
# The Perfect Storm of Leaders' Unethical Behavior: A Conceptual Framework

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Unethical behavior of leaders has consequences for leaders themselves, followers, and their respective organizations. After defining relevant terms including ethics, morality, and ethical and unethical leadership, a conceptual framework for the unethical behavior of leaders is proposed, which includes the three "perfect storm" dimensions of leaders, followers, and situational context. Additionally, the mediating variable termed "critical incident" suggests that unethical leadership behavior is precipitated by a catalyzing thought, condition, intention, or event. With specific examples illustrating the conceptual framework dimensions and salient characteristics of each, the paper then concludes with a discussion of the implications of unethical leadership behavior, with attention given to further research foci.

The unethical behavior of leaders can be compared to the formation of tornadoes, a "perfect storm" resulting from the combinative effect of rotating winds, temperature, and atmospheric pressure. Similarly, unethical behavior of leaders occurs when a conflux of factors interact between leaders (rotating winds), followers (colliding hot and cold temperatures), and the situational context (atmospheric conditions), catalyzed by a critical incident or trigger event that pulls everything into its center, similar to the vortex of a tornado. Just as tornadic activity is difficult to predict and may result in damaging loss of property, personal injury, and death, unethical leadership behavior damages all involved including leaders, followers, and organizations.

Examples of unethical behavior of seemingly successful leaders abound in business, government, and religion. Names like Kenneth Lay, Andrew Fastow, and Jeffrey Skilling of Enron; Dennis Koslowski of Tyco; Eliot Spitzer, former Governor of New York; John Edwards, former U.S. Senator from North Carolina; and Archbishop Bernard Law of the Boston Roman Catholic Diocese bring to mind those whose previous success ended in humiliation. As a result, several sobering questions arise including how leaders made such poor ethical decisions, what factors contributed to their ethical/moral meltdowns, and how leaders can avoid "the perfect storm" of leadership demise in the future. Therefore, this paper provides (a) a brief overview of definitional terms, (b) a conceptual framework for the unethical behavior of leaders, and (c) an

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expanded analysis of the literature related to the framework dimensions. The paper concludes with recommendations for further study.

## Ethics, Morality, and Ethical and Unethical Leadership Behavior

The terms ethics, morality, ethical leadership, and unethical leadership have varying meanings in the leadership literature. To clarify these terms, definitions are provided to clearly distinguish them.

### *Ethics & Morality*

Leadership scholars generally agree that the terms "ethics" and "morality," and "ethical" and "moral" are synonymous (Boatright, 2007; Ciulla, 2005). The English terms "ethics" and "morality" are translations of the same word in Greek and Latin respectively; and as such, each word is translated into English slightly differently. The word "ethics" derives from the Greek word "ethikos," and from the root word "ethos," referring to character. The word "morality" derives from the Latin word, "moralitas," based upon the root word, "mores," referring to character, custom, or habit (Rhode, 2006, pp. 4-5). Therefore, these interchangeable terms refer to the character or disposition of beliefs, values, and behaviors that shape perceptions of what is right and wrong based upon one's personal, social, cultural, and religious values and the standards by which behavior is deemed acceptable or unacceptable regarding responsibilities, rules, codes of conduct, and/or laws (c.f., Kanungo & Mendonca, 1996, p. 33; Johnson, 2005, p. 6).

### *Ethical Leadership Behavior*

Leadership research identifies the essentiality of leaders not only modeling moral integrity and ethical standards in their personal lives but also in their professional lives (Barnard, 1968; Bowie, 2005; Ciulla, 2001; Price; 2008; Wren, 1998). Emphasized by Burns (1978), Bass and Steidlmeier (1999), and Trevino, Hartman, and Brown (2000), the leader's character provides the foundation of leadership. Further, ethical leadership is essential for organizational legitimacy (Mendonca, 2001), earns the confidence and loyalty of followers (Aronson, 2001), establishes the role modeling process for constituents (Schein, 1992; Sims & Brinkmann, 2002); enhances organizational moral climate (Schminke, Ambrose, & Neubaum, 2005) and conduct (Trevino, Brown, & Hartman, 2003); and may exact personal sacrifice (Margolis & Molinsky, 2006). Based on this analysis, ethical leadership behavior is defined as the organizational process of leaders acting in a manner consistent with agreed upon standards of character, decency, and integrity, which upholds clear, measurable, and legal standards, fostering the common good over personal self-interest.

### *Unethical Leadership Behavior*

Leadership research also examines the unethical behavior of leaders (Conger, 2005; Kellerman, 2004a, 2004b; McGill, 2003; Price, 2006; Sayles & Smith, 2006). Likening unethical behavior to a cancer, Sims (2003) identified the eroding quality of unethical behavior on all personal and professional levels (c.f., Brass, Butterfield, & Skaggs, 1998). Johnson (2005)



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commented, "We can and do condemn the actions of leaders who decide to lie, belittle followers, and enrich themselves at the expense of the less fortunate" (p. 6). Unethical leadership behavior is, therefore, defined as the organizational process of leaders acting in a manner inconsistent with agreed upon standards of character, decency, and integrity, which blurs or violates clear, measurable, and legal standards, fostering constituent distrust because of personal self-interest.

## Conceptual Perspectives and Proposed Framework of Unethical Behavior of Leaders

Whereas the topic of ethical leadership has received a plethora of research attention (Brown & Trevino, 2006; Brown, Trevino, & Harrison, 2005; Cameron, 2003; Ciulla, 1998; Trevino, 1986), researchers more recently have begun to assess unethical leadership behavior in light of an avalanche of leadership scandals in all spheres of society. This paper presents a conceptual perspective, which extends previous approaches of unethical behavior from a multi-dimensional approach involving the interactive effects of leaders, followers, and situational context (Padilla, Hogan, & Kaiser, 2007; Popper, 2001; Vardi & Weitz, 2004). Therefore, this section highlights the conceptual basis for unethical leadership behavior as predicated on a process approach involving leaders, followers, and situational context, along with a mediating variable termed "critical incident." The words situation and context will be used interchangeably.

### *Conceptual Perspectives on the Process of Unethical Behavior of Leaders*

Leadership scholars and social psychologists have addressed the causality of unethical leadership from three primary perspectives: (a) leaders (Dotlich & Cairo, 2003; Kets de Vries, 2006; Luban, 2006; Van Velsor & Leslie, 1995; Whicker, 1996), (b) followers (Berg, 1998; Kellerman, 2008; Offerman, 2004), and (c) situational context (Asch, 1955, 1956; Milgram, 1974; Zimbardo, 1969, 2006, 2007). However more recently, scholars have presented conceptual frameworks that include a confluence of the three from a process perspective (Padilla, Hogan, & Kaiser, 2007; Popper, 2001). For example, Padilla et al. (2007) proposed a theoretical model entitled "the toxic triangle" to describe destructive leadership. The toxic triangle is comprised of the three domains of destructive leaders, susceptible followers, and conducive environments. Each of these three domains is further examined by exploring specific characteristics of each domain. In keeping with a process model, Popper (2001) similarly proposed that unethical and destructive leadership is comprised of the interplay between leaders, followers, and circumstances. As such, the inner psychodynamics of leaders and followers interacting within unique situational contexts create the incendiary dynamics of unethical leadership. What is lacking in both models relates to catalyzing events that prompt the interplay between the leader, follower, and situational context.

In other words, unethical behavior and its persistence must have a catalyzing starting place, a tipping point moment that prompts all subsequent unethical behavior, similar to the vortex of a tornado drawing everything into its fury. This catalyst will be considered a critical incident, a thought, condition, intention, or event, which prompts unethical behavior (Patton, 2002). Such intentions to behave unethically or incidents that catalyze further unethical behavior comprise the mediating variable, which is seldom discussed in the leadership literature (Vardi & Weitz, 2004). Therefore, this paper builds upon previous research (Padilla et al., 2007; Popper, 2001) by describing salient characteristics of leaders, followers, and situational context and additionally introduces the mediating variable of a critical incident.

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*Conceptual Model*

Unethical leadership seldom happens in a vacuum but rather within a complex interaction of dynamics. With leaders, followers, and situational context catalyzed by a critical incident all interacting within the "perfect storm" of unethical behavior, the conceptual model is presented in Figure 1.

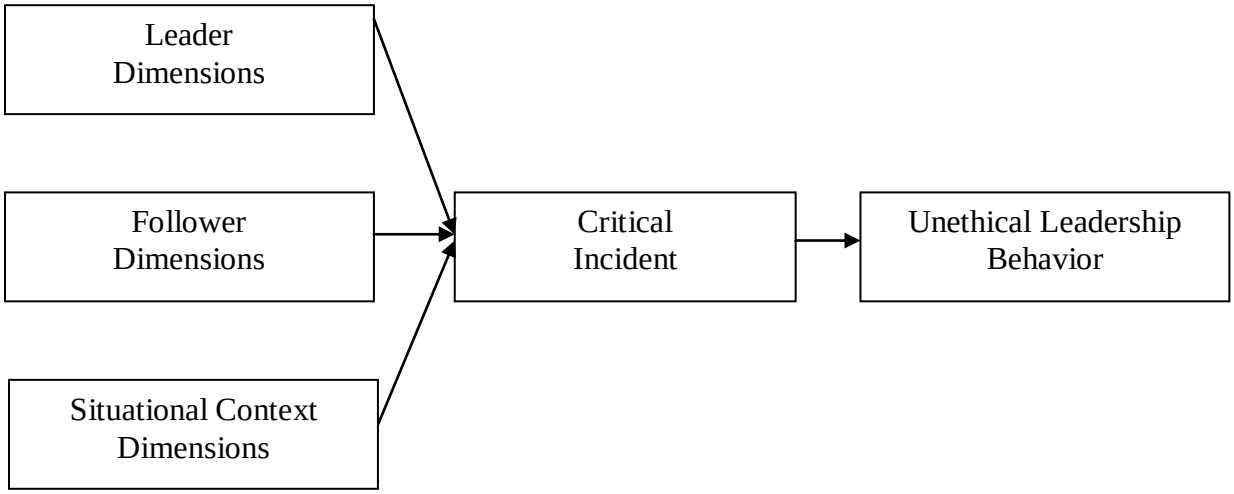


*Figure 1.* Conceptual framework of unethical behavior of leaders.

## Analysis of the Literature

In keeping with the tornado imagery to describe the unethical behavior of leaders, Figure 2 depicts the interactive factors creating this perfect storm: (a) leaders (rotating winds), (b) followers (colliding hot and cold temperatures), and (c) situational context (atmospheric conditions), catalyzed by a critical incident or trigger event that draws everything into its center (tornado vortex). In this section, each dimension contributing to the perfect storm of unethical leadership behavior is further elaborated, including the salient characteristics of each.



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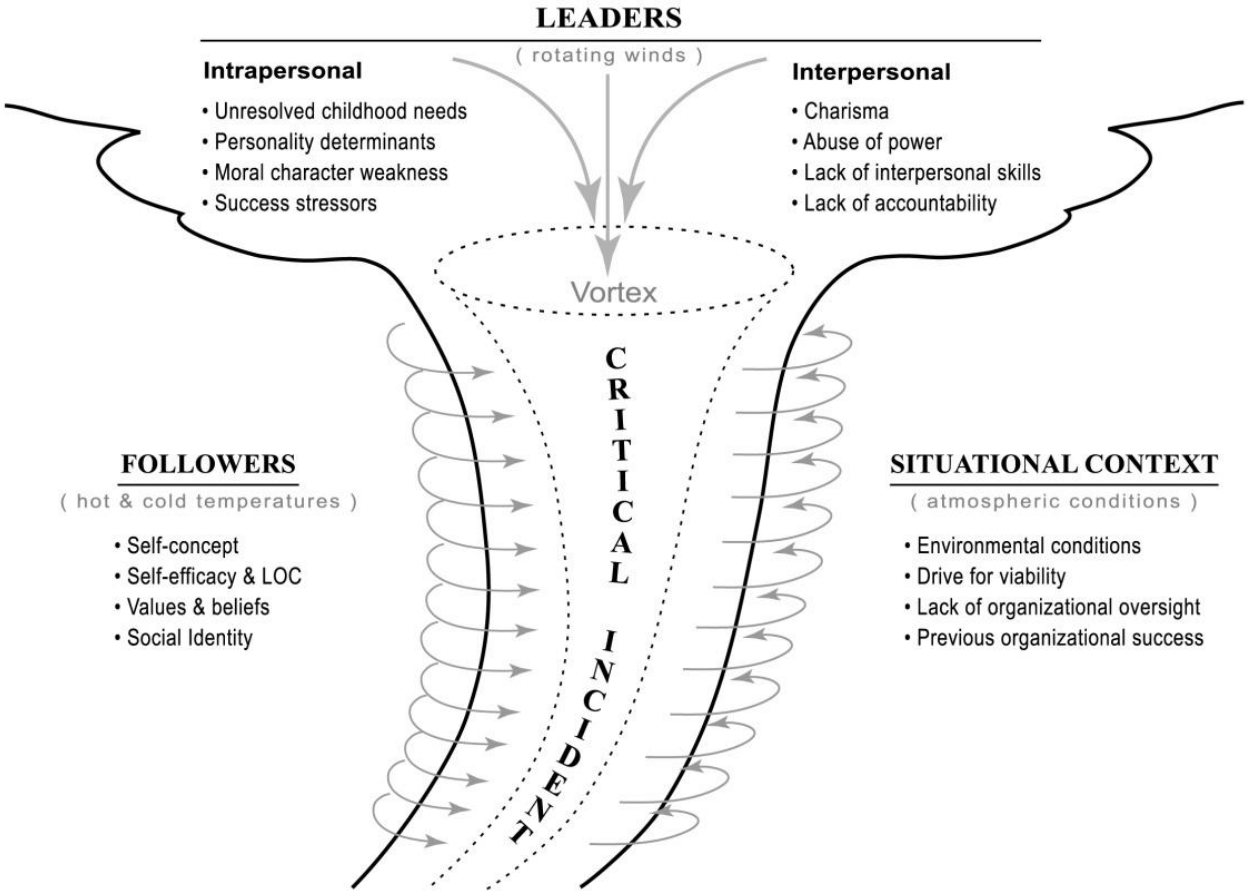


*Figure 2.* The perfect storm dimensions.

## Leader Dimensions

Both intrapersonal and interpersonal dynamics produce the rotating winds of unethical leadership behavior (Van Velsor & Leslie, 1995). Leaders bring to their leadership roles all of who they are, which is based on their previous life experiences, worldview, and values. Additionally by its very nature, the leadership role positions leaders to interact with others through interpersonal discourse and activity, which impacts leaders' sociological and psychological state. As Kets de Vries (2006) observed, "…human development is an inter and intrapersonal process" (p. 11).

### *Intrapersonal Leader Dimensions*

Various researchers have noted the intrapersonal factors contributing to leadership failure (Bass & Steidlmeier, 1999; Clements & Washbush, 1999; Coutu, 2004; Kets de Vries, 1993, Kroll, Toombs, & Wright, 2000). These intrapersonal factors include what transpires in "the inner theatre of the leader," or the areas deeply embedded in the leader's psyche (Kets de Vries, 1993, 2006). For the purposes of this paper, these multiple factors can be clustered around these



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primary areas: (a) unresolved childhood needs, (b) personality determinants, (c) moral values and character weakness, and (d) internalized success stressors.

*Unresolved childhood needs.* In an interview, Kets de Vries partially attributed intrapersonal problems in leaders to unresolved issues in childhood, which produce unconscious blind spots when leaders are under pressure (Coutu, 2004, p. 67). Citing the work of Freud regarding the unconscious aspects of personality, Kets de Vries' clinical approach to leadership behavior centers in the nature-nurture pendulum where behavior derives from core motivations comprised of thoughts, feelings, and desires conditioned from childhood over time. This primary motivational pattern develops from what Bowlby (1982) described as "attachment theory" (Ainsworth, Blehar, Waters, & Wall, 1978).

Attachment theory proposes that human behavior can be explained by the quality of early human attachments with primary caregivers, especially parents (Ainsworth & Bowlby, 1965). These attachments can be perceived as secure and positive or insecure and negative. Thus, attachments with significant others throughout childhood can be transferred to other relationships in adulthood identified as (a) secure attachment derived from a basic trust in prior caregivers because of availability and sensitivity, (b) anxious-ambivalent insecure attachment fostered by uncertainty in prior caregivers' availability in responding to legitimate needs, or (c) anxious-avoidant insecure attachment characterized by previous caregivers who were completely unavailable to provide nurture, love, and care that prompts emotional self-sufficiency and mistrust of others. In a series of three studies, Popper, Mayseless, and Castelnovo (2000) found significant correlations between transformational leadership style and secure attachment.

As adults, leaders take with them life scripts based on these attachment experiences, which regulate emotions, communication, and interaction in a healthy or unhealthy way (Kets de Vries, 1993). Popper (2001) connoted a lack of love pattern from childhood through adulthood as prompting an over-compensation pattern evidenced in leaders' desire "…to be at the center, to be loved…which is often unconscious" (p. 13). These motivational need systems, predicated on unmet childhood needs, become powerful determinants of adult behavior.

*Personality determinants.* Unresolved childhood needs impact psychological determinants such as narcissism (Popper, 2002; Rosenthal & Pittinsky, 2006), hubris (Kroll et al., 2000; Sternberg, 2002), and self-deception (Martin, 1986). Leaders' sense of self runs the spectrum of healthy self-esteem to pathological egotism. Narcissism, or egoistic self-interest as the primary motive for behavior, can be constructive or reactive (Kets de Vries, 2006). Leaders may develop a reactive narcissism, fostered in childhood when they did not receive the caring support needed for healthy psycho-social development. This reactive narcissism, attributed to damage in the formative "mirroring" process between infant and mother where the child is deprived in some way, leads to grandiosity and yearning for positive affirmation and individuation in later adult stages (Kohut, 1971; Pines, 1981; Popper, 2001). For example, when John Edwards, a 2008 U.S. Democratic presidential contender and former South Carolina Senator, was interviewed about his adulterous affair, he admitted that narcissism played a role in his unethical behavior (ABC News/Nightline, 2008).

Hubris, exaggerated pride or self-confidence, contributes to a sense of grandiosity. Sternberg (2002) cited a lack of tacit knowledge, or common sense, disposes leaders to imbalance through a sense of personal omnipotence, an extreme sense of power and invulnerability, and an illusion of insulation from others. As Kroll et al. (2000) asserted,



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"Narcissism and hubris feed on further successes" (p. 120). Likewise, Rhode (2006) identified that high confidence, arrogance, and optimism experienced by leaders leads to moral myopia. When leaders engage in unethical behavior they often experience a cognitive dissonance (Festinger, 1957), where information is suppressed or reconstrued, resulting in the rationalization of unethical behavior (Price, 2006). Unbridled narcissism and hubris leads to self-deception.

Self-deception, the paradoxical capacity to deceive oneself regarding the truth in the process of protecting self-image, is another psychological determinant. Introduced in his seminal work, Fingarette (2000) related self-deception to personal identity constructs where the self-deceiver denies acknowledging the truth and "commits himself to avoid spelling-out his commitment" (p. 47). Martin (1986) distinguished self-deception from deceiving others by asserting that self-deception involves "concealing a truth or one's view of the truth" and takes many forms (p. 6). Various patterns of self-deception involve evasive mechanisms including willful ignorance, systematic ignoring, emotional detachment, self-pretense, rationalization. Self-deception can be conceived as a fracture between two selves, whereby the deceiver and the deceived live within one person (Haight, 1980), which leads to unethical leadership behavior.

*Moral values and character weakness*. Leaders' ethical standards may falter because of the loosening of moral values regarding personal conduct and organizational procedures. The character and ethical values of leaders form a cornerstone of decision making and conduct. Bass and Steidlmeier (1998) argued that authentic transformational leadership must "be grounded on moral foundations" and predicated "on values of honesty, loyalty and fairness, and the end values of justice, equality, and human rights" (pp. 181-185). The character and integrity of leaders transcends projected persona and others' perceptions of them and must nurture trust and credibility among followers by invoking "word-action match" (Simons, 1999, p. 90). Character and integrity are seen as cornerstones of ethical leadership (Cameron, 2003; Heath, 2002; Quinn, 2003).

A lack of moral values and character weakness evidence themselves in lying, cheating, and greed (Bok, 1999; Cruver, 2002; Doris, 2002). Few would agree that lying to protect personal image at the expense of public trust and breaking the law are acceptable leadership practices. Leadership lies, scams, and cover-ups are alarmingly prevalent. In 1998, former U.S. President Bill Clinton admitted to misleading his family, colleagues, and the public in his denial of allegations related to his involvement with a White House intern in the Paula Jones deposition (Wright, 1999). These leadership lies and subsequent cover-up clearly violated the public trust.

*Success stressors and personal imbalance*. Success brings with it positive as well as challenging outcomes. For example, vocational success may foster additional stress to protect personal image/persona (Kets de Vries, 2006), achieve further goals (Berglas, 1986), meet perceived internal and external expectations (Chaleff, 2008), and breed exception making and a false sense of entitlement (Johnson, 2005; Perkins, 2002; Price, 2006, 2008). Berglas (1986) suggested that self-esteem is the outcome of "what has been accomplished" divided by "what is possible or expected" (p. 98). However, when escalating internal and external expectations are not being met, stress ensues, with self-esteem likely to plummet. Additionally, success stress is created by heightened public recognition, reduced personal time, strained personal relationships, an "alone at the top feeling," and the over-functioning in a false persona in order to fulfill leadership roles and expectations (O'Neill, 2004).



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Ludwig and Longenecker (1993) cited an inability to cope with success as contributing to "the Bathsheba Syndrome," derived from the Old Testament and Torah accounts of King David's adulterous affair with Bathsheba and his subsequent cover-up. The Bathsheba Syndrome is characterized by complacency, loss of focus, privileged access to information and people, unrestrained control of organizational resources, and the ability to manipulate outcomes, which in turn may elicit unethical behavior. Leaders often lack preparedness in dealing with personal and organizational success, which may lead to personal isolation, lack of relational intimacy, and emptiness (c.f., Kelly, 1988; La Bier, 1986).

Furthermore, success may cause leaders to excuse themselves from established protocols (Cameron, 2003), while making exceptions for their unethical behavior (Price, 2006). This sense of entitlement and rationalization, whereby leaders gratuitously expect certain rewards for their hard work (Boatright, 2007, Nozick, 1974; Rhode, 2006), end up in denial, which fosters rule breaking. The Watergate scandal that rocked the Nixon presidency is a classic example of exception making. During a news conference on November 17, 1973, President Richard Nixon, who first minimized the scandal as part of politics, rationalized his unethical behavior by stating, "People have got to know whether or not their President is a crook. Well, I'm not a crook. I've earned everything I've got" (Kilpatrick, 1973).

*Interpersonal Dimensions*

Interpersonal antecedents of unethical behavior of leaders are well-supported (Margolis & Molinsky, 2006; Van Velsor & Leslie, 1995; Vardi & Weitz, 2004). Four factors related to interpersonal dimensions are presented: (a) charisma, (b) abuse of personalized power, (c) lack of effective interpersonal skills, and (d) lack of a viable accountability and support system.

*Charisma*. A frequently identified characteristic of effective leadership is charisma. Charisma is both a trait and behavior that influences the attitudes and behaviors of followers (Howell, 1988; Howell & Avolio, 1992; House, 1977; Meindl, 1990; Shamir & Howell, 1999). Charismatic leaders articulate a compelling vision, use expressive forms of communication with followers, take personal risks, and communicate high expectations (Yukl, 2005). By being greatly influenced by charismatic leaders, followers are apt to agree with, feel affection for, and obey them. With charismatic leaders fostering a sense of strong identification with followers, they may likewise curry followers' inordinate allegiance to them in the face of unethical or moral leadership indiscretion (Conger & Kanungo, 1988, 1998). Shamir, House, and Arthur (1993) found a direct link between charismatic leaders and follower motivation based on followers' self-concepts. With the self-concept comprised of social identity and values, followers can be motivated to enhance their self-esteem and self-worth through identification with leaders (Brown, Hogg & Reid, 2001; Lord & Brown, 2004; van Knippenberg & Hogg, 2003), which may contribute to leaders' unethical behavior.

Howell and Avolio (1992) examined ethical considerations related to followers. They asserted, "Unethical charismatic leaders select or produce obedient, dependent, and compliant followers. They undermine followers' motivation and ability to challenge existing views, to engage in self-development, and to develop independent perspectives" (p. 49). Consequently when leaders deviate from ethical norms, compliant followers tend not to critique leaders' decisions, since leaders are considered to be the standard bearers for moral conduct. Although all leaders need positive and socialized charisma to interact with followers, the downside of



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charisma concerns possible negative consequences including the abuse of personalized power, the nurture of blind loyalties, and the inhibition of any criticism (Lord & Brown, 2004).

A classic example of a charismatic leader who engaged in unethical behavior was Michael Milken, nicknamed the "junk bond king," who worked at Drexel Burnham for over 20 years. Known for arrogance, obsession with follower's unquestioned loyalty, and personal gain, Milken instigated a perfect storm of illegal insider trading, stock manipulation, and tax evasion eventuating in his 1990 guilty plea (Bruck, 1989).

*Abuse of personalized power*. Observing the corruptive nature of power, Lord Acton astutely observed, "Power tends to corrupt, and absolute power corrupts absolutely" (Lord Acton, 1972, p. 364). Power is a great motivator (McClelland & Burnham, 1976). However, power can foil for self-interest and aggrandizement, deception, and unethical behavior (Keltner, Langner, & Allison, 2006; Zimbardo, 2007), resulting in the rationalization of unethical behavior (Kets de Vries, 2006) and the reestablishment of personal psychological equilibrium to avoid the debilitating effects of misused or abusive power (Kets de Vries, 1993). Winter (2006) asserted that psycho-social mechanisms such as love and affiliation, reason and intellect, a sense of responsibility, and religious or secular moral codes can be hijacked and subverted by the exercise of personalized power. Whereas ethical leaders focus on serving the greater good (Kanungo & Mendonca, 1996; Trevino et al., 2003), unethical leaders engage in what Bass and Steidlmeier (1999) attributed to pseudotransformational leadership, or the deceptive masquerade of power, with leaders engaging "a public image of a saint but privately are deceptive devils" (p. 186).

Leaders with an ethical awareness demonstrate "the capacity to perceive and be sensitive to relevant moral issues that deserve consideration in making choices that have a significant impact on others" (Petrick & Quinn, 1997, p. 89). Conversely, leaders without an ethical awareness use personal power to advance self-interest and personal goals at the expense of followers (Padilla et al., 2007; Whicker, 1996), or what Magee, Gruenfeld, Keltner, and Galinsky (2005) called objectification, the process of viewing others as objects in accomplishing personal goals. Unbridled personalized power may have devastatingly evil consequences, as the world witnessed during the Holocaust, the 1978 Jim Jones/People's Temple mass suicide, the September 11, 2001 attacks on the World Trade Towers and the Pentagon, and the prisoner abuse at Abu Ghraib Prison by participating guards (c.f., Zimbardo, 2006, 2007).

*Lack of effective interpersonal skills*. Lack of effective interpersonal social skills may likewise contribute to the unethical leadership behavior. As interpersonal skills contribute to social identity processes, leaders exercise great influence upon followers by how they communicate, express vision, motivate people to support a shared vision, and empower others (Lord & Brown, 2004; van Knippenberg & Hogg, 2003). As such, the ability to relate effectively to others with tact, etiquette, self-monitoring, social acumen, and conflict resolution increases leaders' credibility and group cohesiveness (Yukl, 2005). However as Dotlich and Cairo (2003) identified, a lack of relational competence and a sense of aloofness are major leadership derailers fostering personal isolation and insulation from others, conflict avoidance, miscommunication, and organizational lethargy, all potential antecedents to unethical leadership behavior.

One indicator of interpersonal acumen is emotional intelligence, the ability to understand and manage the emotional dimension of oneself and others particularly in interpersonal relationships (Goleman, 2005). Generally, people high in emotional intelligence likewise evidence strong interpersonal skills. When asked in an interview how to identify healthy and



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successful leaders, Kets de Vries (Coutu, 2004) cited emotional intelligence as the number one characteristic. Emotional intelligence contributes to leaders' self-awareness, self-regulation, and empathy, as well as the ability to listen, express appreciation, and remain adaptable.

With chronic interpersonal stressors and work demands, leaders may experience personal imbalance and become disconnected from followers through stress, burnout, and work overload; leading to depersonalization, noted to be a negative, cynical, and detached response to others (Maslach, 2000). Without effective interpersonal skills, leaders may lack self-monitoring capacity and the ability to engage in constructive conflict resolution, further isolating them and creating relational fissures disabling healthy team formation, delegation, and management. For example, Van Velsor and Leslie's (1995) research on leadership derailment supported the notion that the inability to foster positive team dynamics contributes to leadership failure.

*Lack of effective accountability and viable support systems.* Lack of appropriate accountability structures and procedures contributes to unethical and moral leadership failures (Cruver, 2002; Magee et al., 2005). The autonomy that leadership affords may provide an escape from healthy and tenable accountability, defined as being open and forthright regarding communication, decisions, and processes (Chaffee, 1997; Sedikides, Herbst, Hardin, & Dardis, 2002). Accountable leaders willingly make themselves answerable to others. Conners, Smith, and Hickman (1994) observed: "If you selectively assume accountability for some of your circumstances and conveniently reject it for others, you cannot stay on the steps to accountability" (p. 120). Leaders who are held accountable are more likely than those who are not to take into consideration social consequences of their behavior and consider others' interests above their own (Keltner et al., 2006; Lerner & Tetlock, 1999; Magee et al., 2005).

As Dotlich and Cairo (2003) advised, "Find the truth-tellers in your organization and ask them to level with you" (p. 9). Kroll et al. (2000) recommended that leaders appoint persons who represent their alter ego and are given permission to be ruthlessly honest without threat of retribution. From calling for more careful oversight from boards of directors (Sayles & Smith, 2006) to establishing a more effective system of checks and balances (Kellerman, 2004a), accountability is a crucial component for minimizing the unethical behavior of leaders (Chaleff, 2008). For example, lack of effective personal and financial accountability contributed to the 1989 conviction of televangelist Jim Bakker of defrauding PTL ministry supporters of $158 million (Shepard, 1989).

In addition, the lack of an effective support system also contributes to the demise of otherwise successful leaders, as by its very nature leadership has been shown to contribute to isolation (Kets de Vries, 1993, 2006). Social support bolsters emotional reserves, perspective, and provides an outlet for those in organizational settings to be themselves (Winnubst, 1993). Appropriate vulnerability within meaningful relationships amidst stressful leadership demands provides congruency in maintaining a healthy life balance and self-image. According to Burke (2006), having personal confidantes is invaluable in the leadership role. Without social support, leaders become distanced from reality, isolated, and vulnerable to ethical leadership failure. In summary, unethical behavior of leaders, like the circulating storm winds within a tornado, results from intrapersonal and interpersonal dynamics interacting with various follower and situational dimensions.



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## Follower Dimensions

In addition to the leader dimension, the second contributing factor of hot and cold colliding temperatures in creating the "perfect storm" of unethical leadership behavior involves follower dimensions. The important role of followers in influencing leadership behavior has been clearly identified (Gini, 1998; Kellerman, 2008; Rost, 1993). Additionally, followers' needs, attitudes, and behaviors are likely to influence the unethical behaviors of leaders (Chaleff, 2003; Popper, 2001). As Whicker (1996) argued, "To blame the decline of many institutions and organizations in the United States on bad leadership is to oversimplify the complex relationship between leaders and followers" (p. 51). Followers play a highly instrumental role in the unethical behavior of leaders by passive or active complicity (Vardi & Weitz, 2004).

Scholars have identified the active and passive role of followers in supporting unethical leadership behavior (Kellerman, 2004a; Lipman-Blumen, 2005; Padilla et al., 2007). Generally, followers may fall into one of three categories: (a) benign, passive, and conforming bystanders, (b) colluding associates and acolytes who implement the leaders' agenda, act in their names, and protect them from disrepute, and (c) malevolent and conspiring followers who are self-interested, ambitious, and evil. To illustrate, during the Nazi regime, benign bystanders went along with Hitler's horrific agenda but were not fervent Nazis. Colluding associates and acolytes were those true believers in the Nazi cause and personally committed to Hitler and his agenda. Malevolent followers were members of the SS, standing for *Schutzstaffel* meaning Protective Squadron, who under Heinrich Himmler internalized the mission of killing Jews during World War II (Gellately, 2001). Followers actively and passively support the unethical behavior of leaders.

What specific factors related to followers contribute to the active (hot temperatures) and/or passive (cold temperatures) support of the perfect storm of unethical leadership behavior? Four of the most salient areas related to followers are explored: (a) self-concept, (b) self-efficacy and locus of control (LOC), (c) values and beliefs, and (d) social identity including status and power.

### *Follower Self-concept*

The follower self-concept is a robust domain for understanding leader-follower dynamics. Drawing from implicit leadership theory and cognitive psychology, the self-concept relates to the ways followers view themselves, their self-worth, and the activation of esteem processes influencing how they relate to leaders and how leaders foster these esteem processes (Hall & Lord, 1995; Lord, Brown, & Harvey, 2001; Lord, Brown, Harvey, & Hall, 2001; Meindl, 1995). Thought to derive from individuals' knowledge of themselves including personality, image of one's physical appearance, persona, and self-schemas, Lord and Brown (2004) defined the self-concept as "the overarching knowledge structure that organizes memory and behavior…and includes trait-like schemas that organize social and self-perceptions in specific situations" (p. 14). They argued that leaders' behaviors are proximal determinants of followers' self-concept activation.

Contributing to the development of the followers' self-concept, the leader-member exchange (LME) process fosters a psychological interaction enabling followers to experience protection and security, achievement and effectiveness, inclusion and belongingness, and commitment and loyalty (Messick, 2005). Graen and Uhl-Bien (1995) described the outcome of this psychological exchange as the formation of in-groups and out-groups, dyadic relationships



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of contrasting degrees of trust, interaction, and closeness. In-groups comprise the inner circle, the entourage, and acolytes and can be seen as conformers or colluders. As such, Lord, Brown, and Freiberg (1999) cited that research has supported several precursors to LMX, namely leaders "liking" followers, follower demographics, and perceived attitudinal similarity (c.f., Engle & Lord, 1997). As a result, followers' self-concepts may be strengthened leading to further motivation, self-regulation, and information processes. Since people are motivated to preserve and increase their sense of self-esteem, followers will be highly motivated to preserve this identity, especially in their relationship to leaders (Shamir, House, & Arthur, 1993).

As the self-concept is reinforced by the roles people play in relationship to others and through personal comparison (Brewer & Gardner, 1996), leaders heighten followers' self-esteem by personal appraisals, performance evaluation, and positive reinforcements and rewards. In-group formation, followers may reinforce leaders' objectives, goals, values, and processes. If leaders are engaging in the slippery slope of unethical behavior, followers may unwittingly contribute to the process by remaining silent, fearful to confront superiors or collaborate with unethical behavior to protect their self-identifies (c.f., Padilla et al., 1997; Kellerman, 2004a). As Berg (1998) maintained, "The hierarchical character of the leader-follower collaboration heightens the follower's need for courage" (p. 49).

*Follower Self-efficacy and LOC*

Followers possess varying degrees of beliefs about their self-efficacy, defined as the freedom and power to act for specific purposes (Bandura, 1986). Bandura (1997) identified various components which determine behavior including cognitive self-regulation and personal agency. However, in certain situations, followers may engage or disengage personal agency and self-sanctions related to ethical and moral behavior, in a similar fashion as leaders. This process of ethical/moral disengagement includes a reduction of self-monitoring and judgment, leading to detrimental conduct (Bandura, 1991; Barbaranelli, Caprara, & Pastorelli, 1996).

In addition to self-efficacy, followers' LOC also contributes to how followers participate in or resist unethical behaviors of leaders. Rotter's (1966) research identified those with a strong internal LOC (i.e., the belief that one's actions determine the outcome of one's life), and those with an external LOC (i.e., the belief that events determine one's destiny minimizing any personal influence upon these events). Hence, followers with an internal LOC may take more initiative to resist or confront the unethical behavior of leaders than those with an external local, who may be more easily manipulated (Padilla et al., 2007). Although no empirical evidence supports this assertion, it would seem that those who muster the courage to adhere to their ethical values and confront superiors would possess a high internal LOC. For example, Sherron Watkins, then the vice president of Corporate Development at Enron, exercised an obvious internal LOC when she met with CEO Kenneth Lay to expose the corrupt accounting practices that implicated the company (Morse & Bower, 2002).

*Follower Values and Beliefs*

Value alignment between leaders and followers impacts organizational processes (Bass & Stedlmeier, 1999; Shamir et al., 1993). Values provide stability and standards both for individuals and social systems (Rohan, 2000; Schein, 1992). Lord and Brown (2001, 2004) contended that leader behaviors reinforce values in followers and that these values are associated



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with followers' self-concepts. Given that universal values such as self-direction, achievement, power, and security (Schwartz, 1999) are activated in organizational contexts, value compatibilities and conflicts emerge between leaders and followers, which impose positive or negative constraints on their dyadic relationship and organizational processes.

Value similarity between leaders and followers forges increased follower motivation, commitment, and satisfaction (Jung & Avolio, 2000). With having less positional power, followers may sublimate their espoused and realized values in the face of leaders' unethical practices, resulting in followers' internalized dissonance, especially in the face of affiliation needs. Similar values between leaders and followers in favor of unethical behavior produce colluding behavior. For example, Hermann Göring and Heinrich Himmler, both chiefs of the Gestapo, Hitler's secret police, colluded with Hitler to ultimately exterminate approximately six million European Jews during World War II. Value alignment most probably contributed to this collusive follower behavior.

*Follower Social Identity*

Follower self-concepts are not only impacted by self-views but also by relational identities within social contexts (Brewer & Gardner, 1996; Lord & Brown, 2004; Lord et al., 1999). The social identity perspective considers the social influences on collective self-perception (Hogg, 2001). Given that group members compete for distinctiveness and positive social perceptions in order to define themselves as having higher status (Hogg & Reid, 2001), the connection with the follower self-concept becomes clear. The striving for a positive group social identity is motivated by the need to belong, which further affirms self-esteem. Aligning with LMX theory, social categorization (Hogg, 1996), describes in-groups and out-groups that people differentiate through cognitive prototypes, which include attitudes, feelings, and behaviors that distinguish group members from others (Hogg & Reid, 2001).

In that followers engage in groups for self-enhancement and uncertainty reduction, the link between followers' social identity and the potential to conform or collude with unethical leadership behavior becomes even more salient. With Hogg and Reid (2001) arguing that prototypical in-group membership "depersonalize perception, cognition, affect, and behavior in terms of the contextually relevant in-group prototype" (p. 164), it would seem to follow that those functioning in-group prototypes may be more likely than those who are not included in in-groups to support the unethical behavior of leaders. The abuse of power, then, becomes a tangible prospect (Reid & Ng, 2003). To illustrate, in the wake of the 9-11 terrorist attacks on the World Trade Towers, New York City Mayor Rudy Giuliani pushed for a third term, a clear violation of state law. However, the City Council refused to consider his request, standing up against authority as informed followers to curb any hint of unethical decision making.

In contrast, an example of follower compliance to unethical leadership hails from the story of King David's adulterous relationship with Bathsheba and his duplicitous ruse to kill her husband to cover up his misdeeds. The unquestioning allegiance of Joab, his military captain, demonstrates Joab's colluding behavior reinforcing David's abuse of power. In times of uncertainty or external threat such as David's being at war, group members may consent to involvement with unethical behavior, serving to tighten what Hogg and Reid (2001) call an "empathetic bond" (p. 175) to preserve the status of followers and leaders. In summary, follower dynamics contribute to unethical behavior, just as hot and cold temperatures contributes to the perfect storm created by tornadoes.



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## Situational Context Dimensions

Unique situational factors also contribute to the "perfect storm" of unethical leadership behavior (Bersoff, 1999; Rhode, 2006; Vardi & Weitz, 2004), similar to atmospheric conditions in tornado creation. These factors subsume under (a) environmental uncertainty, (b) drive for competitive viability or dominance, (c) lack of effective organizational processes and oversight, and (d) previous organizational success.

### *Environmental Uncertainty*

With environmental turbulence, change, and uncertainty, ethical leadership may be compromised (Zimbardo, 2006, 2007) because of organizational transition, conflict, financial duress or growth, and weak or absent leadership. Crises, in particular, contribute to a heightened sense of organizational uncertainty. Klein and House asserted (1995) that crises are breeding grounds for charismatic leadership; and as such, heighten the influence of persuasive leaders upon followers who are seeking security, stability, and a return to the status quo. Further, Shamir et al. (1993) noted that charismatic leadership would emerge in contexts where few contextual cues and constraints exist to guide organizational behavior. During times of uncertainty, leaders increase authority to restore stability, tighten controls, and are granted more latitude in decision-making. As Padilla et al. (2007) noted, once decision-making has become centralized, it is very difficult to reverse. Moreover, internal and external threats often produce what Lewin (1948) termed "melting," or the phenomenon of people with differing perspectives coming into alignment with one another, which makes power consolidation and attachment to a strong leader more likely. Thus, crises situations actually catalyze the likelihood of unethical behavior.

For example, armed conflict creates extremely unstable environments, causing people to do what under normal circumstances would be unthinkable. In 2004, the abuse of Iraqi detainees at Abu Ghraib prison exposed the influence of context upon behavior. Not having a previous criminal background, Sergeant Ivan "Chip" Frederick, the highest ranking military police official, pleaded guilty to torturing prisoners, what Zimbardo (2007) has labeled "the Lucifer Effect". In unstable situations, the likelihood of unethical leadership behavior is enhanced.

### *Drive for Competitive Viability and Dominance*

Competition impacts organizational viability, profit, and overall influence. However under extreme pressures to compete and achieve sometimes unrealistic objectives, unethical behaviors are more likely (Quinn, 2003). As Yukl (2005) observed, "Unethical behavior is more likely in organizations with high pressure for increased productivity…" (p. 410). In examining the post-mortems of corporate scandals, similar factors played a role in unethical leadership practices. They include the desire to beat out the competition, dominate a particular industry, and proffer in excess. The all-too-familiar corporate scandals of Enron, WorldCom, Adelphia Cable, and others bear testimony to competitive drive run amok, leading to economic profit through cheating, cutting corners, and breaking the rules. Whereas the need to achieve is a high motivator (McClelland, 1985), inordinate competition produces drivenness and a dysfunctional organizational culture and climate (Schminke et al., 2005). Such was the case in 1977 with the baby food producer Beech-Nut, when under increasing financial pressures, reduced costs by selling apple juice made from a bogus mixture of sugar and water. Indicted and convicted on 215



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counts of violating FDA regulations and fined $2 million, Beech-Nut claimed that other companies were doing the same thing (Sims, 2003, pp. 128-129).

*Lack of Effective Organizational Processes and Oversight*

The lack of effective organizational processes and accountability oversight further contributes to unethical leadership behavior (Vardi & Weitz, 2004). According to Rhode (2006), the size, structure, and corresponding complexity of organizations impact informed judgments. The larger the organization, the more likely bureaucratic structures will challenge the communication system and influence organizational culture. Partial information coupled with poor feedback channels for expressions of concern and lack of appropriate checks and balances are liabilities for large and lax organizations. Organizational culture involves distributing power and status, developing groups, allocating rewards and punishment, and exercising decision making processes (Schein, 1992), or what Sims (2003) called "embedded patterns of 'how we do things around here" (p. 107). Whereas culture involves social and behavioral norms including member identity, sense-making, and value formation, without ethical leadership these processes can become manipulative havens for unethical practices.

Effective accountability structures and processes help offset the negative effects of power and encourage moral leadership (Keltner et al., 2006; Lerner & Tetlock, 1999), through governing and advisory boards for example (Lipman-Blumen, 2005). Accountability deters self-enhancing behavior, which provides checks and balances to offset inordinate leadership power. Sedikides et al. (2002) conducted four experiments on the effect of accountability on self-enhancing behaviors and found that accountability deflates self-enhancement. The 1991 bond trading scandal involving Salomon, Inc. exposed a lack of honest organizational processes, corporate culture, and accountability. After its CEO John Gutfreund was implicated in placing illegal bids on several auctions of government securities, the company was eventually salvaged by Warren Buffet whose honest organizational practices turned the company around (Sims & Brinkmann, 2002).

*Previous Organizational Success*

Organizational downfall ironically has been attributed to previous organizational success (Bowie, 2005; Ciulla, 2001; La Bier, 1986; Martin, 1986; Miller, 1990). Miller (1994) observed that after long periods of fiscal success organizations are prone to (a) inertia regarding structure and strategic processes (c.f., Miller & Chen, 1994), (b) immoderation regarding development goals, (c) inattention to information gathering and organizational learning, and (d) insularity in adapting to environmental change. With America's obsession with success manifesting in comparative ranking, monetary rewards, social status, and prestige, organizations and their leaders may become blinded to their own motives and power and lax in organizational oversight. Berglas (1986) concluded, "Without the prerequisite capacity to accept and enjoy success, many people become almost 'drunk' on the benefits it provides and ignore the way in which the positive consequences of success can also give rise to The Success Syndrome" (pp. 54-55). Through a series of positive feedback loops, success can create excessive confidence, unbalanced judgment, and blindness resulting in organizations and their leaders intertwined in a crash and burn downfall (Chaleff, 2008). In summary, contextual factors contribute to leaders' unethical behavior, like atmospheric conditions contribute to tornado creation.



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## Critical Incident (Mediating Variable)

Unethical leadership rarely happens in a vacuum. Rather like the vortex of a tornado that sucks everything into its center, various factors converge over time to produce a catalyst, provoking unethical leadership behavior. Identifying phases of human behavior and adaptation, Perkins (2002) offered a similar perspective on systems thinking and change, which he called "self-organizing criticality" (p. 67). In change cycles, various conditions including physical forces or human motives and drives can build up over time to where the system almost topples into new activity patterns. What prompts the new activity is a "trigger event," or a threshold point either internally or externally motivated, that is like an avalanche suddenly giving way. Martin (1986) identified the slippery slope approach to self-deception and morality whereby one misstep might lead in a potentially dangerous direction causing a downhill slide into disaster. Vardi and Weitz (2004) identified this mediating variable as "the intention to misbehave" and located it between antecedents of the intention and the expressions of actions which follow. King David's unethical behavior with Bathsheba began with the critical incident of gazing upon her while he was on a hiatus from his troops at war. In summary, the perfect storm of unethical behavior of leaders is comprised of a complex interaction of leader, follower, and contextual dimensions, precipitated by the vortex of a critical incident.

## Implications and Future Research

The unethical behavior of leaders has far-reaching consequences for all stakeholders at all organizational levels including leader and follower demise, follower distrust/disenfranchisement, and organizational decline. However many unanswered questions surround how the dimensions of leaders, followers, and situational context interact to create "perfect storm" conditions for moral disengagement and what exactly precipitates the sequence of events. Based upon these three dimensions, two questions relate to if ethical leadership can be predicted over time and how critical incidents, or the tornado vortex of pulling everything into cataclysmic crisis, can be identified and rectified before it's too late for negative outcomes.

Although theoretical approaches to ethical/unethical leadership behavior have been proposed, little empirical research has grounded them (Brown et al., 2005). Therefore, it is recommended that empirical research grounded in theoretical approaches be undertaken, inclusive of social cognitive, attachment, personality, and organizational systems theories, along with demographic considerations including gender, age, previous unethical history, religious orientation, and organizational tenure. In addition, fresh insights into the moral development of leaders and followers would expand previously held perspectives (Kohlberg, 1981; Rest, 1994).

Further questions arise as to whether ethical/unethical leadership is in itself a theory. If so, how does it relate to other conceptual frameworks such as transformational, authentic, and spiritual leadership? Another question concerns leadership style and follower empowerment processes and the need for effective training and interventions at all organizational levels in order to model ethical leadership and respond to unethical behavior with appropriate procedures and protocols. For example, are shared versus vertical leadership structures more effective in creating a buffer to dissuade executive corruption (Pearce, Manz, & Sims, 2008)?

Furthermore, various organizational considerations related to effective accountability structures, checks and balances, and reward systems for honesty and integrity must be evaluated for effectiveness. Regarding training and mentoring, what existing organizational paradigms



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reinforce ethical leadership behavior (Brown et al., 2005) and coping strategies to assist colleagues and protégés regarding the rigors of leading to keep from falling off the edge (Heifetz, 1994)? And how can formal and informal training venues (i.e., MBA and leadership development programs) incorporate ethics education as a more central curricular component?

Likewise, the field of cross-cultural ethics is promising for relevant research, with a view toward the differences and similarities of value systems (Jackson, 2001) upon which cultures base leadership prototypes, ethical leadership behavior, and the roles/responsibilities of followers (Javidan, House, Dorfman, Hanges, & de Luque, 2006). In other words, how is unethical leadership behavior viewed across cultures (Resick, Hanges, Dickson, & Mitchelson, 2006), and what comprises leadership prototypes based on cross-cultural values (Gerstner & Day (1994)?

Being susceptible to the "perfect storm" of unethical leadership behavior is possible for every leader. As Ciulla (2001) reminds us, all leaders are imperfect and "carved out from the warped wood of humanity" (p. 313). By avoiding finger-pointing, we would do well to closely guard ourselves against our own humanity by putting effective accountability structures in place, yielding to the checks and balances instituted for the well-being of all stakeholders, and taking responsibility for our actions.

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