
TRANSFORMATIONAL LEADERSHIP AS AN EFFECTIVE CLASSROOM LEADERSHIP MODEL FOR BUSINESS ETHICS INSTRUCTION

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ABSTRACT

Charges have gone out from business and academia to our university business programs to examine ethics curriculum in order to produce more ethical employees (Soule, 2005). Transformational leadership offers promise as a model for business ethics instruction because it is "ultimately a moral exercise in that it serves to raise the standards of human conduct" (Burns, 1978, p. 20) which is exactly what is needed to produce ethical business graduates.

As Kouzes and Posner (2002, p. 31) point out, "To effectively model the behavior they expect of others, leaders must first be clear about their guiding principles. ... leaders are supposed to stand up for their beliefs, so they'd better have some beliefs to stand up for." This paper uses a survey of the literature and a personal observation approach to explore how the transformational leadership model serves as an effective classroom leadership model for instructors in business ethics in theory and in practice.

THE CALL FOR MORE ETHICAL BUSINESS GRADUATES

It has been several years since a number of business scandals rocked the American business climate. Court verdicts still loom for some alleged culprits. Problems can come from anywhere whether family, government, the workplace or society at large (*Ethics Education in Business Schools*, 2004, p. 9). Many in the business and business ethics communities are realizing that real changes have to take place in values based ethics, beyond the compliance recommendations of Sarbanes-Oxley. At stake is our free market system. The *Ethics Education in Business Schools* (2004, p. 7) report concurs: "At issue is no less than the future of the free market system, which depends on honest and open enterprise to survive and flourish." Aronson (2001, p. 245) highlights the need for corporate leaders to maintain long-term success of the firm and ultimately capitalism and democracy by demonstrating ethical behavior which he says "may essentially be described as behavior which is good as opposed to bad or right as opposed to wrong." Mendonca (2001, p. 268) adds that "Organizational effectiveness on an enduring basis is greatly enhanced by the self-transformation of the leader and of the followers that is inherent in ethical leadership." The need for more ethical leadership in business is clear. Something needs to be done to encourage ethics in students.

Business leaders and business ethics leaders in the United States and elsewhere (Milton-Smith, 1995) are collaborating to discover solutions. Both are looking to business school instruction for help. There is a realization that business schools aren't the only ones working to make the world a better place but they can provide guidance to students to do the right thing and also be successful (*Ethics Education in Business Schools*, 2004). There is a sturdy resolve to find answers no matter how much effort it takes.

Even though ethics instruction has been part of business schools for years, there is a concern that business schools have not been taking their ethical instruction role seriously. An alumnus of Harvard Business School provides an enlightening example. It was said that Jeff Skilling liked "guys with spikes" (McClellan & Elkind, 2003). He appeared to resonate with a Darwinian *survival of the fittest* approach to business ethics with raw cash tossed like dripping red meat as the *stimulus* and cutthroat, take no prisoner business tactics as the faithful *response*. Ironically, this *enlightened* and *practical* view of business ethics culminated in a rumination by Skilling during the last days of Enron: *the traders have taken over* (McClellan & Elkind, 2003), one of the key groups that Skilling controlled.

Jeff Skilling graduated from Harvard Business School. Not too many years after Skilling graduated (in the late 1980s), Etzioni (2002) relates his experience observing Harvard business faculty debating about what to do with a large grant to develop business ethics instruction for their MBA students. In the debate on how the monies should be used most effectively, several professors enjoined that business ethics instruction at the MBA level was useless. Students had already formed their views, so there was no need to interfere. One professor in particular argued that everything is relative anyway so there can be no positive influence.

The Dean of the University of Houston-Downtown College of Business penned an article where he asserted that he saw no problem accepting bribes in international business settings because "everyone is doing it" anyway and you have to "do what you have to do" to compete (Bates, 2006). In fact he basically chides those who don't take bribes as reflecting "our cultural arrogance as we try to impose our values, our business practices and our way of doing things upon other countries. ... Imperialism of values ... is treacherous because it is indirect, subtle, subtle, cumulative and destroys the sovereignty of countries." Obviously there is no antithesis with this gentleman. Insisting on honesty can be *unethical* depending on what part of the world you live in.

Even in Australia concerns about audit fraud in the 1980s have caused business schools there to come "under increasing pressure to address the issue of business ethics and to 'develop and educate' a new generation of more ethical business people" in spite of the fact that there was a realization that they had previously provided little leadership in the area of business ethics instruction (Milton-Smith, 1995, p. 684).

As the AACSB puts it (*Ethics Education in Business Schools*, 2004, p. 9), "While a number of business schools have developed innovative strategies for engaging students in the challenge of providing ethical leadership, the assumption of many faculty and program leaders that the majority

of students are being adequately prepared in this domain is highly questionable." So there has never been a more opportune time for business ethics instructors to rise to the occasion and make positive differences for business ethics at the individual and corporate levels. Will you be one of those instructors?

TRANSFORMATIONAL LEADERSHIP

There has been a strong call for a different approach, to make ethics work (*Ethics Education in Business Schools*, 2004) and to *teach students well to do well*. Business ethics instructors serve as leaders for their students. Since they are leaders in the classroom, what leadership model will be used? What will be that leadership approach that will help students *do well*? In this section, we will review the basic tenets of transformational leadership, affirm it as a viable moral leadership approach, show how this approach can be useful in any organizational situation, and explore how it is an effective approach for key leaders as they influence organizations for good.

People have been studying leadership for thousands of years including principles associated with transformational leadership (Humphreys & Einstein, 2003, p. 87). Recently more information has emerged. Today, the transformational leadership approach has promise because of its inherent focus on morality. Ciulla (1995) notes that good leadership refers not only to competence but also to ethics. Hood (2003) ties leadership to values. She found that "the ethical orientation of the CEO is a critical issue to consider in understanding ethical practices in organizations" (Hood, 2003, p. 269). She found that as the key leaders (CEOs) in organizations reflect social (including forgiveness, helpfulness, politeness and affection) and personal morals (including honesty, self-respect, courage and broad-mindedness), based on Rokeach (1973) topology, that they tend to support formal statements of ethics and tend to strive to produce more ethical organizations. Also she found that transformational leaders (as determined by the Multifactor Leadership Questionnaire by Bass and Avolio, 1995) tend to strive more for ethical conduct and ethical organizations. Mendonca (2001) concurs that effective leadership necessitates that leader's behavior and influence techniques reflect ethical and moral values.

In recent years, transformational leadership has received as much or more research attention as any other leadership paradigm (Sivanathan & Fekken, 2002). Avolio and Bass (2004) highlight four basic components of transformational leadership:

1. Idealized influence (followers idealize and emulate the behaviors of their trusted leader)
2. inspirational motivation (followers are motivated by attainment of a common goal)
3. intellectual stimulation (followers are encouraged to break away from old ways of thinking and are encouraged to question their values, beliefs and expectations)

4. individualized consideration (followers' needs are addressed both individually and equitably).

Transformational leadership occurs when, in their interactions, people "raise one another to higher levels of motivation and morality. Transforming leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both the leader and the led, and thus it has a transforming effect on both" (Burns, 1978, p. 20). Leaders transform and motivate followers by: (Burns, 1978; Bass, 1985) (1) making them more aware of the importance of task outcomes, (2) inducing them to transcend their own self-interest for the sake of the organization or team, and (3) inducing their higher-order needs.

According to Bass (1996; 1997), transformational leadership is considered effective in any situation or culture and does not specify any conditions under which authentic transformational leadership is irrelevant or ineffective. Krishnan (2002, p. 23) shows that transformational leaders will try to influence the values of his or her followers: "Transformational leadership involves the uncovering of contradictions among values and between values and practice, and the realigning of values in followers. Congruence between the value hierarchies of leaders and followers would produce a powerful potential for the exercise of purposeful leadership."

It seems that the values of key leaders play an important role in the health and effectiveness of organizations. This bodes well for the use of transformational leadership in the classroom, with its high level focus on the values of leaders, as a leadership model for key leaders in organizations. Hood (2003, p. 264) suggests that top managers, particularly their ethical traits, play a key role shaping ethical behavior with individuals in the organization. Van der Colff (2004, p. 503) suggests that transformational leadership is one of the competencies required for leaders for the 21st century. Dionne, Yammarino, Atwater, and Spangler (2004) looked at the link between transformational leadership and team performance. Krishnan (2002) highlights that several studies have demonstrated empirically how values affect personal and organizational effectiveness. Chen (2004, p. 432) concluded that leaders can influence subordinates through interactions and culture in Taiwan. "Organization culture has a significant impact on how employees view their organizational responsibilities and their commitment. Leaders affect their subordinates both directly through their interactions and also through the organization's culture." Bass (1999) mentions the "augmentation effect" which is the positive impact of transformational leaders. "Leaders are responsible for the organization's moral climate ... Through the use of morally appropriate influence strategies and tactics that are motivated and guided by moral intent, leaders can facilitate the moral development of followers" (Mendonca, 2001, p. 268). Bass (1998) emphasizes that leaders (past and present) impact the organizational culture with their values which flow from their beliefs.

So transformational leadership offers promise for impacting organizations. But it has to be more than the leader's beliefs. The leader has to also intentionally take action to bring ethics to bear on followers. "Ethical behavior on the part of the leader would appear to be a necessary condition for the establishment of an ethical organization, but this alone is not sufficient. Ethical leadership

is required. CEOs are obliged to set a moral example for organizational members and to demarcate the constant striving for increased profits from those activities which may be detrimental to the values of society in general" (Aronson, 2001, p. 245). What can business ethics instructors do to have that impact?

BUSINESS ETHICS INSTRUCTORS AS TRANSFORMATIONAL LEADERS

Let's continue our examination of transformational leadership and see how it might relate to teachers as leaders in business ethics classes. We will look at research on the issue and consider personal observations of a business ethics instructor.

Research

Pounder (2003, p. 8) acknowledges that "there is a paucity of research examining the applicability of the transformational leadership notions to an instructional setting." But he goes on to emphasize that there really is a natural relationship between transformational leadership and instruction: "Thus, communication of one's teaching philosophy falls squarely within the inspirational motivational dimension of transformational leadership and influencing students by example is central to the integrity dimension" (Pounder, 2003, p. 10). Pounder also sees teaching as shaping the climate for excellence through inspirational motivation, integrity, and getting students to stretch their goals, which are aspects of transformational leadership. Motivating students through fairness, feedback and encouragement is likely to be a product of employing impression management and individual consideration with the deep sense of values and commitment generated through the use of inspirational motivation and integrity. Amitay, Popper, and Lipshitz (2005, p. 57) show a link between transformational leadership style and learning as looked at through the concept of "organization learning mechanisms" (OLM). "This refers to institutionalized organizational arrangements in which individuals reflect on behalf of the organization by collecting, analyzing, storing, retrieving, and dissemination information and knowledge that is relevant to their own performance and to the performance of the organization. ... where members of the organization interact for the purpose of learning" (Amitay, Popper & Lipshitz, 2005, p. 58).

Qualities of CEOs that are important to transformational leadership also can pertain to teachers having a positive impact on students. So, even though there is not much research on the instructor in business ethics learning, there is a fair amount of research that indicates what makes a leader have a positive impact on subordinates in business, thus tying transformational leadership to subordinate effectiveness. Others concur. Belisle (2004, p. 3) alludes to transformational leadership when she encourages the teacher leader to act as a change agent when working with high school students, seeing teachers as leaders as the key to school reform. Hood (2003, p. 264) reiterates, "Ethical leadership is essentially transformational in nature. The preparation for ethical

leadership therefore involves the self-transformation of both the leader and of the followers. ... Undeniably, the leader is indeed the soul of the organization, whose beliefs, values, and behaviors influence and share, for better or worse, the organization's moral environment." The leadership style of the CEO thus serves to communicate and exhibit the values that lead to an ethical orientation in the organization. Kelloway, Barling and Helleur (2000) emphasize the need to inject transformational leadership principles into training. Leaders inspire followers but the leader's moral actions give creditability to the vision. Without moral actions, followers view the leader's vision with skepticism (Mendonca, 2001). Hood's study (2003, p. 263) "adds to the literature on developing and maintaining an ethical orientation by examining the underlying values and leadership style of the top manager and their effects on corporate ethical practices." Pounder (2003) summarizes several benefits of transformational leadership, particularly to learning including: gaining of confidence, coping with stress among teams, and enhanced individual commitment to the group or organization. Just as corporate leaders are critical for not only talking about ethics but making them work so that their behavior sets the tone for ethics; so professors in the classroom have the exact same responsibility, if not MORE so. If CEOs are shown to be critical to business ethics knowledge and practice, if educators say it is important, if leaders in business instruction advocate it, SURELY we must consider using the transformational leadership approach in our business ethics instruction.

Leadership suggests that you want to have a change in your learner. You want to influence them in such a way that they will be different. How do you do that in a classroom? How do you evoke passion in learners without becoming overbearing or bias? The solution is to realize that everyone has a standard for ethics. The problem is that most people have not identified the basis for that standard. By passionately communicating your own standard as an instructor, as transformational leadership suggests, and encouraging students to identify their standards, learning can take place; ethical learning. This creates in the classroom what is found in business. You have to carry out business with different people. This means that you have to understand and appreciate those who have different standards. However, you also must be true to your own standards. A healthy classroom environment will encourage this dynamic.

In other words, you want to make your students into transformational leaders by demonstrating transformational leadership to them as you teach. This is how business ethics instruction is multiplied into having a broader impact in the business world. If, as Kouzes and Polsner (2002) suggests, that leaders cannot impact others until they have clearly articulated their own values, then one of the primary goals of business ethics instruction should be to have students figure out their foundation for ethics; or universal. Because this will provide the passion that will cause them to want to make a difference in the lives of others.

Personal Observations

Now let's examine some applications. I base the following observations on my six years of teaching business ethics and reading extensively on the topic. The purpose here is to try to identify elements that should be included in our business ethics instruction that reflect the transformational leadership approach and really do impact students to act more ethically in business.

What are the ramifications for the instructor for helping transform students? As a transformational leader delivering business ethics instruction, you must figure out your universal and be able to clearly articulate it. Krishnan (2002) makes an important distinction between an instrumental value: a belief concerning a desirable mode of conduct; and a terminal value: a belief concerning a desirable end-state. Our *end-state* is our worldview. It answers the question why we hold to certain standards and not others. As a transformational leader you should passionately embrace your worldview to the point that you would want to encourage others to adopt it. This is critical because the whole basis of transformational leader is to change others into something based on some standard of what is right and wrong. To avoid this step can prove confusing to students. In my on going reading in the area of business ethics, I was referred to a book on ethics from a religious perspective. The author began the book by lauding another author who inspired his writing, James Rachels. Wanting to go to the original source, I poured over Rachels' book. It is an excellent book, detailing the different views towards ethics. Yet I noticed a pattern in the book. He could not really say with conviction that anything was true, even the definition of the word *morality*: "It would be helpful, therefore, if we could begin with a simple, uncontroversial definition of what morality is. But that turns out to be impossible" (Rachels, 1986, p. 1). He goes through the entire book presenting excellent material about different views towards ethics. He even presents his own view at the end which he calls *Morality Without Hubris* (or MWH). Yet even after analyzing all views and presenting his own, he is left with: "MTW is a satisfactory moral theory. ... However ... it would be wise not to make too grandiose a claim for one's own view" (Rachels, 1986, p. 151). So there is no real Truth that Rachels can assert, so there is no transformational leadership.

Many who teach business ethics may be using the same tentative approach. We realize that we need to give a tip of the hat to universals; metaphysical foundations for what we believe, but we are not willing to take a stand on right and wrong. Our approach is to simply dump different view unceremoniously in front of students like a doctor performing an autopsy. The understandable affect is sobering. Does this inspire ethical behavior in students? I think not. Krishnan (2002, p. 30) found in his study that followers "emulate only the terminal value systems of transformational leaders, but not their instrumental value systems ... One of the managerial implications of this study is that one should pay attention to terminal values of subordinates if a change is contemplated." In other words, followers pick up on the worldview of the leader and the *reason* for ethical actions, not just the individual choices themselves.

In order to have a truly transformational impact on students, our standard must include absolutes and antitheses. As Schaeffer (1968, p. 13) argues, standards hinge on our methodology, "the way we approach truth and knowing." To have truth, and therefore morals, your presuppositions must include absolutes and antithesis: if something is true, the opposite must be false. We don't like antithesis for two reasons; it can expose our own guilt. If some things are right and wrong then we can be wrong and we don't feel comfortable with that. Also, antithesis can lead to legalism. This is why in the Christian tradition there is so much emphasis on love. The goal is goodness, not harshness. Also, rules in themselves do not make people better. That happens in the heart.

I think the transformational leadership approach would argue something different. We owe it to our students. Transformational leaders clearly identify and articulate their own standards and where the standards come from. Then we can inspire students by encouraging them to think through their own standards and cite ourselves as examples. We also want to model transformational leadership in our class. We want to motivate students with ideas like this: "we want you to be great in business ethics so that you will have a positive impact on your work environment, no matter where you go." We need to inspire students with the notion that they can make a difference in business and warn them of difficulties. Aronson (2001, p. 248) highlights that ethics is basically the study of standards for determining good and bad behavior and that, "Various ethical theories exist because throughout the ages philosophers have adopted different perspectives regarding the criteria upon which ethical judgments should be based." Students need to think for themselves and determine which of these theories reflect Truth and which do not.

So, in teaching business ethics, there are two alternative. One is to present different views of business ethics and really not embrace any of them. This is not transformational and will not have an impact on students to act more ethically. Another alternative is to present different views of business ethics while embracing one particular view but not telling students about this preference. At best, this is an oversight, at worst, it is dishonest. Much of public discourse these days has lost all sense of reason and has shifted to the lowest basis for communication, the polemic. This is a technique used to advance an agenda through verbal attack. The problem with the polemic for instructional purposes is that it focuses on attacking opponents rather than rationally presenting one's own position. It believes the worst about human nature that people are not smart enough to make decisions on their own as to what is right, so they have to be manipulated verbally. This is not a good basis for instruction. It comes up in academia when students are penalized for taking a view that differs from an instructor. We do not want this atmosphere in business ethics instruction. We want to create an environment of freedom. We want students to freely express their own views. Hood (2003) states that transformational leadership strives to meet expressed needs of followers on their own terms regardless of his or her worldview. Transformational leadership style originates in personal values and beliefs of leaders, not in an exchange relationship between leaders and followers

(Bass, 1985), yet these values take into consideration followers' enduring needs. The goal is rational persuasion, not coercion.

But we also want students to understand different views because students have to carry out business with those who disagree. So, when we present different standards for ethics we also need to give students the freedom to explore their own views. That's why a complete course guide should include different viewpoints as well as Outside Learning Activities where students can gain credit for reading something of interest to them alone, that helps them in the task of exploring their own worldview. Students should also be introduced to the concept of worldview and explain the relationship between universals and particulars; that for particular actions that occur in business there is an ultimate reason for those actions. Students should be reminded that beliefs form the foundation of ethics because beliefs determine the standard. Students should be challenged to put forth their best effort. I say something like this: "You will be meaningfully employed for at least 40 years after this course. You will be working hard and you will be holding on to some ethical system. Don't you think it makes sense to spend ten weeks to really figure out what you believe? Because when you face the real difficulties of business, this is what you will hold on to; this is what will help see you through." The key point is honesty and fairness. We need to be up front about what we believe and fair and respectful toward those who disagree with us. Perhaps we need to produce what Covey suggests (1991, p. 108): "honestly matching words and feeling with thoughts and actions, with no desire other than for the good of others, without malice or desire to deceive, take advantage, manipulate or control."

Students should be encouraged to realize that their belief, no matter what it is, forms the foundation of the particular ethical choices that they make. The goal is honesty on the part of students so that they will become effective ethical leaders. As some argue, leadership can happen from any position in the organization if a person has expertise and integrity. People will listen and follow that type of person. This also reflects the essence of transformational leadership and gives students emotional intelligence, which is that non-academic ability to understand people and how to effectively work with people.

To help students understand their own ethical viewpoints, they need to carry out research and reflect on their own views. This needs to culminate in an assignment where students have to write their own, personal ethics statement where they have to articulate their universal and the particular principles that flow from their universal. Taking something like *The Worldview Questionnaire* (Ruddell, 2002) can also help. Students need to be able to present their point of view and then work with others to formulate a business ethics statement for an organization that allows them to find a common ground for doing business.

In business ethics, students need to know how to resolve the challenge of finding some unity amidst diversity. This is accomplished by helping students understand the difference between *tolerance* and *pluralism*. Belz (2001) argues that *tolerance* means that we respect each person and treat everyone humanely while *pluralism* is the notion that every idea is equally valid. Both

tolerance and pluralism suggest that we show respect for people. This is important to any successful organization and students should understand and respect other viewpoints in class discussions. One way to accomplish this goal is to require a Cross-Cultural assignment where students research a different country and present findings on the cultural and ethical issues involved in doing business in that country (or region). It is particularly helpful to have someone from the different country participate in the group or speak during the presentation.

However, tolerance suggests that students not only respect different people and different points of view but they are also obligated to think critically by analyzing these other points of view in light of their own point of view. Specifically they should compare other ethical points of view with their own. The goal is to respect people but that does not mean that all ideas presented must be equally valid. Students need to learn to discriminate right from wrong, truth from falsehood, good from bad. Students need to understand that organizations can allow for diversity in many things but there needs to be some agreement on the stated organizational standards (ethics) for productive working relationships to exist. The key is to honestly understand and communicate those standards.

For students, "business is business" is simply making a grade and getting out of the class. Many students are functional utilitarians. They need to understand why ethics are good for business in the long run. Milton-Smith emphasizes that there is a consistent opinion that ethics are good for the long term survivability and help provide a positive reputation and the ability to compete worldwide (1995). In the classroom, this means creating an atmosphere for learning by focusing on why learning is good. Meet the desire of students for reward by being prompt with returning grades but also emphasize feedback based on class objectives on papers rather than a grade only. Print out grades at the end of the semester so students can confirm the marks they have.

In summary, Hood (2003) reviews that a transformational leadership style tends to encourage ethical practices in organizations but skills in defining values-based vision, communicating the vision to followers, and using power effectively to implement the ideal are also critical to creating ethical organizations. These are the things a teacher needs to do in the classroom to impact students. Siegrist (1999, p. 297) emphasizes the critical need for graduate business programs to "move beyond the training of efficient managers" to develop curriculum and delivery systems to produce "visionary, moral, and transformational leaders." This must be our focus in business ethics instruction. As someone has said (English, 1994, p. 231) "leadership without morality is simply bureaucratic technique." We want to prepare students to be ethical as individuals in business but also equip them to lead ethics initiatives in organizations in which they will be involved.

DISCUSSION

Let's look at some principles that relate to transformational leadership in business ethics instruction. More investigation needs to be done on each topic but we can still glean some practical

suggestions for business ethics instruction which will be summarized at the end. It is hoped that there will be additional and more in depth work on issues related to this important topic.

Transformational Leadership Principles for Instruction

Podsakoff, McKenzie, Moorman, and Fetter (1990), following a review of the literature on transformational leadership, concluded that it can be summarized by six behaviors:

1. Identifying and articulating a vision
2. providing an appropriate model
3. fostering the acceptance of group goals
4. high performance expectations
5. providing individualized support to staff
6. intellectual stimulation

They adapted the above to include: communicates a vision, develops staff, provides support, empowers staff, is innovative, leads by example, and is charismatic. It might be useful to consider listing in detail what classroom behaviors are needed to accomplish these leadership goals as a way for directing curriculum.

Some companies can simply go through the motions regarding business ethics by being haphazard at best by developing *superficial* codes of conduct (that may not apply to top management) and *strategic* corporate philanthropy which can result in a *bottom line* approach (Milton-Smith, 1995). However, some large companies have moved ahead with developing business ethics in their organizations including: codes of ethics, ethics committees, communication systems for employees to report abuses or seek guidance, ethics training programs, ethics officers, and disciplinary processes (Mendonca, 2001). Other qualities to develop include in businesses are (*Ethics Education in Business Schools*, 2004):

- ◆ corporate responsibility
- ◆ corporate governance
- ◆ tools for recognizing and responding to ethical issues both personally and organizationally
- ◆ positive and negative examples of everyday conduct in business
- ◆ advance ethical awareness, ethical reasoning skills, and core ethical principles.

Milton-Smith (1995) mentions the following indicators that companies show a positive interest in business ethics: codes of ethics, ethics education programs, the handling of ethical

violations. This serves as another useful guide for business ethics curriculum; making sure business ethics students understand and can implement actions that improve business ethics in companies.

Business ethics instructors need to continually learn from business. "The self-transformation needed for ethical leadership revolves principally around character development. Yet, a survey of the codes of conduct of more than 200 companies found that 'the most ignored item was personal character - it seemed not to matter'" (Walton, 1988, p. 170). We need to be in touch with problems and solutions found in business.

Let's consider measurement. There are some issues to resolve. The heart is important to character development which certainly seems to be the purview of transformational leadership. Because the heart is all that is going on inside the person, it is difficult, if not impossible to measure. It is difficult to understand one's own heart, much less someone else's. We can look at actions but that is difficult to measure in a higher education situation. It is hard to predict what people will do in the future and then tie the business ethics instruction that they received to that behavior. Perhaps the best that can be done is to try to evaluate their attitude towards ethical issues that they will face in their academic lives and then project what they might do as a result of that and see if business ethics instruction has anything to do with a change in how they will face ethical issues in school and then project that they will have a similar response in business. We can also measure understanding of issues related to business ethics and attitudes toward certain ethical issues. So some things to consider for evaluation include a focus on knowledge obtained (do they know more about ethics than when they started?): pre-test and post-test (Mendonca, 2001). We can look at whether or not students have more consistent understanding of their worldviews. We can look at their opinions; do they think they are more ethical and their basic attitudes towards school ethical issues: pre-test and post-test.

The issue of which standard is the focus for the transformation, as discussed previously, is important in helping students sort out communications in today's complex culture. We have to help students understand that some would inject political and philosophical issues into the term *transformational* that might prove misleading. For example, Rashke (1989, p. 22) notes that; "Lurking in back of New Age semantics, which become compressed into such flagrant, pseudo-religious word mysteries as 'empowerment,' 'wholeness,' or 'planetary awareness' are verbal subliminal incendiary devices that can be used to torch just about all the benchmarks of moral authority, logical inference, and critical scrutiny that distinguish a culture." He goes on to say (Rashke, 1989, p. 23), for example, that Abraham Maslow and California's Esalen Institute were the benchmark for the New Age fusion with business and were first to "span the long-standing cleft between the 'softer' world of liberal learning and the 'harder' tradition of management science." He goes on to sound an important warning when it comes to transformational leadership (Rashke, 1989, p. 31): "Helping employees become better people sounds innocent enough. But the not so altruistic end behind the philanthropic semantics is behavior change." That's why it is so critical that business ethics instructors be open and honest. Students need to make choices with eyes wide open.

Ethics instruction needs to be broader than just a business ethics class. It needs to permeate the entire business school and university curriculums. "Creating a learning organization would indeed be the objective of ethical leaders. To achieve this objective, the leader first acquires personal mastery and then assists and empowers all employees to do the same. ... critical elements of personal mastery: shared vision, objective assessment, focused energies, and creative tension" (Mendonca, 2001, p. 271). Organizational values need to be widely shared if there is to be a consistent organizational profile (Krishnan, 2002).

The covenant is a good model for consideration as part of the transformational organization: "The employee-organization relationship is that of covenant ... In such a relationship there is not tradeoff between economic success and moral principles. Rather, adherence to moral principles constitutes the organization's higher purpose" (Dupree, 1989, p. 271). The covenantal model reflects the stakeholder idea that all parties in a business transaction should be considered whether they be employees, vendors, customers, stockholders, or society in general. The covenant stresses commitment to people based on trust with rewards and consequences to follow based on how the commitment is carried out. The covenant also includes a sign of agreement. This can be a powerful organizational culture tool to have some physical sign of covenantal commitment present in an office.

There seems to be some similarities between transformational leadership and servant leadership which might merit further examination. Stone, Russell, and Patterson (2004, p. 349) found that they are similar but the primary difference is the focus: "the transformational leader's focus is directed toward the organization, and his or her behavior builds follower commitment toward organizational objectives, while the servant leader's focus is on the followers, and the achievement of organizational objectives is a subordinate outcome." ... both ... "offer the conceptual framework for dynamic leadership."

TQM principles might shed some light on transformational leadership and business ethics instruction. Babbar (1995) compares Total Quality Management principles to the classroom which reflects on transformational leadership. Based on his research, he argues in favor of the application of TQM to instruction as follows:

1. communicate your teaching philosophy up-front;
2. influence students by setting a good example;
3. shape the climate for excellence and get the students to stretch their goals; and
4. motivate students through fairness, feedback and encouragement while instilling in them a deep sense of values and commitment.

The study of Wisdom can prove useful as a goal of business ethics instruction. Longman (2002, pp. 14-15) finds that; "Wisdom is a rich concept and is not easily summarized. ... wisdom is the skill of living. It is a practical knowledge that helps one know how to act and how to speak

in different situations. Wisdom entails the ability to avoid problems, and the skill to handle them when they present themselves. Wisdom also includes the ability to interpret other people's speech and writing in order to react correctly to what they are saying to us." It is not about academic intelligence but something more. This is why Proverbs 30:24-28 (tells us to notice ants, rock badgers, locusts, and lizards) and other places point to animals for examples of wisdom because though they lack IQ, they "know how to navigate life well" (Longman, 2002, p. 15). Longman (2002, p. 15) continues by pointing out that the idea of emotional intelligence from the book *Emotional Intelligence*, by Daniel Goleman "sounds very similar to the concept of wisdom in the book of Proverbs - at least at this initial stage of our definition." If, as Leban and Zulauf (2004, p. 560) suggest, there are linkages between emotional intelligence and transformational leadership, then perhaps a study of Wisdom can yield fruitful ideas for the practical application of transformational leadership.

Bierly III, Kessler, and Christensen (2000) reiterate this practical application in a slightly different way by showing how wisdom applies to organizational knowledge management. They (Bierly III, Kessler & Christensen, 2000, p. 596) point out the general argument of many that "superior knowledge in critical areas will lead to a sustainable competitive advantage and organizational success" and also go on to point out the fallacy of the underlying assumption (that more information and knowledge lead to greater success) behind this argument. They argue for the need for *organizational wisdom* which they describe as: "The judgment, selection and use of specific knowledge for a specific context ... That is, wisdom relates to the ability to effectively choose and apply the appropriate knowledge in a given situation" (Bierly III, Kessler & Christensen, 2000, p. 597).

One challenge with the transformational leadership approach in the classroom is that no matter how hard you try to show and tell students that it is *OK* for the professor to have a point of view and still remain fair, some people will probably be offended, probably by those who disagree with your values. It could be said that this is actually a sign that you are doing well; that you are causing people to think. The main thing is that the offense comes because the other individual (student) is not transformational and cannot respect your values (as the instructor); not vice versa. More analysis needs to be done to discover exactly where the problem lies.

The transformational leadership approach certainly reflects a theistic worldview that God wants to transform His people into His likeness. Cooper (2005) asserts that the Apostle Paul exhibited a strong sense of moral purpose and other qualities that qualified him as a transformational leader and thus worth studying. He cautions against making too close an alliance with transformational leadership (and the servant leadership model as well) but allows for discussion. He supports the idea of the Holy Spirit as transformer through the presentation of Truth (the Scripture) presented in an accurate way.

How do can these principles be used? There are applications.

Practical Recommendations for the Classroom

Based on the preceding transformational leadership principles, here is a summary of some practical suggestions for the classroom. Each principle will be listed followed by practical suggestions for instructional implementation.

Articulate a Vision

Provide an orientation for students the first day of class. Explain the vision for the course. You want students to become leaders. You want them to understand what they believe. Tell them that you want them to make a positive difference in the world. Tell them that they will spend 40-60 years working and this is probably going to be the only time in their lives where they will reflect on their business ethics; the ethics they will use for the rest of their lives. Tell them that the world needs ethical people. Tell them that they are important and can make an important difference in the world.

Show a film clip of ethical leadership (like Dan Cathey of Chick-Fil-A) that will inspire students to pursue ethical leadership

Provide a Model

Tell students about yourself; your background, your strengths and weaknesses, and how students can best work with you. As part of the class orientation (1st or 2nd meeting), articulate your ethical point of view. Tell students that you have a particular point of view about right and wrong and tell them the basis of this point of view. So during class, you will listen carefully to their ideas but also, when appropriate, tell them what you think. You want to serve as a model of ethical behavior and someone who has thought out an ethical point of view.

Confirm yourself as a model by demonstrating your integrity and fairness by the way you administer the class. Always start class on time and always end on time. This communicates respect for students. Make it a policy to return any graded work within two class periods of when it was received or all students receive five bonus points on the assignment. Make sure all work for the semester is given out the first day of class and provide reminders to students of what assignments are coming up so they can plan their work. Respond to students' e-mails as soon as received, no later than one working day from when the student sent the e-mail.

Make sure that you grade students based on their own point of view when assignments are given asking for their point of view. As long as they are wrestling with what they believe then this is good and assignments or specific test questions where they are asked for their opinion/evaluation should be good. Show sincere interest in new or different ideas presented by students. Ask questions from students to understand more clearly and, if asked, tell them what you think and why.

Show friendliness to students. Talk with them as they come into the classroom, during any breaks, and after class. Model goodwill and acceptance. Take an interest in all aspects of their lives.

Give an assignment where students write out their own, personal ethics statements. Remind them that as you have developed your own ethics statement as the instructor that you want each student to do the same. This should not be primarily an academic paper but should capture what the student really believes.

Through cases and other examples, show how other companies and leaders demonstrate good ethics. Show films. Invite guest speakers. Explore cases. Invite students to attend professional business ethics meetings.

High Performance Expectations

As part of your orientation to students, tell them about your expectations for performance and that understanding business ethics is so important that it merits effort. Remind them that in order to accomplish all class goals, hard work is needed. Make sure that every assignment ties directly to class goals. For example here are four goals to consider: understand how good ethics ties to good business, understand your own ethics and the ethics of others in a global business environment, understand how to solve ethical problems in business, learn how to set up and carry out an ethics program in an organization. Use a baseball analogy. If they achieve the first goal, it is like a single. If they achieve all four goals, it is like a home run. Reward students for completing assignments (like receiving a 95 for completing homework) which rewards their effort as well as reward students for their knowledge and understanding (test grades). As you expect a great deal from students, expect a great deal from yourself as the instructor (see above and importance of modeling). Eliminate any extraneous reading or assignments from the curriculum that do not accomplish the course goals so that you make the best use of students' time. Give the class feedback on how the class is doing on homework assignments and what you expect from them so that there can be improvement.

Individualized Support

Provide individualized mentoring through project assignments. Consider giving a semester project where teams of students (4-5 on each team) establish a company (real or imagined) and set up the ethics program for that company including: mission statement, vision statement, ethics statement, code of conduct, how to report problems, steps for solving ethical problems, details about the ethics program, evaluation, reward systems, and how the ethics function fits into the rest of the organization. Allow class time to work on the project so that you can provide feedback and mentoring. Based on student needs, recommend other reading or specific business cases to consider.

Make sure to keep consistent office hours so that you are in your office when you say you will be in your office.

Intellectual Stimulation

Use a variety of learning techniques in the course. Students are stimulated in different ways based on their learning styles. Mix up your approach. In class include: short lectures, class discussion and small group discussion, group project activity with feedback, films, film clips to use as illustrations, research using the internet to reinforce class material, guest speakers, and presentations. Outside of class for homework, include: reading and answering questions, carrying out interviews with business people about their ethics, researching ethics of other companies, writing short papers about what they believe, attending business ethics events, reading other books of interest on business ethics and receiving extra credit, and researching articles on business ethics issues and solutions. Model your passion about business ethics by discussing your own research and/or reading as it applies to course goals.

In conclusion, we have examined transformational leadership as it applies to business ethics instruction. We have identified some principles and discussed ideas for possible implementation. I trust that together, we will lead students to more ethical behavior for the good of themselves, those with whom they work, and for the world.

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