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Ethical Leadership in Crisis Management: The Role of University Education

David A.L. Coldwell

Abstract

Ethical leadership is a necessary ingredient for successful crisis management. The study outlines generalizable prescriptive remedial steps that can be taken by business leaders faced by crises. But these remedial steps are simply the "bricks and mortar" of effective crisis management. The "pulsating soul" of ethical leadership is required to give such remedial steps the necessary moral compass for the initiation and sustained directional focus required for successful crisis management operationalization. The study's objective and purpose are twofold. First, it outlines a model of crisis management derived from recent case studies of best practice and briefly indicates how such practices reduce financial losses to the organizations concerned if correctly implemented by ethical leaders. Second, the study aims to show how ethical leadership required for effective crisis management might be nurtured through specific ethics-oriented postgraduate university instruction. The study suggests that these two aspects, ethical leadership and prescriptive steps to follow in the event of a crisis, are not only mutually reinforcing but also indispensable in effective crisis management.

Keywords: ethical leadership, crisis management, university education, prescriptive remedial steps, moral reasoning, ethical practice, moral identity

1. Introduction

Recent financial and business crises have indicated repeatedly the poverty of ethical and responsible leadership behavior in high places. A most recent example of this phenomenon, with global repercussions, was the Volkswagen (VW) crisis, which was largely brought about through the unethical Business Behavior of its leaders. Since the company confessed that it had cheated on emissions' tests for its diesel vehicles, it has sent out ambiguous and sometimes contradictory statements. Muller, the new Chief Executive, recently visited the United States and said that VW did not lie when it clearly had done just that. VW's reputation has plummeted as a consequence, with a recent Harris Poll of American attitudes to the 100 most

visible companies, ranking VW last [1]. Salomon, a Vice President of Nielsen which conducted the poll, ndicated that the public has more tolerance for labor disruptions and vehicle recalls but regards lying, misrepresentation, and intentional wrongdoing with the utmost opprobrium [1].

The poverty of ethical leadership in business executives appears to be a widespread problem of global proportions of which the VW crisis is but the most recent example. The VW crisis and the myriad of others similar to it point to a dire need not only for producing leaders with the necessary ethical acumen to lead important national and multinational organizations but also those who are strategically able to deal with crises effectively. These two aspects are, of course, not mutually exclusive. Ethical leadership is necessary to make crisis management effective. Only ethical leadership has the ability to build reputational capital, consumer, and public confidence through its demonstrable honesty and trustworthiness. Generalized prescriptive remedial steps can be provided to deal with many business crises [2]; however, these need to be guided and implemented by strong ethical executive leadership.

Many studies skirt round the issue of generating ethical leaders per se by concentrating on descriptions of the positive effects such ethical leadership has in particular organizational outcomes. The real issue is not so much the show what ethical leaders are capable of, there is already a suffice of formal and informal data available to demonstrate this; the real issue, which so far has remained largely unattended, is to develop resources to generate/create ethical leaders and to ensure, where possible, that only such leaders are selected for senior leadership positions. There is little doubt that this is a very wide-ranging issue that begins with early socialization processes, which remain beyond the control or development of later educational influences. Nevertheless, educational attainment and intelligence have been shown to be associated with higher levels of moral development [3].

At the university educational level, the issue of leadership development becomes one of whether and to what extent emergent young business leaders benefit from specific forms of moral higher education in enhancing their moral reasoning (MR) and practical ethical decision-making skills, and in so doing, underline the strength of their individual moral identities.

The chapter takes the following form. First, it indicates the importance of leadership in successful crisis management by describing a seven-step ideal-type model devised for this purpose [2] and its beneficial outcomes for the selected business organizations that emanate from incremental and sequential implementations of the steps. The empirical data on which the stepwise model is built clearly show that firms that react quickly and are open and transparent in their crisis management actions, derive social capital and financial resilience from it. Second, it indicates how the ethical acumen of future South African business leaders might be developed further at university level. For this purpose, a mixed-methods pretest, posttest, quasi-experimental study of postgraduate commerce students' moral reasoning and ethical decision-making development in response to specific ethical instruction is conducted using quantitative and qualitative analytical techniques. The chapter concludes with a brief outline of practical implications and suggestions for further research in this critically important area.

2. Ethical leadership in crisis management

Coldwell et al. [2] in a recent study of crisis management in the South African industrial context use Weber's "ideal-type" methodology [4] by adopting Johnson & Johnson's widely recognized example of international best practice in crisis management in its dealing with the Tylenol crisis. The study focuses on reputational and financial effects of pre- and postcrisis remedial steps taken by selected South African companies in accordance with Johnson & Johnson's best practice ideal type, and by devising a "responsibility compass" management model for the systematic resolution of company crises.

The ideal type for crisis resolution was obtained from McNeilab, Inc., a Johnson & Johnson's subsidiary which best introduced Tylenol in 1961. Very briefly, Weber's ideal-type method incorporates an analytical process using historical case studies of particular phenomenon to build conceptual "best example" models that include the essential properties of the phenomenon being studied.

Tylenol was an aspirin-based medicine, which became popular and ultimately monopolized a large share of the market. In 1982, seven people in Chicago died after taking Tylenol because, as was subsequently found out, the tablets were contaminated by cyanide [5]. In response to this crisis, the company reacted swiftly and thoroughly. All bottles of Tylenol, worth around $100 million, were recalled, and half a million letters were sent out comprehensively informing doctors, hospitals, and pharmacists of recommended action and the reasons for the crisis. Toll-free hotlines were set up to answer consumer problems and concerns. The company's thorough investigations ultimately found that the problem lay with tampering of the Tylenol bottles after manufacturing. In response to the crisis, the management decided to relaunch the product only after a tamper-proof container had been devised. As a result of this comprehensive and timely action by the management, Tylenol was quickly reestablished as a consumer favorite. In short, the ethical leadership at the Johnson & Johnson had clearly indicated that it puts the interest of public safety and health before company profits.

Coldwell et al. [2] combine a qualitative approach, using case studies and a quantitative time series analysis of company share prices to investigate South African firms which had recently suffered crises and had a strong propensity to undermine their corporate reputations. Coldwell et al.'s [2] stepwise model of crisis management is illustrated in **Figure 1**.

Figure 1 shows the basic schema of the step-by-step crisis model. The model indicates that a company crisis should be dealt with by seven prescriptive remedial steps derived from the best practice (ideal type) case of the Johnson & Johnson described earlier. The first step must be swift recognition of the problem by the company and an unequivocal acceptance of responsibility by its leadership team. This needs to be backed up by immediate and open communication with the media on the nature of the crisis and management actions taken to control it. Interaction with the media and public needs to be carried out by ethical leaders who are trusted and known to the public to be ethical in their business dealings, ideally built up through social capital formation over time or, if this is not possible, by their current trustworthiness, honesty, and reliability in their crisis' interfaces. The process of rebuilding consumer

and public confidence in the company and its products proceeds from a firm base of trust. Next, the prescriptive remedial step management is taking to solve the crisis through restructuring, redesigning, and modifying the company and/or its products need to be widely communicated to rebuild its credibility. This should be linked with a clear statement of the company's awareness of its societal (economic, social, and environmental) responsibility and, finally, an open and unqualified management apology to its consumers, the community in which it operates and the public as a whole. The tendency has been in many cases for a company's leadership to distance itself from direct blame and responsibility for the crisis, to clamp down, or to severely restrict public communication and to be parsimonious in apology. Such actions by company management invariably heighten public anger and underline their growing suspicion that something is being deliberately hidden from them. Action of this kind tends to undermine consumer and public confidence and the ethicality of its leaders both of which reduce or in some cases, completely eliminate any social and reputation capital it may once have held.
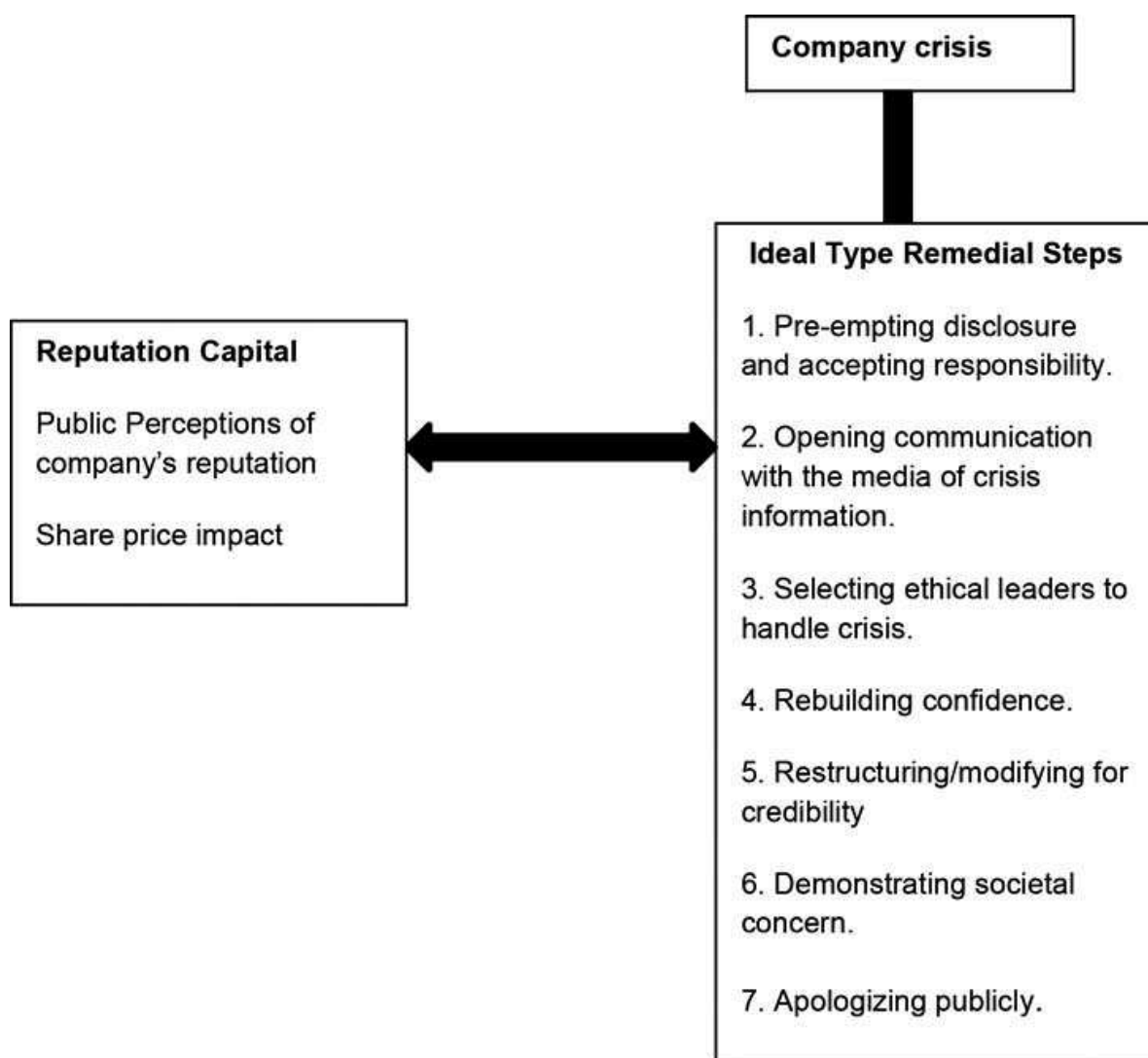

Figure 1. The "responsibility compass" crisis management steps' model (Adapted with permission from Coldwell et al. [2]).

Correct stepwise actions by company leaders in the manner indicated by the model will generally lead, as shown in **Figure 1**, to positive perceptions of the company that will, in many cases, lead to an enhancement in its reputation and add to its stock of social capital. Social capital has been likened to a bank savings account which can be used in times of financial stress to bridge financial difficulties. Social capital provides a store of consumer and public goodwill that can help ride a crisis and maintain and add to its reputation "stock." The mutually reinforcing interlinkage between management actions and social capital is illustrated with the two-way arrow indicated in **Figure 1**.

Coldwell et al. [2] in their study found that the full or substantive use of the seven steps in the model and the speed with which they were implemented was negatively associated with the size of share price that falls immediately after a crisis in the South African companies selected for the study. Share prices were also found to appreciate more rapidly 6 months after a company crisis in South African companies with higher levels of reputation capital and stronger product brands.

The seven-step approach to crisis management provides the "bricks and mortar" to successful crisis resolution, but for it to be fully effective, there is the need to find ethical managers to propel it. Like company codes of ethics, ethical practice (EP) cannot be motioned by specific rules, however, elaborate or detailed they might be. The drive and impetus for successful crisis management require honesty and integrity from company leadership if it is to convince an increasingly skeptical body of consumers and stakeholders of *real, ethically driven* socially responsible leadership aimed at benefiting society as a whole. The task then becomes the provision and identification of leaders who have the capacity for high-level moral reasoning and ethical practice and who individually hold strong empathetic moral self-identities, which tend to be essentially altruistic rather than narcissistic [6]. Plato's idea of leadership emphasizes self-knowledge and a checked ego traits that are crucially important in ethical leadership. Goldstein [7] points out that Plato's notion of leadership recognizes that self-knowledge and humility are factors that enable leaders to be open-minded and make decisions that are of general benefit to the community rather than those that simply help preserve the leader's power. Exactly how such business leaders can be identified and nurtured has been a topic of intellectual discourse and analysis since Plato who believed that leaders had to be identified and educated especially to take up positions of organizational power. Today it has become evident that the development of ethical leadership is multifaceted and complex, and stretches from early socialization influence initially within the nuclear family and broaden later in adulthood from influences and processes emanating from factors external to the family and from formal education system.

Although it is fully acknowledged that there is no singular socialization process or developmental program that can generate ethical leaders, it is evident that seemingly useful processes may turn out to be short-term ethical "cul-de-sacs" that wither quickly after development; it is the author's conviction that formal education, particularly at a university level, can play a significant part because of its direct interface with future business and societal leaders. With this possibility and potentiality in mind, the following section outlines an empirical quasi-experimental study of how a specific formal educational program of instruction in ethics can

help generate future business leaders who have the necessary powers of moral reasoning and knowledge of ethical practice to be able to add substance and sagacity in the management of crises they will almost certainly have to deal with during the course of their business careers.

3. Ethical leadership development through university education

What actually comprises ethical leadership? Swaner [8] presents four main aspects of ethical leadership, namely, moral sensitivity, moral judgment, moral motivation, and moral character.

Moral sensitivity is an ability to perceive ethical dilemmas through empathy. Moral judgment refers to an individual's ability to reason morally and make appropriate decisions on what needs to be done to solve specific ethical dilemmas. Moral motivation embraces an individual's personal commitment to moral action. Finally, the concept of moral character, that Swaner [8] considers to be individual courage and ethical persistence in any given compromising situation.

With regard to educational interventions to develop individual ethicality, possibly the most difficult would be the development of genuine moral sensitivity and empathy (e.g., it would be difficult/impossible to develop this in narcissistic individuals or in psychopaths) and moral character, because of the biological urge in human beings toward personal survival [9]. In short, biologically determined and personality aspects of moral behavior are unlikely to be directly malleable through education, particularly that of short-term duration. Nonetheless, it is maintained that more purely cognitive dimensions of moral behavior, such as those governing moral reasoning and ethical practice, are more open to instructional educational interventions. In other words, more technical aspects of moral behavior such as reasoning, moral judgment, and self-motivation may be open to development through specific, focused educational programs. An important aspect of being ethical is being technically competent and aware of what the ethical perspective entails and its purpose and importance. As Ciulla [10] points out, the Greek notion of virtue as portrayed by Aristotle embodies both technical competence and good will. For example, the purpose of a knife is to cut material, and from Aristotle's perspective of functionality, a good knife cuts easily and efficiently. Thus, a moral leader ought to be both competent and able to make effective decisions.

Moral reasoning is an important aspect of ethical leadership, and a high level of competency is required if leaders are to be effective in dealing with business crises as and when they arise. The association between moral reasoning and education has been widely studied, and contrasting findings have been reported in the literature. Some studies support and others reject the moral reasoning-education hypothesis [11, 12]. However, a meta-analytical study undertaken by Ketefian [13], which specifically investigated associations between education, moral reasoning, and ethical practice (with ethical practice and moral reasoning specified as dependent variables) found general supportive evidence for these associations.

Eight of the studies in Ketefian's [13] meta-analysis investigated the relationship between education and ethical practice, with a further five studies that addressed the relationship between moral reasoning and ethical practice. The meta-analysis' findings showed a small-to-middling relationship between education and ethical practice, with an overall mean for effect

sizes, $d = 0.44$, $p = 0.000$. Ketefian's [13] study also reported a small but significant relationship between moral reasoning and ethical practice (overall $r = 0.2$, $p = 0.000$). In general terms, Ketefian's [13] meta-analysis suggests that education affects ethical practice and moral reasoning positively with greater amounts of education being associated with higher levels of moral functioning.

Undoubtedly, the most influential research in the area of moral reasoning development was conducted by Kohlberg [3], and since it forms an important theoretical cornerstone to the study reported in this chapter, a brief outline of its major aspects is required.

Kohlberg's theory describes three basic stages of moral development. The first and earliest stage he called the pre-conventional stage of moral development. The pre-conventional stage describes a level of moral development usually found in very young children at the primary school level of education and is characterized by its emphasis on obedience reinforced by punishment when this lapsed. Later in the pre-conventional stage of moral development, children develop their individuality, instrumentalism (i.e., ways of obtaining what they seek), and methods of exchange in their relationships with others and in their social interaction with the world as a whole. This later development at the pre-conventional level has been referred to the "seeking-of-rewards stage" [14]. The reward-oriented stage that arises in the pre-conventional stage of development is further augmented in the conventional stage, the most prevalent final stage for the majority of adults. The conventional stage is considered to have two distinct levels. The preliminary level of the conventional stage is characterized by approval-seeking behavior, sometimes referred to as the "good boy/nice girl" stage of moral development [14]. The second level of the conventional stage is identified by moral behavior, which focuses attention to keeping the law and upholding and supporting the maintenance of law and order. The post-conventional stage is regarded by Kohlberg [3] as the final stage of moral development in terms of his theory, most adults never attain. It is comprised of two subcategories. The first category is altruistic in orientation which Barger [15] (p. 1) suggests consists of "an understanding of social mutuality and a genuine interest in the welfare of others." The final and most developed stage of moral awareness and behavior is recognizable in persons who believe in and apply universal moral principles and conscience-governed ethical control.

Crain [16] (pp. 118–136) presents a useful, if someone simplified, rendition of Kohlberg's [3] theory, which consists of six identifiable stages. These are summarized below:

i. *Pre-conventional stage 1* (S1) – consisting of obedience and punishment avoidance; a straight forward obedience to rules.

ii. *Pre-conventional stage 2* (S2) – characterized by egoism and exchange for individual gain, taking risks over obedience to rules when an opportunity arises to further one's own ends.

The conventional morality stage characterized by living up to social expectations consists of:

iii. *Conventional stage 3* (S3) – involving good interpersonal relationships and living up to expectations of those closest to ourselves.

iv. *Conventional stage 4* (S4) – maintaining the social order through living up to expectations of society.

The final stage of moral development, namely, the post-conventional stage, is characterized by behavior that adheres to that which conforms to specific moral principles and consists of two stages:

v. *Post-conventional stage 5* (S5) – oriented toward social contract and human rights, for example, doing what is best for society from a moral conviction such as a belief in democracy.

vi. *Post-conventional stage 6* (S6) – the application of universal principles, such as doing what is best for society from a universal principle such as that of universal justice.

3.1. The application of Kohlbergian theory to the current study

At this juncture, a brief note on how Kohlberg's [3] theory was operationalized in the current study aimed at measuring changes to student moral reasoning as the result of a course of instruction in ethics is required.

Rest et al. [17] provide a specific measuring instrument adopted in the current study because it presents a clear analytical platform for implementing the pretest, posttest research design.

Rest et al. [17] make an important conceptual moral definition when they distinguish between what they call "micro morality" and "macro morality" which correspond quite closely to the conceptual "micro" and "macro" aspects in economics.

Macro morality is regarded as the formal structure of morality as it is found in society in its institutions, role structures, and laws. Micro morality, on the other hand, is seen as the specific, face-to-face interpersonal moral encounters of people in their everyday lives. Macro morality affects persons through the existing rule systems and the application of the law. Micro morality is the enactment of individual moral behavior in their personal relationships with others, i.e., is a given individual trustworthy? Is this particular relationship an ethical relationship?

Both macro and micro morality are focused on the quality of interpersonal relationships and social cooperation. This conceptual distinction is important in Rest et al.'s [17] method for assessing individual moral judgment, which is discussed in more detail later in the paper and follows Kohlberg's more macro morality approach.

Rest et al. [17] developed a method of testing moral judgment based on the Kohlbergian approach which, Rest et al. [17] (p. 645) maintain: "follows Kohlberg's approach in four basic ways. (a) emphasizes cognition (in particular, the formation of concepts of how it is possible to organize cooperation among people on a society-wide scope); (b) promotes the self-construction of basic epistemological categories (e.g., reciprocity, rights, duty, justice, social order); portrays change over time in terms of cognitive development (i.e., it is possible to talk of 'advance' in which 'higher is better'), and (d) characterizes the developmental changes of adolescents and young adults in terms of a shift from conventional to post conventional moral thinking."

Rest et al.'s [18] Kohlbergian model is based on a similar stage-bound notion of moral development and uses three fundamental schemas related to five of Kohlberg's six stages. Rest et al.'s [18] model indicates gradual transition of moral reasoning development from the

personal interest (S2 and S3 stages) to the "norm" maintenance (S4 stage) and then to the post-conventional stages of S5 and S6.

Rest et al.'s [18] approach to assessing moral judgment differs from Kohlberg [3] in that while the latter requires participants to solve ethical dilemmas and explain their choices for their "solutions" in detail, the former approach asks participants to assess and rank a standardized set of conventional and post-conventional items relating to a particular moral story. Rest et al.'s [18] multiple choice approach, particularly its ability to effectively encompass reality through its constrained pre-formulated content, has received criticism [19]. Rest et al. [17], however, maintain that their approach to moral judgment measurement is better able to articulate tacit understanding than the interview approach adopted by Kohlberg [3] since many people are unable to effectively articulate moral judgments through detailed verbal explanations.

Aquino and Reed [20] suggest that a moral identity, socio-cognitive approach may have certain advantages over Kohlberg's cognitive-development model in moral measurement. Aquino and Reed [20] (p. 1423) state: "one key difference between the cognitive-developmental model and the socio-cognitive model is that the former emphasizes moral reasoning, whereas the latter emphasizes self-regulatory mechanisms. Both aspects are important because in the absence of self-regulatory mechanisms, the ability to engage in complex moral thinking may have less of an effect on moral behavior."

Moral identity is regarded by many authors as one aspect of self-regulation that motivates people in their moral behavior; it is therefore able to give some indication of how individual personalities affect their moral behavior [21–23]. The moral identity approach is used in the study to supplement the Kohlbergian approach to get a socio-cognitive, self-regulatory perspective of student moral identity to obtain some idea of this aspect at the end of the course of ethics instruction.

3.2. Method

A quasi-experimental pretest, posttest design, without control group and randomization [24], is adopted that incorporates a mixed-method approach to measure changes over time in student moral development. An "objective"-quantified nomothetic approach incorporating an abbreviated defining ethical issue (DIT2) and an idiographic, open-ended qualitative technique are used to elicit individual student perceptions of the effects of the course of ethics instruction on their moral reasoning and ethical practice. A mixed-method approach is adopted in the study to counter the problem of common method variance and to obtain nomothetic and idiographic perspectives bolstered the validity of the findings in an area notoriously difficult to measure effectively. IBM Statistical Package for the Social Sciences 22 (SPSS) and ATLAS.ti were used for the quantitative and qualitative phases of analyses, respectively. Statistical analyses are limited to descriptive statistics and frequency distributions because the smallness of the sample precluded the use of statistically more powerful parametric techniques.

A purposive sample of 28 students studying the Business Behavior module of Management Honors is used, of which 21 chose to participate in the study. Purposive sampling requires the identification of populations and settings prior to data collection [25]. Bryman [26] (p.

31) suggests that "the goal of purposive sampling was to sample participants in a strategic way, to obtain a sample appropriate for the research question and to ensure that there was a variety in the resulting sample so that participants differed from each other in terms of key characteristics." Purposive sampling is generally used when the researcher is interested in informants who are regarded as having ontologically based specific knowledge regarding the research topic of interest [27], in this case mostly young, cross-cultural postgraduate students comprising a group of probable future business leaders. The sample consisted of 21 students, 17 (81%) of whom were 25 years old or younger. Approximately 86% of the students were black and 14% white. Eleven (52%) students were male and 10 (48%) female. Thirteen students indicated home language as English, and eight students spoke languages other than English at home, including French, Xhosa, Ndebele, Sotho, Tshwane, Sesotho, Swazi, Shona, and Zulu. The pretest, posttest sampling was conducted anonymously and used age, gender, and home language-specific combinations to identify the same student in the posttest situation. The measuring instruments were subjected to ethical and research protocol clearance process administered by the centralized University Research Ethics Committee.

3.2.1. Defining ethical issues measuring instrument

Quantitative and qualitative measuring instruments are used in the study which implements a pretest, posttest research design. The quantitative measuring instrument used in the analysis incorporated an adapted and abbreviated defining ethical issues (DIT2) [28]. This scale was used as a formal measure of the effects of the course of ethical instruction on moral reasoning by considering whether students had developed a higher level of moral reasoning using Kohlberg's [3] categories. By measuring changes in moral reasoning at the beginning (pretest) and end (posttest) of the course, any formal developments in moral reasoning could be charted and analyzed. In addition, student perceptions of the effectiveness of the ethics course of instruction on their moral reasoning and practice were measured using qualitative open-ended questions and a quantitative two-item Likert-type scale. Students were requested to assess the course using a Likert-type scale ranging from "not at all" to "a great deal" the extent to which they felt it had improved their moral reasoning and ethical practice. The qualitative open-ended part of the questionnaire consisted of two items asking students to indicate in their own words the effects the Business Ethics course had on their moral reasoning and ethical decision-making practice.

The formal aspect of moral reasoning change in the student sample prior to and after receiving the course in ethics was measured using an adapted and abbreviated measuring instrument. The adapted measuring instrument adopted a single-case study (The Famine) taken from the DIT2. "The Famine" describes a small village in India faced by shortages of food in the past which is now faced by famine. The famine is so severe that some families in the village attempt to satisfy their hunger by concocting a soup made from the bark of trees. One of the families in the village headed by Mustaq Singh is now near starvation. Singh has heard that there is a rich man living in the village who has an ample supply of food which he is hoarding in a warehouse and is hoping, as the price for food goes up in response to its reduced supply, to collect a huge profit. Singh is desperation's door and even thinks of stealing some of the hoarded food

from the rich man's warehouse. He feels that the small amount of food he needs for his family probably won't even be noticed by the rich man anyway.

At the beginning and end of the ethics course, students are instructed to read "The Famine" story and to indicate whether they are in favor of the action of stealing the food on a seven-point Likert-type scale ranging from "strongly favor" to "strongly disfavor."

Students are also asked to rank the four most important of 12 issues relating to the Famine story. The 12 issues include Kohlberg-based:

- Conventional-oriented items such as "Isn't it only natural for a loving father to care so much for his family that he would steal?" and "Does the rich man deserve to be robbed for being so greedy?"

- Post-conventional-oriented items include "Would stealing bring about more total good for everybody concerned or not?" and "Is the motive of Mustaq Singh to steal for himself or to steal for his family?"

- Pre-conventional aspects such as "Is Mustaq Singh courageous enough to risk getting caught for stealing?"

A "dummy item" "Does Mustaq Singh know a good recipe for preparing soup from tree bark?" is interspersed with the conventional and post-conventional items in the scale to test the validity of the responses by indicating the extent to which respondents were actually applying their minds to the ranking process. Although the DIT2 used in the study is modified and abbreviated, Rest et al. [17] indicate that in its full form the DIT2 attains high levels of concurrent and predictive validity and a high level of internal consistency (Cronbach's α = 0.90).

3.2.2. The moral identity measuring instrument

The measuring instrument devised by Aquino and Reed [28] (p. 1425) is developed from "specific traits that have been empirically shown to be associated with what it means to be a moral person. For this reason, it is expected that a trait-based approach for measuring moral identity is less likely to invoke overlapping identities because it is content specific." The measuring instrument included adjectives *caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind*, to which respondents were asked to indicate the extent they identified in their moral self-identity reckoning.

3.2.3. The course of ethics instruction and measuring instruments of postgraduate student perceptions of this on moral reasoning and ethical practice

An overriding objective in business ethics instruction for postgraduate commerce students at the University of the Witwatersrand is to broaden their knowledge and understanding of their likely economic, social, and environmental responsibilities as future business leaders in a turbulent and fast-changing business world. Deepening such future leaders' moral reasoning and developing tools for practical ethical decision-making is crucial if they are to be able to cope with the business crises they are likely to meet in their later roles in business. Few empirical studies have

systematically analyzed postgraduate student moral identities and their development in moral reasoning and ethical practice in response to a specific ethical development program. The relationship between moral development and intelligence is well documented, but few studies have traced the development of a cognitively able, likely future leadership group in response to a specific university postgraduate ethical program of instruction aimed at developing moral reasoning and ethical practice.

The Business Behavior (BUSE4016) ethics course consisted of an intensive 7-week program of lectures and group work involving selected ethical dilemma case studies and presentations of student group answers to specific questions on the case studies during the classes. Each session lasted 3 hours or more. In addition, written documents from each group presenting group answers in detail were compiled after each session and marked by the lecturer. The marked answers were given with detailed feedback on the cogency of the moral arguments in students' interpretations of the case studies at each ensuing class before concentrating on a new ethical dilemma.

Presentations were made by a group member of one group in a class usually made up by about five groups with five students per group. Each presentation consisted of a 15-minute evaluation of a specific ethical dilemma and/or crisis. Students in groups were required to work out answers to the case study in consultation with other members in the group and prepare a short PowerPoint presentation of their combined deliberations. Group presenters and groups presented on a rotational basis at each class sequentially, so that everyone in the group presented at least once during the 7-week course giving their individual accounts of group-derived answers to specific ethical dilemma case studies. The presenter and the contents of the presentation are then cross-examined by class members and the lecturer, and the ethical motives and reasoning behind a group's "solutions" to the ethical dilemmas are subjected to detailed discussion and critique. Students also complete individually an open-book test comprising an ethical dilemma case study and/or a written class essay and have a formal written examination at the end of the semester. The case studies and lectures are focused primarily on business ethics issues that involve businesses' economic, social, and environmental triple bottom line. The overriding aim of the course of instruction in ethics is to develop moral reasoning competence through the exposure to various teleological and deontological ethical calculi and apply these in their ethical decision-making practices in class.

For purposes of the current paper, it is important to point out that many students, given their educational status and intellectual maturity, would be expected to have attained at least a conventional level of moral development with possibly some having reached the post-conventional level of moral development.

As mentioned earlier in the chapter, measuring instruments consisted of quantitative and qualitative sections. Students were requested to assess the course using a Likert-type scale ranging from "not at all" to "a great deal" the extent to which they felt it had improved their moral reasoning and ethical practice. The qualitative section of the questionnaire consisted of two open-ended items requesting students to indicate the effects of the Business Ethics course on their moral reasoning and ethical practice in their own words.

3.3. Findings

3.3.1. Postgraduate student perceptions of the DIT "Famine" case study

Pretest, posttest findings regarding students' perceptions of the Famine case study indicated that while 42% of students were in favor of taking food before the course in ethics, 52% were in favor of taking the food after taking the ethics course, with the modal group in both before and after instances being slightly in favor of Mustaq stealing the food. This finding, along with the fact that students not in favor of Mustaq taking the food decline substantially after the ethics course (10 students or 43% > 9 students or 34%), suggests that some students became more critical of a straight forward conventional-type level response, which would be to condemn stealing because it conflicts with the law. This finding and interpretation are supported by the analysis below suggesting moral development in some students.

Aggregate students' rankings were used to obtain the overarching effects of the ethics course of instruction on student moral reasoning and ethical practice. Only the first ranking students' choice of the listed DIT rationale was used to assess changes in moral reasoning before and after the course in ethics as it is regarded as the most salient indicator of student choice.

For the modal group of students (five students or 24% before and after the course in ethics), the first rank of the 12 items changed from "Isn't it natural for a loving father to care so much for his family that he would steal" before ethics instructional course to "Shouldn't the community's laws be upheld" after the course in ethics. This change in ranking before and after the ethics course suggests that moral reasoning had developed among the modal group of students from conventional (Stage 3), good interpersonal relations and living up to expectations of those closest to us, to post-conventional (Stage 5), social contract and rights: doing what is best for society from a principle such as democracy. Although these changes are small in terms of the numbers involved and the size of the sample as a whole, changes in moral reasoning and ethical practice as a result of the ethics course are strongly supported by the qualitative findings.

3.3.2. Students' moral identities

Students generally endorsed all nine of the adjectives (*caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind*), used to measure moral identity [28]. Mean scores ranged from 1.5 to 2.09 and indicate that most students identified with the listed adjectival moral characteristics.

3.3.3. Postgraduate students' perceptions of the effectiveness of the ethical course in improving their ethical competencies

The quantitative findings of student perceptions of the efficacy of the ethics course on their moral reasoning and ethical practice are indicated in **Table 1**.

Table 1 shows that in general students felt the ethics course had improved their moral reasoning (MR) and ethical practice/decision-making (EP), respectively (MR: AM = 2.23,

SD = 1.44, Mode = 1 and EP: AM = 2.28, SD = 1.05, Mode = 2), where 1 = "a great deal," 2 = "much," 3 = "some," 4 = "little," and 5 = "not at all."

		Extent Business Behavior course of ethics instruction improved moral reasoning (MR)	Extent Business Behavior course of ethics instruction improved ethical practice (EP)
N	Valid	21	21
	Missing	0	0
Mean		2.2381	2.2857
Std. error of mean		0.31551	0.23035
Median		2.0000	2.0000
Mode		1.00	2.00
Std. deviation		1.44585	1.05560
Variance		2.090	1.114
Skewness		0.637	0.489
Std. error of skewness		0.501	0.501
Kurtosis		−0.610	1.771
Std. error of kurtosis		0.972	0.972

Table 1. Student evaluations of the effects of ethics course on moral reasoning and ethical practice: descriptive statistics.

Frequency distributions were calculated to investigate this aspect further. Very briefly, it was found that 14 students, or 66% of the class, indicated that the ethics course had improved their moral reasoning "a great deal" or "much." Two students felt the course had improved moral reasoning "to some extent," while five students felt the ethics course had only "a little" or "not at all" effects on their moral reasoning. As regards improvement in ethical practice and decision-making, the frequency analysis revealed that 13 students, 62% of the class, considered the course to have improved this to a great extent. A further five students felt that the course had improved their ethical practice somewhat, while two students felt it had had no effect whatever in this regard.

The qualitative analysis generally supported the findings of the quantitative analysis with most students indicating in their individual responses that the course in ethics had been effective in improving their ethical competencies. Positive comments given by students indicating their feelings on ways in which the course of ethical instruction had improved their moral reasoning are given in **Table 2**.

Table 2 indicates several important comments on the effects on moral reasoning that the ethics course was deemed to have. Respondent 8 comment "Has a system I can work through to get an answer" suggests that the ethics course had been able to equip her with moral reasoning "systems" possibly from utilitarian teleological calculus of the greatest good to the greatest number and/or Kantian categorical imperatives. These moral theories among others were extensively discussed and critically analyzed as part of the ethics course. For example, an awareness of the social and environmental aspects of moral reasoning in addition to the

traditional economic focus of business is indicated in Respondent 1's comment: "Helped to consider the environment and other people."

Respondent	Moral reasoning course improvement respondents' comments
1	"I am able to analyze things much more ethically than before"
2	"Showed me the processes which one can embody to improve moral judgment"
3	"Helped to consider the environment and other people"
4	"I think twice before taking a decision that involves morals"
5	"It has enhanced my moral reasoning in a good way"
6	"Awareness of all stakeholders"
7	"Helped me to think about moral issues"
8	"Has a system I can work through to get an answer"
9	"Enhanced my views on moral issues"
10	"It has made me view situations from different perspectives and carefully consider my actions before-hand"
11	"Has made (me) realize the importance of morals and values"
12	"Increased my moral reasoning awareness"

Table 2. Respondents' comments on how the ethics course had improved their moral reasoning.

Despite the preponderant general view of postgraduate students that the ethics course had improved their ethical reasoning, there were a number of dissidents. For example, one respondent stated, "What's the right thing to do?" which suggests that for this student moral reasoning theories presented in the course had left her either confused or undecided on what moral theory to apply when faced by specific ethical dilemmas. Another respondent mentioned that "Sometimes the thing you feel is right is not always right as there are many factors to consider," which may suggest conflict between an earlier moral "intuition" and specific teleological and deontological systems of moral reasoning.

The ethics course also seemed by most students (11 students or 67%) to have improved their ethical decision-making. This would be expected with the development of greater moral reasoning competencies. Specific students' comments suggesting this are "The ethical texts were useful for guiding my behavior when taking decisions" and "(Ethics Course) comprehensively alluded to a number of considerations that one must recognize before making an ethical decision."

However, as indicated above, perceived benefits from the ethics course for practical decision-making were not unanimous, and there were a number of negative student views. For example, one student mentioned the weight of particular ethical calculi in trying to make ethical decisions: "Not everything you think is right is right as there are many factors to consider."

4. Conclusion

The issue of ethical crisis leadership appears to be composed of three interactive layers. The first layer comprises the element of specific strategies that can be used in the event of a crisis.

This aspect can be dealt with by building models of the kind displayed in this paper suggesting best practice in the remedial steps that provide the "moral compass" used to resolve particular company crises while, at the same time, maximizing the propensity to maintain company social capital. The second aspect in ethical crisis leadership is to present leaders with the necessary ethical and moral reasoning competencies to make effective practical ethical decisions—this is presented as the role for ethical instructional programs in the current paper. The third aspect and one clearly beyond the scope of the current study is individual leaders' ethical development through earlier socialization, progressive institutional contacts, and influences during the course of their lives and the outcome of these on their specific personality formation. Such aspects of moral development are beyond the scope of short-term ethical programs of the type described in this paper. For example, Post [29] (p. 110) states with regard to leaders with narcissistic-type personalities faced with a crisis situation and seeking an effective crisis resolution that "the special characteristics of narcissistic leaders' psychology and interpersonal relationships affect their leadership behavior and decision making in general but particularly in crisis situations. Response to such situations will largely be determined by whether a narcissistic leader is surrounded by sycophants or whether he or she has advisers who can help them accurately assess the nature of their adversary, evaluate the completeness of their premise, and make midcourse corrections." Ethical leaders need to have empathy and humility, and these characteristics are only evident among those who have less egocentric orientations than narcissistic leaders and who are at least as much concerned about others as they are about themselves. Maccoby [6] notes that narcissistic leaders tend to be sensitive to criticism, poor listeners, and short on empathy and to have an intense desire to compete. Such personality-based behavioral orientations are clearly potentially at odds with successful crisis management. However, the inclusion of moral identity measurement was able to give at least some preliminary insight into the moral motivation of students and their moral self-images without having a more detailed description of individual personalities, and this insight can provide a preliminary means identifying leaders with moral self-identities not inimical to effective crisis management. The seven-step model [2] indicates that to be able to recognize and take effective action in a specific company crisis, leaders need to be able to both listen to and accept criticism. They need to be empathetic to those consumers and members of society that have been negatively affected by the crisis, and a relentless pursuit of victory in such circumstances must not compromise their ability to show humility and admit wrongdoing and to apologize for such wrongdoing in a crisis situation unreservedly.

As mentioned earlier, the seven-step prescriptive remedial steps for dealing with reputational crises can only provide a blueprint or "moral compass" for effective business crisis leadership. Obviously, the type of crisis and its intensity and context also need to be taken into account. Clearly crises that focus on business issues lack the ethical intensity of crises endured by leaders required to deal with "mortal peril" situations, such as those encountered by leaders in military and emergency humanitarian aid contexts. In this regard, Nilsson [30] (p. 4) from the findings of a recent qualitative empirical study writes " … that future civil and military leaders need education in complex person and environment interactions in order to get a holistic picture of the underlying mechanisms, thus promoting the development of their adaptive capabilities." Nilsson [30] (p. 23) also notes that "In spite of relatively vast literature

on military ethics, moral dilemmas appear to have gone on more or less unnoticed." In all circumstances, however, a holistic appreciation of contextual elements operating in particular crises can only be initiated by leaders who are genuinely ethical in their concern for the well-being of others and who have the necessary adaptive ethical competencies and understanding of moral dilemmas (and their resolution) to make effective ethical decisions [31].

The study has been able to show that although short-term courses of ethical instruction can aid in moral reasoning and ethical decision-making development, clearly there may be limitations in their effect and durability over time. The measurement of the effects of a university course in ethics on the moral competencies of a group of postgraduate students is a useful first step, but the durability and pervasiveness of such instruction need to be considered in a longitudinal research design. Specifically, it needs to be established whether *ethical courses of instruction* aimed at *cognitive and decision-making competencies* are able to provide leaders with the necessary ethical background to resolve crisis situations in *different real-life contexts* [31]. Future research is therefore recommended to focus on how and in what ways university ethical instruction can aid the moral development of leaders, and the extent to which this is both durable and applicable in real-world circumstances. And research should focus on ethical issues arising from crises in contexts with qualitatively distinct dilemmas and different moral intensities in order to better understand their particular teaching and learning requirements.

Finally, it must be said that despite the obvious difficulties in developing ethical leaders who have the necessary competencies and strategies to meet the challenges of crises they routinely have to confront and resolve in a complex and turbulent business world, it should not allow us to lose sight of the fundamental importance of doing this. We need to try to deal with more effectively than we are currently by marshaling our resources, educational and research to produce ethical captains able to steer us through company and other institutional crises that inevitably will emerge in the future.

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