neoclassical Economics.

For the first time in modern history people are confronted with economic globalisation on a personal level. Strangers adhering to another culture – having a different ethical yardstick – live next door or use the same public transport or work in the same office. Hitherto everybody followed congruous act utilitarianism; now that conformity begins to crack. Rule utilitarianism stops working. The individual asks the simple question whether my uncontested definition of ethics is still the only one or best one when other people do very well following other rules.

Capitalism, especially when combined with technological development and globalisation, is the best growth machine the world has ever seen. That is, however, not the same as crediting it with delivering the highest welfare for the largest number of people – it does not necessarily fulfil the criteria laid down by rule utilitarianism. This is mainly due to inequality and a feeling of unfairness. Suffice to mention that the planet’s 138 richest people currently command more wealth than the roughly 3.5 billion who make up the poorest half of the population [Bloomberg 2014].

Social mobility has underpinned the basic economic model and social coherence. People could move upwards. Each generation felt that it would be better off than the preceding generation. Unfortunately, this is no longer the case. In many industrialised countries people fear they will be worse off than their parents. Again, we encounter a schism as in many EMDE the opposite is the case6.

The American sociologist Robert Putnam [2001, 2016] shows with his two magisterial works ‘Bowling Alone’ and ‘Our Kids’ that multiculturalism has not brought people closer together, but in fact deepened fragmentation, strengthened cultural barriers instead of weakening them plus an alarming fall in social mobility. It is next to impossible to move from a background of low education and low income to higher social strata while offering those already there a ‘royal road’ to stay in the higher social strata. These findings are from the U.S. but looking around the world, the feeling is that the same trend is visible in many countries and even more worrying that this is not acknowledged by the ruling elite and little political attention is devoted to solve the problem.

Statistics from the US7 show that in 1990 the median weekly earning of full-time workers was for hispanic women 56.3%, hispanic men 64.4%, black women 62.3%, black men 73.1%, white women 71.5% of the salary offered a white man. In 2013 the gap had narrowed, but only marginally so.

Lesson # 5: The plinth of social coherence is equality and fairness and in a multicultural world conveying to minorities that social mobility is open for them.

Selfish versus altruistic behaviour under pressure.

Delton et al. [2011] shows that current economic models based upon rationality and selfishness leading to the conclusion that people are selfish in situations where they do not expect to meet their counterpart again is quite simply not correct. Using computer simulations, they come to the conclusion that not only are people acting generously when expecting to meet counterparts again – which could be explained by selfishness calculating to get something in return or avoid retaliations – but also when in a one-shot situation. Generosity is apparently built into our genes and comes natural to humans’ contrary to conventional thinking saying it is either a calculated selfishness or a result of social norms, behavioural patterns, or group pressure.

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Edward O. Wilson [2012] provides a convincing scientific argument that evolution works on group level. Human beings are not selfish. Survival depends on the group’s efficiency and effectiveness in finding solutions and answers to problems and challenges. Our genes make us ‘social’ and not individualistic. We are drawn toward groups and group behaviour. Inside the group human beings may behave selfish, but Wilson shows that groups where group members cooperate and support each other has a higher survival rate than groups where the opposite behaviour dominates.

Social networks open for communication among individuals across borders on a scale never seen before. The cascade effect implies that news, irrespective of the original source and its validity, is read instantly by millions. Geographically dispersed cultural groups can now link with each other. Minorities find out that they may be so inside a nation-state, but millions living outside that nation-state share their ethics. Thus, they do no longer feel as minorities, they question the primogeniture of the nation-state’s majority to determine ethical norms and reject the right of the majority to culturally suppress them.

The key is the room of manoeuvre for the individual vis-à-vis society and not the least should society be empowered to force the individual to toe the line?

The Greek philosopher Aristotle pondered about individual versus common goods and came to the conclusion that the common good is not the aggregation of individuals’ self-interest but depends on how each individual defines his/her role vis-à-vis others making ‘happiness’ dependent on human relationships. To get there, however, some kind of political organisation is required. He went further highlighting the importance of individual behaviour as key to answering the question of what is right and what is wrong: “Through discipline comes freedom”.

Almost 2000 years later the English philosopher John Locke (1632-1704) fleshed it out “All men by nature is equal in that equal right that every man hath to his natural freedom, within being subjected to the will or authority of any other man; being all equal and independent, no one ought to harm another in his life, health, liberty or possessions.” According to Reising (2014) Locke points out that individuals must relinquish certain natural rights in order for society to function properly. Though Locke did believe that humans naturally sought goodness, he thought that government was necessary to control the selfish nature that man sometimes exhibited.

Aristotle and Locke both conclude that freedom for the individual to act depends on self-discipline not to act in a way which harms other. An interesting dilemma putting the onus of maintaining freedom squarely on the shoulders of those who enjoy it: The individual person.

Lesson # 6: Generosity is apparently built into our genes.

Lesson # 7: Group with members who cooperate and support each other has a higher survival rate than if group members compete and adopt selfish behaviour.

Lesson # 8: Discipline and in particular self-discipline is the key to an open society securing fundamental rights of freedom for the individual.

Lesson # 9: Realising that individuals’ actions and behaviour coalesce into societal behaviour and affect all other citizens must percolate down to each member of society.

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Genetic engineering and artificial intelligence.

Genetically engineering means that we can change genetics of future generations – which abilities and performance level they will be empowered with. Artificial intelligence (AI) enhances human performance, but might replace human reaction and, in some cases, overrule human reactions.

Recalling history and bearing in mind political ideologies (e.g., Nazism) searching for a special type of human beings equipped with special abilities and tuned into thinking in preconceived ideas – preconceived by whom? – it is not difficult to spot the break with ethics as we know it today.

This may sound farfetched, but country after country pour billions of Euros into genetically engineering and artificial intelligence. They may not plan to do what is described above, but who knows what successors to present political leadership may come up with?

Business turns artificial intelligence into a growth machine. According to McKinsey Global Institute\(^ {10}\) applying AI to marketing, sales and supply chains will create $US 2.7trn over the next 20 years. The ethics of this escapes attention. What does it mean for business transactions, people’s well-being at the workplace, relations to customers and most important of all inequality and unfairness in societies?

Technology is tools to be used by humans for purposes defined by humans in conformity with ethical standards laid down by humans and under human control.

The combination of ability to influence future generations – creating a new kind of man (defined by whom?) – and advanced technology, wealth and capital in the hands of a limited number of super-large organisations/corporations points to a concentration of power beyond imagination. The risk of deepening an already worrying trend toward dehumanisation and denaturalisation of human life should not be neglected. There have been warnings about artificial intelligence overtaking human intelligence\(^ {11}\). Mankind may prefer machines and an artificial environment endangering our relations with other humans and with nature\(^ {12}\).

Lesson # 10: Artificial intelligence and genetic engineering empower humanity to tinker with life itself. The questions arise what it means to be human and whether it is permissible to meddle in nature?

Lesson # 11: Technology must be a tool to be used by human beings – under our control in accordance with ethical norms\(^ {13}\).

Future generations.

Groups kept together by the instinct (genetically engineered) to cooperate with other human beings fare better than groups with selfish behaviour and individuals in competition with other group members.

There is, however, not much evidence to support a similar thesis about human behaviour vis-à-vis future generations and vis-à-vis animals, plants etc whose habitat the current generation does not respect.

Politically this can be explained by future generations, animals, and plants not among those who select present political leaders. Economically by a model exclusively looking at short term market prices when producing and selling.

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\(^ {10}\) See The Economist March 31st 2018 ‘AI-spy’ and Special Report ‘GrAlt expectations’.

\(^ {11}\) Professor Stephen Hawking http://www.bbc.com/news/technology-30290540

\(^ {12}\) I strongly recommend reading Hans Christian Andersen’s fairy tale ‘The Nightingale’. This shows what is at stake.

For the first time ever, mankind lives in a world where human activity is the dominant influence on climate and the environment – the age of Anthropocene.

The United Nations defined sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own needs. Very little of this has found its way into policies.

The same can be said about our attitude towards forms of life with whom we share the planet.

Happiness is sought by the current generation fully aware of detrimental effects for future life and non-human life. Future generations, if they get a chance, may look on the current generation as a depraved edition of mankind in the same way as we frequently classify behavioural patterns of former generations as feral. They may wonder how we could be so callous and selfish not admitting any sense of being the guardian of the earth with all its forms of life now and in the future.

Lesson # 12: Dehumanisation (less direct contact with other human beings) and Denaturalisation (less concern about non-human forms of life) has found its way into our mentality. Ethics should be seen as transcending generations and break down the distinction between human life and non-human life.

The ethical challenge to leadership.

Ethics is found in basic management theory – teaching how to be a leader – saying that in the long run those who do not use power in ways that society considers responsible will tend to lose it. Countries with uniform cultural behaviour (e.g. Britain dominated by England, the US which until recently was dominated by what was called White Anglo-Saxon Protestants, WASP) find it relatively easy to define responsible behaviour. Problems arise when globalisation forces them out of the national box to encounter a multicultural world. Multicultural countries’ challenge is to keep the nation together when cultural groups (often minorities) communicate more with those having analogous ethical norms outside the nation-state than those inside the nation-state with different norms.

Multicultural countries often resort to rule of the law to solve this dilemma. Its record in doing so is mixed. A clash can arise between legal texts calling for uniform application by the judiciary and heterogenic values among cultural groups undermining this as each cultural group has its own interpretation of the same legal text.

Cultural behaviour can broadly speaking be divided into three groups. Business culture defining how a corporation is run – managing staff with diverse cultural background – and how customers of various cultural background respond. Leisure culture about how people spend time outside the workplace. For these two cultures a certain convergence can be detected globally, but only to a degree. This is, however, not the case for the third segment which is basic culture defining relationship among siblings, parents-children, marriage; broadly speaking our daily behaviour and attitudes vis-à-vis people with whom we are related. This culture is not very malleable and its rigour draws lines for how much convergence can be achieved for the two other segments.

The challenge to leadership turns into how non-uniform cultural behaviour can co-exist at the workplace, for leisure activities and for basic culture.

The individuals’ well-being, self-respect, and identity draw lines for how much uniformity can be achieved. The challenge to leadership turns into how non-uniform cultural behaviour can co-exist at the workplace, for leisure activities and for basic culture."
Ethical leadership becomes a question of tolerance and respect but can only prevail if individuals start from a position of strength in own beliefs, which is the foundation to acknowledge the right of others to think and act differently. The aim is not to find common norms – common ethical norms – but how to co-exist with different norms and forge cohesive societies. Looking at the three segments of culture – work, leisure, and family – we may find some common ground about work and leisure recognising that we will all be better off not touching family culture.

Nowadays ethical norms confront multicultural populations living, traveling and working immediately next to each other. As a first step leaders should adopt a cautious approach and avoid a futile discussion of whether some ethical norms are better than others. Cultural behaviour can be explained through history and traditions. “Peaceful co-existence” might nudge people towards a second step in form of realising why other norms and behaviour constitute a cultural framework for ‘others’ equally important to what ‘ours’ do for ‘us’. A third step, much more difficult, could be to test how far and how fast convergence among ethical norms can be achieved. Leaders need to be aware that moving too fast can trigger a confrontation or reaction if people perceive it as an attack on their identity. If so, efforts to craft peaceful co-existence among different cultures in a globalised world may lead to the opposite result as rising cultural extremism over recent decades have shown.

Lesson # 13: Tolerance and respect for others are essential for people with different ethical norms to combine and mix in a multicultural world.

Lesson # 14: This may be easier at the workplace than with regard to leisure activities and meets strong resistance forming families across non-congruous behavioural patterns.

Lesson # 15: Peaceful co-existence requires that people feel comfortable and safe meeting other ethical norms. Most people raise defence barriers if they fear for their identity.

Lesson # 16: A step by step approach may be advisable to avoid a fear among people that their identity is in danger.

Conclusion.

For Europe and Asia, the challenge is whether we can morph different perceptions about ethics into some kind of fundamental principles. We can never go the whole way, but how far can we go? And how far do we want to go?”

Globalisation and technology open the door for developments beyond our intellectual capacity indeed our cognitive limits. The risk of perverted science beyond control of those exposed to its effects are frightening. The danger of economic globalisation producing high growth benefitting a small minority depriving the majority of people of what they regard as fair and equitable societies equally frightening. We face one of the biggest ever dangers to the future of mankind compounded by the risk of selfish, callous, and short-term behaviour calling for a response of ethical norms rejecting these risks.

Lesson # 17: Each human being must believe in own ethics while admitting the right of others to believe in theirs.

Lesson # 18: Humanity should move towards togetherness in a multicultural world, recognising different ethical norms, and ruling out the right to impose ‘our’ values on ‘others’. A world of equal rights and validity of different ethical norms.
Leadership entails determining a position, charting a course, and heading towards a destination. It means navigating around various obstacles - concrete ones like road blocks or soft ones like different views - and sailing through weather conditions as harsh as moral dilemmas. But are the manners of and tools for leading equally important as the end goal? And what are the elements – facts, beliefs, values, practical issues – that influence decisions in navigating towards a certain direction?

The classic and modern tools such as the compass and the mobile phone in the ASEFYLS3 design show that every leadership must come with its own acceptable and effective measures. However, one has to be constantly alert and sensitive towards possible internal and external forces that might meddle, manipulate, and mislead one’s decision making process. Only then is the leader a true navigator, able to develop a sense of direction informed by self-awareness and societal needs, and thereby standing up for her/his chosen course.

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