

**ETHICS AND LEADERSHIP: THE CORNERSTONES FOR
REGIONAL AND ECONOMIC SUCCESS IN
ORGANISATIONS OF THE XXI CENTURY**

PEREIRA, Orlando P.*

MARTINS, Ana

MARTINS, Isabel

WILLIAMS, Robert

Abstract

Organizational and business ethics research has played a fundamental role in stimulating the awareness of the need for a paradigm change. This change is based on the anachronistic nature of already existing paradigms. These are instrumental to thwart economic agents making them unable to respond to challenges launched by the knowledge economy. These behavioural blockages prevalent in the economic agents impede any contribution of social and economic change. In this way, negative externalities are revealed upon the regional economic performance. This leads to new leadership visions, with the main objective of propelling employees towards a working environment which is more dignifying, flexible and more productive. Organisational longevity results from open thought provoking, efficient and committed behaviour patterns. For this reason it was our objective to reflect upon these two geographical areas in order to ascertain personality traits concerned with those values related to ethics amongst university students who also were gainfully employed. Organisational change is an active instrument. There may be a close relationship between the organisation's life cycle and its resistance to new paradigms. Our aim is to analyse whether Portuguese and Welsh Organizations come closer, or grow further apart from those guidelines set out in new organisational demands, whose immaterial nature is gaining importance in sustaining its competitiveness.

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* Orlando Petiz Pereira, University of Minho, Braga, Portugal E-mail: orlandop@eeg.uminho.pt, Ana Martins, University of Glamorgan, Wales, UK. E-mail: amartins@glam.ac.uk, Isabel Martins, University of Glamorgan, Wales, UK E-mail: imartins@glam.ac.uk, Robert Williams rwillia6@hotmail.com

1. Introduction

Ethics performs a fundamental role in a globalised and homogenised society, because Organisations are pressurised by competitiveness criteria. Thus, Organisations are forced to search for new instruments so as to respond in a positive way to the challenges posed by the global movement. Ethics therefore, seems to be interesting as it galvanizes organisations and contributes towards sustaining their competitiveness and longevity. When ethics, combined with leadership, is implemented in organisations these support in responding to the demands of stakeholders. It is in accordance with this philosophy of organisational life that this work is based and attempts to address daily activities within the organisations. Thus, the main objective of this paper is to reflect upon a set of values perceived by the employees within the organizations under analyses in order to explore whether these values are focused on stakeholders' expectations which can be measured through organizational performance.

The methodology used is based on a questionnaire which was carried out amongst working university students, currently in two universities, one based in Portugal, Minho, and another in the UK, Wales, respectively. Minho is situated in the North of Portugal, bordering with the region of Galiza, Spain. This region is characterised by strong economic growth even though it may not be considered as developed region. The predominant sector is the transformational sector. Although the schooling index of the local population is at the moment growing, nevertheless the rate in the active population still shows a low schooling index.

With reference to Wales, the mid Glamorgan and Vale of Glamorgan regions in Southern Wales were in the past based on the mining sector and therefore it was a highly economic developed sector. Nowadays, this has changed. The entrepreneurial sector is relatively low as well as the population's self confidence. It is an aging population despite there being some signs of an increase in youth due to government incentives. Both these regions appear to have some similarities in common; they nevertheless show paths, growth, and different development expectations which are favourable to the Minho region. One of the main causes for this is in part the

entrepreneurial capacity, namely social, of its inhabitants. For this reason it was our objective to reflect upon these two geographical areas in order to ascertain personality traits concerned with those values related to ethics amongst university students who also were gainfully employed and these completed a questionnaire. For this reason it was our objective to reflect upon these two geographical areas. The questionnaire was distributed during the months of May and June 2007, the data was collected in July 2007. This data was subsequently analyzed with the SPSS 11.5 for Windows.

In view of the objectives the paper is divided into two parts. The first part consists of a literature review of the theme where the concepts of ethics, leadership, emotions, culture and change are discussed, within the regional economic development context. The second part includes an analysis and discussion of the primary data. In this section, the methodology used is set out as well as the variables under analysis. This is followed by an analysis and conclusions.

2. Literature Review

2.1 Ethics, Responsibility and Competitiveness

Business ethics should be one of the cornerstones for the organisations of the 21st Century. In spite of its importance for the organization, ethics should not be imposed in a coercive manner, seeing that it performs a function which is the result of collective attitudes. Subsequently, Haas (1998: 216) is of the opinion that such attitudes should be nurtured through various factors, some of which are the following: “responsible business behaviour; leadership through managers; trust in employees; programs and policies offering clarity to employees; ethical organizational expectations; open, honest and timely communication; tools which aid the employees to solve ethical problems; reward and recognition systems which reinforce the importance of ethics”. In view of these factors, the organization should create an adequate climate, thereby ensuring that people who make up the organization internalize the responsibility that is inherent within it. Consequently, the adequacy of such an organizational climate will lead people to exhibit attitudes and practices which are deemed correct in the eyes of the organization. In general terms, this should be the challenge facing all

employees, especially and starting with the managers of the organization. In an attempt to reinforce this last statement, in line with the approach wherein the programs are related to values, Haas (1998) is of the opinion that ethics can be based on the following six principles: *honesty; loyalty to promises; equity; respect for others; compassion; and integrity*. This approach is based on conciliation and production of equilibrium between the stakeholders and the organization. However, this responsibility should have its origin in top management, as is corroborated by Aguilar (1996). In this respect Williams (1992: 153), corroborates this opinion and further expresses that “good ethics” must start with top management in companies. We too corroborate this opinion, although we add that this condition in itself is not enough for the living in and towards that which is in line with ethics.

Management based on loyalty is related to people management. These are the humanistic values and principles through which people dedicate their lives, in and out of the workplace. It is in this sense that Reichheld and Teal (1996: 28) understand that people unconditionally dedicate themselves to the organization when they feel that the latter is oriented along a set of principles which go beyond merely the quest for profit. This is the underlying vision in the Stakeholder Model. Thus, Attas (2004) maintains that the Stakeholders Model can be aligned with the new economic and management paradigms and which is supported by five conditions, namely:

- (1) *It must be an ethical theory;*
- (2) *It must identify a limited group as stakeholders;*
- (3) *The group must be identified on morally relevant grounds;*
- (4) *Stakeholder claims must be non-universal;*
- (5) *And not held against everyone.*

Consequently, ethics is fundamentally important both in the development and performance of new organizations. [In the Annex we include a supplementary analysis of this question.](#)

2.2 Leadership, Culture and Change

Ethical behaviour in organisations is a linking element as it produces a convergent climate and atmosphere and this highlights respect and trust. In this way there is a strong link between ethics and leadership, as the latter is fed by the former. Winston (2005) is of the opinion that that ethics and leadership are dependent upon integrity, effective communication and decision making skills, among other competencies.

Boyatzis and Sala (2004:2) maintain that the expression “Emotional intelligence (EI) is a convenient phrase with which to focus attention on the underlying emotional components of human talent,” first used this expression and further described it according to four domains: “knowing and handling one’s own and others’ emotions”. These domains are as follows: (1) knowing one’s own emotions; (2) knowing others’ emotions; (3) understanding one’s own emotions; and (4) understanding others’ emotions? Furthermore, emotional intelligence offers a theoretical structure for personalities to become organized and is therefore linked to a theory of action and job performance.

Goleman (1999) distinguishes between emotional competence and a competency wherein the former is related to excellent work performance resulting from emotional intelligence whereas competency is based on the individual’s set of knowledge skills and abilities which lead to results in exceptional performance. Boyatzis and Sala (2004), indeed this can be further expanded to “say that emotional intelligence is a set of competencies, or abilities, in how a person: (a) is aware of himself/herself; (b) manages him/herself; (c) is aware of others; and (d) manages his/her relationships with others”.

According to MacKenzie and Welch (2005) the criteria that are important to being a leader who is emotionally aware, are honesty, commitment and trust. Honesty is related to the fact that leadership “is about what really goes on, not about a bland set of values pinned to meeting room wall. Unless you are prepared to engage with – and, if you need to, change – the real values of your organization, you will not develop effective leaders. At best you will achieve

superficial compliance”, as MacKenzie and Welch (2005:2) corroborate.

The second element is commitment and which is linked to the belief that leadership is vital. Here, MacKenzie and Welch (2005:2) highlight that one should “nurture your natural leadership talent and provide space and resources for people to develop their own unique style.” Leadership talents should be related to the body of ethical and moral values. Its resolution is based on humility and it within this spirit that leadership of the 21st century should prevail in organizations thereby effectively managing knowledge within a contemporary economy intensive in knowledge. Rego and Cunha (2003) postulate that one of the fundamental characteristics of organisations with excellent performance is based on a leadership which combines both personal and professional humility. Furthermore, it is in this context that Rego and Cunha (2003) emphasise mechanisms which nurture emotional intelligence within teams, a powerful antidote of groupthink and is also at the base of organisational performance.

Trust is the third fundamental characteristic needed for a leader to be emotionally aware. A climate filled with targets, testing and suspicion does not encourage emotional leadership. It is thus vital to offer employees the help to seek those “aspects of their work they have a passion for, and harness that energy”, as MacKenzie and Welch (2005:2) maintain.

Organisations can display the dilemma arising from egoism and altruism. Where egoism focuses on individual wellbeing, altruism focuses on group wellbeing. [In the Annex 2 we analyze some important questions related with this section.](#)

3. Empirical analysis

3.1. Data, methodology and variables

The main objective of this study was to identify both personal and work-related ethical values of university students who also were gainfully employed. Students gainfully employed from two public universities completed a questionnaire. One of the Universities based in the north of Portugal, in Braga and the other based in the United Kingdom, Wales. In the Portuguese university

the questionnaire was distributed amongst 94 people of which only 59 were returned as valid answers, which represents a response rate of 63%. For the Welsh case 150 questionnaires were distributed and from these merely 30 were valid answers, the response rate of about 20%. The distribution procedure at the Welsh university was in the form of both handouts in face-to-face lecture sessions and collected after that specific session and also via email. While in the Portuguese University the questionnaires were only distributed and collected in face-to-face lecture sessions.

The questionnaire can be seen in Appendix. The scale of measurement is based on the Likert scale, which ranges from 0 to 5, where 0 is *of no importance* and 5 is *of most importance*. In both cases the data were analysed through the usage of SPSS 11.5 for Windows. The reasons for selecting only a few variables the questionnaire are twofold: in the literature review, Haas (1998) sets out: honesty, friendship, equity respect for others, compassion, and integrity. Secondly, the researchers decided to focus on thirteen out of the forty-three due to the scope and objectives of this paper.

Each of the thirteen variables set out below are related to the variables used in the Questionnaire. Therefore, the numbers placed in the brackets after the terms refer to the actual variables used in the questionnaire and are used here for simplification. The researchers endeavour to find out the following with the number:

- i) *adapting to change* (21, 34): to find out whether the employee is aware of the new labour contexts, many of which are provoked by technological change;
- ii) *happiness* (20, 40): to seek evidence of whether employees have feelings of wellbeing and feel balanced in the workplace;
- iii) *friendship* (7, 12, 13): to find out whether the workplace fosters an environment which is socially tuned to bridging gaps between individuals revealing more openness and enthusiasm;
- iv) *autonomy* (9, 11): to identify whether individuals are responsible for their actions and if there is a feeling of self-confidence in the employees;

- v) *loyalty* (12, 13): to ascertain the level of openness and enthusiasm towards sharing ideas and whether mutual communication and relationships exist, as well as transparency in the employees' behaviour within the interior of the organization;
- vi) *competitiveness* (9, 21): to observe whether individuals feel the inner drive to respond to challenges in the workplace and to ascertain if there is a feeling of sharing and of confidence within the organization. Contrary to what is expected, this can instead lead to egotism, if this individualism is exacerbated and left unguided;
- vii) *equity* (18, 28): to ascertain whether there is open and free access to different types of information within the organization, as well as to find out if all employees are treated fairly;
- viii) *honesty* (19, 23, 42): to see whether verbal communication is in line with or divergent from that which the people do;
- ix) *passion* (1, 2, 32): to identify satisfaction in the performance; if happiness and pleasure are prevalent closeness and camaraderie in the daily activities as opposed to dissatisfaction, sadness, and alienation. The latter values are considered to be in opposition to the ethical *corpus* of well being and feeling of belonging;
- x) *respect* (29, 35, 36): to find out what type of acceptance the employees have for others, namely towards the differences in personality types;
- xi) *economic success* (14, 16, 31): with this value, just as was done in the analysis of the value "individual competitiveness", our aim is to ascertain whether there is a tendency of the organization to be run along the Neoclassical Model or rather to follow the trend and adopt the Stakeholder Model; *imagination* (3, 21, 26): to find out whether a culture of creativity, which is in line with the new contexts of change, exists within the organization; *tolerance* (4, 7, 10): to observe the quality of dialogue and tolerance amongst the employees, so as to create an

organizational culture which instills openness for self-development of the people with the aim of producing spillovers which will be in favour of the organization.

3.2 The results

The results for Portugal and Wales are summarised in Tables I and II respectively. According to the Appendix, the scale of measurement is: 0 = of no importance at all; 1 = indifferent; 2 = of very little or no importance; 3 = of little importance; 4 = of moderate importance; and 5 = very important.

Table 1: A summary of responses for the Portuguese case (in %)

Variable	Type of Response				
	Very important	Moderate importance	Little importance	Very little or no importance	Total
Adapting to change	81,4	11,9	3,4	3,4	100,0
Happiness	42,4	40,7	15,3	1,7	100,0
Friendship	64,4	25,4	8,5	1,7	100,0
Respect for people	84,7	8,5	5,1	1,7	100,0
Autonomy	45,8	39,0	11,9	3,4	100,0
Competitiveness	39,0	35,6	20,3	5,1	100,0
Equity	66,1	25,4	5,1	3,4	100,0
Economic success	44,1	40,7	11,9	3,4	100,0
Loyalty	78,0	13,6	8,5		100,0
Honesty	86,4	8,5	1,7	3,4	100,0
Imagination	52,5	35,6	8,5	3,4	100,0
Passion	32,2	27,1	20,3	20,3	100,0
Tolerance	59,3	32,2	6,8	1,7	100,0

In the Portuguese case, the values analysed for the response of “very important” with a response rate of 80% and above are those of “*adapting to change*”, “*respect for people*” and “*honesty*”. These are interesting variables within the context of change based on

ethical leadership. Furthermore, other values such as “happiness”, “friendship”, “equity” and tolerance” are of utmost importance to ensure the sustainability of ethical behaviour. However, for these Portuguese employees they feel they are not properly thought of by their employers as is seen in the response rates in the response “very important” because they only attained 42,4%, 64,4%, 66,1% and 59,3%, respectively. In view of such values, it is our opinion that more attention should be given to that factor of excellence, namely, the human resource, as this is the distinguishing factor within an organisation. Human resources are also the elements that are able to lead the process of change through a form of humane leadership, which is desirable and admirable. On the other hand, autonomy, imagination and tolerance, which are the main elements of a new organisational culture, are also not highly valued by the respondents as these are within the range of 45,8%, 52,5% and 32,2% to the response of “very important”.

Table 2: A summary of answers for the Welsh case (in %)

Variable	Type of Response				
	Very important	Moderate importance	Little importance	Very little or no importance	Total
Adapting to change	70,0	10,0	6,7	13,3	100,0
Happiness	56,7	30,0	10,0	3,3	100,0
Friendship	40,0	36,7	13,3	10,0	100,0
Respect for people	86,7	6,7	3,3	3,3	100,0
Autonomy	63,3	30,0	6,7		100,0
Competitiveness	13,3	30,0	36,7	20,0	100,0
Equity	66,7	20,0	10,0	3,3	100,0
Economic success	46,7	33,3	16,7	3,3	100,0
Loyalty	43,3	33,3	13,3	10,0	100,0
Honesty	76,7	16,7	6,7		100,0
Imagination	63,3	33,3		3,3	100,0

Passion	50,0	36,7	6,7	6,7	100,0
Tolerance	83,3	13,3	3,3		100,0

It seems to us therefore, that the variables “happiness in the work place” which are in turn linked with working in teams, cooperation, sharing and dialogue all find great obstacles. Therefore, it will be a slow process to implement an ethical culture within an organisation in order to reach such a paradigm.

As shown in Table 2, the differences in the case of Wales are not so substantial. There are, however, some answers which are considerably different amongst which we highlight the following: “adapting to change” and “loyalty”. These are more highly valued by the Portuguese than by the Welsh. However, in so far as “tolerance” is concerned, Portugal, in comparison with Wales, shows some fragility. If we accept that “tolerance” is the most important value when it comes to changing attitudes as well as to reaching collective commitment upon which the organisation is based, and upon which better and higher productivity is based, then the Welsh show more openness and receptivity towards these values. However, the importance of the value “Tolerance” can be neutralized by the deficit of other values considered important for a successful implementation of the new organizational paradigm. Furthermore, in order to evoke the emergence of new leadership personalities. The values **F**riendship, **L**oyalty and **H**onesty are given much more importance by the Portuguese respondents than by the British respondents. In view of this, in a scenario where there is a deficit in these values it seems that the value of “**Tolerance**” is minimized and has little influence on the employee and organizational performance. The Portuguese respondents in the Minho region, in general terms, seem to be more sensitive towards and motivated for implementing an ethical *corps* as well as both a professional and personal conduct which takes into account the group objectives rather than personal objectives. It seems to us, therefore, that individualism is more evident in the Welsh context which can mean that the implementation of new organizational paradigms as well as the absorption of new economic paradigms will face many more

obstacles in the Welsh context as opposed to the Portuguese context. Moreover, it is imperative that both regions, Wales and Minho implement new conjoint policies as occurs with regional innovation system, in Portugal known as *sistema regional de inovação, SRI*¹. The implementation of these conjoint policies is an urgent need and is due to the specificity of the industrial and commercial structures inherent in these regions, the same specificity evident in the moral, cultural, emotional characteristics of its inhabitants. In this regard specific reference is made to the industry as well as the inhabitants: the industry is very specific of intense labour. The population has low schooling, and is not open to critical observations. A fringe of the population is individualistic which is not consistent with the application of consensual ethical and moral code of conduct. Taking all this into account public policies should not be detached, instead these must be contextualized into the current reality as well as marked within the converging objectives

It seems that the implementing new economic paradigms will be hampered due to the deficit of ethical and moral values this applies to both Wales as well as Minho. Therefore, it seems that the industrial sector has a long path to tread. Industrial policies which arise must have supporting mechanisms, hence the need for integrated policies so as to ensure harmonious development.

On the other hand it seems that the emergence of entrepreneurial personalities will be difficult within an environment characterised by barriers towards ethical and social responsibility such is the case of both Wales and Minho.

¹ SRI – these are made up of a number of institutions which act in conjunction towards the development of a regional space through the creation, development and knowledge diffusion which is useful for that particular region. This system will contribute towards the emergence of new and improved companies, as well as new and/or improved products with positive impact on the global development of the region. These conjoint policies include social, political, economic, as well as cultural policies for the regions. All companies should converge and not doing so will inevitably lead to failure.

However, to enable a comparison of the two regions, the responses were grouped into two categories: (i) category A, represents favourable responses and contains grouped responses to the scales “*very important*” and “*moderate importance*”; (ii) Category B represents the unfavourable responses and contains grouped response to the scales “*little importance*”, “*very little or no importance*”. This is shown in Table 3 below.

Table 3: Comparative analysis of responses (in %)

Variable	Type of Response			
	Minho Region		Welsh Region	
	Favourable	Unfavourable	Favourable	Unfavourable
Adapting to change	93.3	6.8	80	20.0
Happiness	83.1	17	86.7	13.3
Friendship	89.8	10.2	76.7	23.3
Respect for people	93.2	6.8	93.4	6.7
Autonomy	84.8	15.3	93.3	6.7
Competitiveness	74.6	25.4	43.3	56.7
Equity	91.5	8.5	86.7	13.3
Economic success	84.8	15.3	80.0	20.0
Loyalty	91.6	8.5	76.6	23.3
Honesty	94.9	5.1	93.4	6.7
Imagination	88.1	13.9	96.6	3.3
Passion	57.3	40.6	86.7	13.4
Tolerance	91.5	8.5	96.6	3.3

A comparative analysis seems to indicate that, in Portugal, there is a general acceptance of the values related to the new organizational paradigms, evident in the Stakeholders Model, due to the highly favourable percentage responses obtained to values Adapting to change, Friendship and Loyalty, 93,3%, 89,8% and 91,6%, respectively. In this regard in Wales, these values obtained positive responses of only 80,0%, 76,7% and 76,6.% respectively.

In this way, the percentage difference of the abovementioned comparative analysis for **Adapting to change**, **Friendship and Loyalty**, is 13.3, 13.1 e 15.0 which is unfavourable for Wales. This can indicate added difficulties for this region in the implementation of the new organizational paradigm just as the new International competitive context demands. However, Wales does reveal some interesting responses which can facilitate the implementation of new organizational paradigms which does not seem to be evident in the Minho area, namely, **Competitiveness**, **Passion and Imagination**. In the Welsh context, there seems to be a higher tendency towards groupwork, that they are less competitive and less individualistic. Moreover, there also seems to be an indication of a higher degree of satisfaction towards professional performance which reveals a greater need for pleasure and satisfaction from the performed tasks.

4. Conclusion

The analysis of the new social and economic reality as well as the new technological and cultural business alignments, it seems to us that something must be done in so far as it can indeed be carried out. In view of the new reality and in order to guarantee business sustainability, it seems to us that money, the economic factor, as well as the material investments, all seem to be insufficient, despite their importance. In this line of thought ethical behaviour within organisations seems to be an added value. In fact, the loyalty to ethical principles appeals to emotional intelligence, which contributes to making the organisation more humane and allowing it to converge towards understandable and acceptable objectives held by the stakeholders. Based on this value, it is easier to be faithful towards the climate of respect, of collegiality, of honesty as well as that of unconditional commitment of employees within the organisation. In fact, these feelings are taken with the employee even when he/she is away from the workplace. In this way, and within this climate of listening, sharing and cooperation, of engaging in dialogue facilitates the incentive to work to be carried out. Therefore, we are of the opinion that ethics, ethical leadership and emotional intelligence are

the essential and vital ingredients for organisations of the 21st Century.

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Annex 1. Ethical principles.

Attas (2004) further maintains that individuals need to respect ethic principles otherwise failure to do so results in losses in various domains namely, economic, social and psychological. In this regard, Bonvin and Farvaque (2004), relate ethics to both development and adhering to opportunities within a set of principles harnessing organizational development. Thus, within this world of constant change, ethics is structural as it seeks to achieve respect and dignity of the other. Ethics also directs behavior towards common objectives in view of achieving collective wellbeing. Therefore, ethical principles should be an integral part of the personality of all employees with special focus placed on leaders. Moreover, one should not confuse ethical principles with moral principles because ethics are based on principles and morals are specific aspects of behaviour. Thus, ethics is universal, temporal and based on practice while also i) constantly debating about the philosophical issues inherent in morals, ii) it endeavours to justify morality, iii) it is a guideline, iv) its objective is to guide human life in a rational way. Morals are temporary and bound by culture and theory while also having a personality which is, namely, i) practical and immediate, ii) restricted, iii) historic and iv) relative. Morals simulate a set of rules and norms of a particular society.

Therefore, morals can also be operationalised within organizations. In this sense, morals are an important pedagogic instrument in both society and organizations because morals have contributed towards disciplining the citizen. This has enhanced respect and adherence to norms and legislation albeit morals, at times, hamper freedom of individuals.

This view is further shared by Petrick Quinn (in Winstanley and Woodall, 2000), who maintain that the concept of ethics can be summarized in the following manner: (i) the study of self-conscience, of judgment both of character as well as individual and collective conduct; (ii) philosophical study of nature and the justifying of principles, decisions and ethical problems. The pattern of moral codes is neither rigid not pre-established. These vary from

culture to culture within society. In this sense, according to Williams (1992: 14), the history of ethics has generated numerous moral theories. However, in view of the objectives of this paper, we will only highlight the teleological and the deontological theories. Deontology is, according to Aronson (2001), the study which analyses moral obligation. The deontological perspective, according to Aronson (2001), alludes to that which is morally correct is not dependent upon the production of a high level of *good* in opposition to *bad*, but it is rather based in characteristics of behaviour. The deontological rule assures that individuals should, under all circumstances, follow a set of pre-established rules, with the presupposition of comparing whether behaviour can be ethical or simply a consequence of the very action, taking patterns, as sources of reference (Rallapalli, Vitell & Barnes, in Aronson, 2001). These authors also state that the deontological act stresses people behave ethically according to their own norms, even though they are limited to behaviour which is determined. In this way, people are obliged to behave in a determined manner as these are human beings.

According to Frankena (in Aronson, 2001), the teleological approach considers that the ethically correct criteria is based on the non-moral value, which is in turn, created. Therefore, an act is moral if it manages to produce a high level of that which is *good* and is superior to that which is *bad*. In this way, that which is considered as non-moral is related to the absence of a moral or ethical issue. Helms and Hutchins (in Aronson, 2001), are of the opinion that the teleological perspective of ethics emphasises the result and not the intention of the individual behaviour. In qualifying the deontological-teleological dichotomy, Brady (in Aronson, 2001) describes that the deontological approach creates patterns of behaviour based on the past, in terms of cultural and religious traditions. Whereas the teleological approach is directed towards the future and tries to find solutions which will allow positive results for all. Despite the fact that ethics should not be coercively imposed, it performs a function which results from collective attitudes (*i.e.* from the people who are part of the organization). Ethics is nourished by culture and communication. The diffusion of these two elements

allow for internal socialisation, which, in turn are fed by ethical principles and which lead all stakeholders towards a common objective. Simultaneously, feelings of loyalty are produced which are reflected in the humanistic manner in which people are managed. In this atmosphere, people give themselves unconditionally to the organisation, as they feel that the organisation is led by principles which go beyond the mere “acquisition of profit” (Reichheld and Teal, 1996: 28).

Man is an integral part of society which is made up of set of atoms from which several institutions emerge, namely, organizations, families as institutions as well as family and social relations. In view of this, it is this social aspect that allows man to enlarge the borders of freedom and wellbeing and further allows for the differentiation between good and bad, just and unjustful, right and wrong behaviour and attitudes. In this way the quality of society and the importance of the political leadership depend directly on the application of the moral and ethical principles. Therefore, state intervention in a market economy can be justified in existing/potential conflict resolution between individuals and social groups. This intervention further justifies legal rulings which differ from social norms as to their substance, in so far as their characteristics of rationality, reciprocity, universality, publicity, validity and coercion. However, state intervention in market economy can further be justified as a way of persuading economic agents towards behaviours and attitudes which consider the collective wellbeing and thus lead to productivity and competitiveness in organisations. Therefore, learning organisations, need to make an effort in producing an ethical framework as this can be the very structure of its performance. Furthermore, organizations should have an ethical code which guides employees. However, the ethical axioms and moral dispositions neither prohibit nor limit individuals’ actions. In this regard, there are elements of both benevolence and solidarity. These principles thus guide daily practices despite the existing difference both for man and woman inherent in the principles of ethics and morals. Thus, for a man, ‘justice’ is considered to be an essential value, on the one hand, while on the other, for a woman, there is more sensitivity towards loyalty, responsibility, sacrifice and group participation. In this way,

Alolo (2006) emphasizes that underlying these feminine characteristics, there are some traits which define femininity such as emotion and compassion. While for Men, on the hand, the ethical traits are linked to expectations, practice and effectiveness. These differences focus on the human heritage present in organisations. This should first and foremost be internalized in the leader's personality.

Annex 2. Leadership and culture.

Within this dichotomy and its effects on organizational performance, Donnelly, Gibson and Ivancevich (1995: 82) postulate a golden organizational rule which is linked with altruist values and which is named a "categorical imperative", that is, human action seeks to achieve maximum group gains. For this reason, these authors further support the development of an ethical organisational code which Donnelly, Gibson and Ivancevich (1995: 82) frequently refer to as "code of behaviour". It is through this code that employees solve their ethical dilemmas and thereby placing the organisation towards the attainment of excellence. This objective is possible when the organisation adopts a civil posture and when the organisation as a whole is able to live within this social sensitivity and responsibility. In this way, for Daft (1999:254) the ethical code "clarifies the organizations expectations in relation to the employees' conduct and makes it clear that the company expects its employees to recognize the ethical dimensions of the corporate behaviour".

This perspective clearly highlights the importance of values in management as it regulates procedures highlighting what is right and wrong within and for the organisation. Therefore, management which takes into account culture and ethics diffuses easily within an organisation and allows for the institutionalisation of procedures, daily routines which are most apt for sustaining effective organisational performance. This way of being enables the employee to identify with behaviours in the organisation; furthermore, the employee's values will tend to be identical to both those of the organisation as well as to other employees. According to Câmara,

Guerra and Rodrigues (1999) this will lead to the sharing of a cultural base.

Tombaugh (2005) highlights that positive leaders should steer away from the military models or fictional characters, developing new skills and traits that support an organizational culture based on the new paradigm and which have been ignored in traditional leadership. New research reveals the importance these new skills have for the workplace. Optimism and emotional intelligence are considered to be important leadership traits. Indeed, job performance is increased if optimism is prevalent. In this way Tombaugh (2005:2) views that “optimistic leaders are more likely to see problems as challenges, exert greater effort for longer periods to reach their goals, and seek out and appreciate the positive aspects of difficult situations”. Tombaugh (2005:2) further maintains that leaders “high in emotional intelligence are more flexible and adaptive in their response to stress and change, and better able to develop strong working relationships that promote trust and fairness”.

In this regard, organizational culture aims at uniting all its employees and, therefore, it can also be regarded as a linking channel of shared values, Senge (2001). Thus, Freire (1997: 478) corroborates culture “complements the organizational structure in the creation of a system of relationships which promote integration and coordination in a company”, In this way the leader, in accordance with whichever type of leadership style he adopts must set the example by acting as an agent of change. Thus, organisational culture has its roots in the structural side of business and is not led by the circumstances in that “organisational culture should present itself in an all encompassing and flexible form, which should be a unifying link between all individuals in the company during the course of time”, as Freire (1997:475) highlights.

The different views of organisational culture, according to Daft (1999) are based on two levels. One is visible and at the surface, and Daft (1999: 243) is composed of observable behaviours and events. The other level is invisible and is composed of “underlying

values, convictions, premises, attitudes and feelings". Seeing that an organisation must of necessity be based on success, its intervening and thought capacity must be aligned to its strategic and visionary capacity. In this way Colom *et. al.* (1994:19) corroborate that "organisational culture is made up of and characterised by a set of shared values in the organisation". Thus, the greater the organisational capacity to motivate, to lead, to change, the greater the capacity of sharing these values will be based on a simple and converging ethical body. This vision is shared by Carlos Jarillo (2002) who highlights cultural heterogeneity in opposition to its homogeneity.

Schein (1997:5) highlights that leaders also change and create organizational culture while managers "live within them." It is in this sense that leadership and culture are conceptually interlinked. Despite the number of critical issues which Schein (1997) maintains, in order to facilitate an understanding of organisational culture, he focuses on three major groups: (i) artefacts (visible organisational processes, considered difficult to quantify and which have a high degree of subjectivity); (ii) espoused values (strategies, goals, philosophies which are also seen as reasons for adopting these) and (iii) base of assumptions (values, perceptions, internalized subconscious feelings and thoughts).

Interaction occurs between these three abovementioned groups if placed within a specific context. In this way, culture can be understood as being an evolutionary process which presets a link between the culture of the organisation's founder that is associated with the experiences of the different members of the group, and which produces new values which, in turn, induces an adoption of culture. Therefore, for Schein (1997) organisational culture is a process and not a goal. According to Schein (1997) the founder of the organisation conveys his vision to the organisation; he is surrounded by a core group which shares this vision, and, in turn, other people enter the organisation, thus prompting the process of creating the history of the organisation. If this group manages to obtain important shared learning experiences, this will gradually

develop assumptions about itself and its environment, thereby allowing it to survive, grow and develop.

This view of organisational culture set out by Schein (1997) is related to Senge's (2001) view on profound change. Senge (2001) views leadership as an internal capacity inherent to the human community so as to prepare its own future sustaining of the very process of change. Therefore, it is fitting for us to establish a relationship between leadership, vision and culture. Moreover, Kanter's (2003) views are related to the new criteria for a successful organization. It is within this context, that she emphasises the importance of intangible assets, which include concepts,² competencies,³ and relationships.⁴ These three factors give rise to another concept, 'power'⁵ as referred to by Kanter. Power stems from directing the intangibles, which are easily depreciated. In order for power to be sustainable, it is necessary that it be fed with an entrepreneurial focus by stressing learning and greater collaboration. It is within this perspective that innovative processes are launched which, in turn, nurture all objectives.

Annex 3. Survey Appendix

In reflecting over the values below, think about work and life in the 21st Century. To what extent do you believe each of the values will be important to your personal and professional life? Note: there is no right or wrong answer, simply mark only one digit (between 0 = of no importance at all; 1 = indifferent; 2 = of very little or no

² Kanter (1983) links this concept with the latest ideas, the designs and formulations of products or services which, in turn, created value for clients, thus highlighting customer loyalty.

³ This refers to the ability to turn ideas into applicable forms of extremely high standards which, in turn, are to be used by clients.

⁴ Refer to the alliances within the core business promoting nuclear competencies which, thus, created added value for customers, thereby, opening doors and widening horizons for the organization.

⁵ Power tools include "information, resources and support" (Kanter, 1983:159). Power is derived from the capacity to dominate the intangible assets that leads to customer loyalty.

importance; 3 = of little importance; 4 = of moderate importance and 5 = very important) in every row and each column which reflect your belief.

List of values and action principles which really affect and influence my every day life, with reference to “My personal life” and “The organization in which I work”:

- 1.Happiness
- 2.Love – sensitivity
- 3.Open-mindedness
- 4.Continuous practical Learning
- 5.Harmony - aesthetics
- 6.Adventure - bravery
- 7.Friendliness
- 8.Coherence
- 9.Individual competitiveness
- 10.Effective communication
- 11.Confidence (“rely on”)
- 12.Collaboration - companionship
- 13.Family care
- 14.Money - material survival
- 15.Emotional enjoyment
- 16.Results efficiency
- 17.Emotional empathy
- 18.Work-Life balance
- 19.Professional ethics
- 20.Happiness (search for)
- 21.Adaptive flexibility
- 22.Generosity – sharing
- 23.Dignity / Humbleness
- 24.Utopia - ideal
- 25.Equality (no discrimination)
- 26.Imagination - creativity
- 27.Integrity
- 28.Justice - social responsibility
- 29.Person at the centre

- 30.Freedom - initiative
 - 31.Order - organisation
 - 32.Passion - illusion
 - 33.Pragmatism - realism
 - 34.Technical professionalism
 - 35.Respect for people
 - 36.Respect for the environment
 - 37.Sacrifice - austerity
 - 38.Health
 - 39.Security-prudence
 - 40.Serenity
 - 41.Process simplification
 - 42.Transparency - sincerity
 - 43.Patience- tenacity
- a. Age:..... b. Gender (M/F):
- c. Place of residence (city/town):
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