



Beyond Boundaries

Newsletter of the World Association of Non-Governmental Organizations

www.wango.org

Vol. 5, No. 2 Summer 2006

INCORPORATING ETHICAL CONSIDERATIONS INTO GLOBAL DECISIONS

Perspective by Jerome C. Glenn

Collaboration across national and institutional boundaries, as well as religious and ideological ones, seems necessary to address the global challenges. Generating the moral will to act across such different systems may require acknowledgment of global ethics.

The UN system, the International Organization for Standardization, Transparency International, and the Olympics are unique forces for global ethics. Whether such ethics are discovered or constructed, they are emerging as important to world trade, biotechnology, climate change, countering terrorism, poverty alleviation, etc. Globalization and advanced technology allow fewer people to damage more, in less time, than ever before; hence, the welfare of anyone should be the concern of everyone. Such platitudes are not new, but the consequences of their failure will be quite different in the future than in the past.

The prevalence of government corruption, linked with organized crime and terrorism, has become a global phenomenon. Expanding surveillance technology, connected with education and communications systems and the use of universal and accurate lie detectors to counter a range of threats, forces many questions of ethics. An increasingly interconnected world and sophisticated media reporting are making it far more difficult today for unethical decisions to go unnoticed, which seems to call for a new sense of collective responsibility. Much of public morality was based on religious metaphysics, which is challenged by growing secularism; traditional support for morality is weakening.

A global basis for public morality may be emerging, as evidenced by the establishment of the International Criminal Court, corporate ethics indexes, international interreligious

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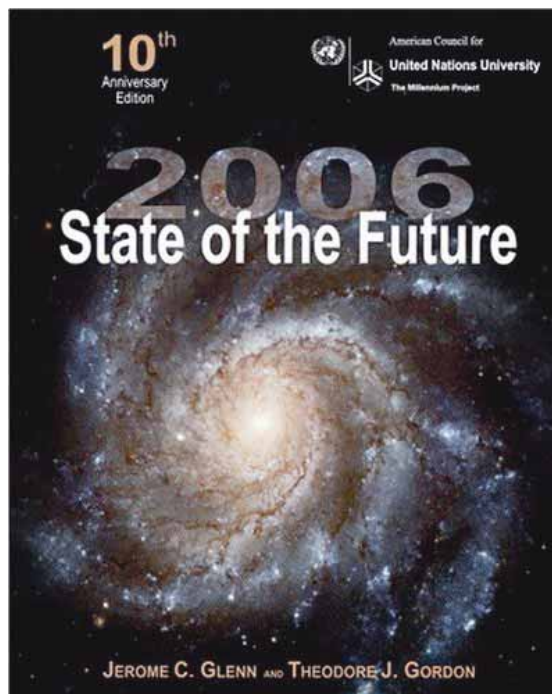
dialogues, UN commissions, think tanks, many ISO standards, and individuals who are organizing themselves around specific ethical issues via the Internet. Others explicitly try to develop global ethics, such as the Universal Declaration of Human Rights, UNESCO's Universal Ethics Project, the Commission on Global Governance, and the Institute for Global Ethics.

The largest gathering of national leaders in history issued the Millennium Declaration in 2000 from the UN Millennium Summit as a statement of global values. The UN Secretary General has challenged business leaders to join the Global Compact by accepting nine principles of global ethics in decision making. The ISO's Advisory Group on Social Responsibility submitted a set of recommendations for the development of deliverables pertaining to social responsibility. Transparency International publishes the Global Corruption Report. Educating children to become responsible citizens will influence adults and thus the

entire population. UNICEF estimates that it would cost \$7 billion a year over 10 years to educate the world.

A set of universal values or morals from all religions may not be enough to shock us out of our current behavior. Global ethics must not only correspond to the major religious morals, it should also engage both believers and nonbelievers in a new alliance that creates a sense of "being with" all humankind. Courses in ethics should be required for graduation from all school levels.

We have to find effective policies to counter corruption,
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Cover of recent book co-authored by Jerome C. Glenn.

By William D. Lay

Prior to the 2003 WANGO Conference held in Bangkok, Thailand, a working group was formed to review the best examples that could be found of codes of conducts for non-profits. Based on those models, a working draft of the model *Code of Ethics and Conduct for NGOs* was prepared. Comments on the draft were solicited, which were then incorporated into the current, published version.

The Code is still regarded as “a work in progress.” We are continuously learning from NGOs worldwide of the specific concerns that they have, particularly regarding what works, or does not work, in their countries.

You may ask, “Why does my NGO need a Code of Ethics and Conduct?” In other words, how can this be useful to you? The first reason is that the Code can help you to distinguish your NGO from a multitude of NGOs that cannot be trusted. At the 2003 WANGO Conference, author Allan Fowler identified various types of scurrilous NGOs, using acronyms such as: BRINGO (briefcase NGO), CONGO (commercial NGO), FANGO (fake NGO), CRINGO (criminal NGO), PONGO (political NGO), and MANGO (mafia NGO).

There are many such unscrupulous NGOs throughout the world. This fact affects you, as an NGO that is making every effort to serve others and make a difference in your community. The *Code of Ethics and Conduct for NGOs* is intended to give you the opportunity to distinguish your NGO from them, and to be able to make a statement to the public, potential donors, and beneficiaries that your organization is adhering to a high set of standards, as set forth in the Code. This can help these stakeholders to have confidence in associating with your organization, receive benefit from it, and support it financially. The Code provides you, an NGO leader, a practical tool and guide that can help others to make good decisions and choices about your organization.

Furthermore, on a daily basis we are confronted with the question, “What is the right thing to do?” This question relates to the area of ethics. Ethics deals with competing values.

Values are things that we care about, things that are important to us. There are all kinds of values, such as friendship, good food, and fashion. These are values, but they are not moral values. Moral values are values that give voice to legitimate needs and expectations, or non-material values that express what is right. When we have competing moral values, we enter into the realm of ethics. We are then obliged to think ethically and make ethical decisions. Ethics, then, is the study of moral values and the on-going process of discussing and refining our views on moral values.

You may be interested in what sort of ethical theory was used as we put together the Code. There are several comprehensive ethical theories in the world, such as utilitarianism, commonly associated with John Stuart Mill, which is described as the greatest good for the greatest number. I pose that the utilitarian approach might be what is commonly considered the “left wing” approach. It might be contrasted with the “right wing” approach, the duty to behave in right ways,

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Within a society, clear rules and regulations help to support the growth and well being of the individual and the family, and at the same time, provide the structure for the development and well being of the society and the nation. Laws and governance require the citizens and the nation to be accountable to one another.

Rules and regulations, in guiding people to know right from wrong, help to strengthen one's conscience. It is in one's self interest to obey the laws or there are penalties exacted. However, the sense of accountability may vary depending upon the individual.

I believe that NGOs are fostering a higher paradigm of accountability beyond that of rules and regulations. On the whole, individuals acting within the NGO sector feel and act in a manner which is genuinely accountable to those they serve. It is a self-generating accountability that flows from the heart of love and concern for their fellowman.

Many NGOs have the wings to take them beyond all borders. NGO practitioners often are exemplars of genuine giving out of concern for others. The value of giving for the sincere betterment and well being of others, not with the primary goal of the enhancement or profit of oneself, has been demonstrated by NGOs in all societies around the world.

The real sense of an inner purpose and joy gained from serving others in need, out of no obligation other than caring for another, can be transferred from NGOs to other sectors of our society. If the altruistic values of NGOs to serve others, unattached from self-gain and greed, can be woven within the fabric of our society, crime, abuse and corruption will begin to cease.



NGOs are showing the example of living to benefit others more than oneself. They can be role models for such a universally acceptable ethical behavior. WANGO hopes that the *Code of Ethics and Conduct for NGOs* can be a stepping stone in order for NGOs to become such standard bearers for the world.

A handwritten signature in black ink, appearing to read "Taj Hamad". The signature is fluid and cursive, written on a white background.

Taj Hamad
Secretary General,
WANGO

NGOs: Forces for Peace

Leaders of the NGO community from throughout the world are invited to attend an unprecedented event, the **World Congress of NGOs**, which will be convened at the Dead Sea in Jordan from November 30 to December 3, 2006. The theme of the Congress is *NGOs: Forces for Peace*.

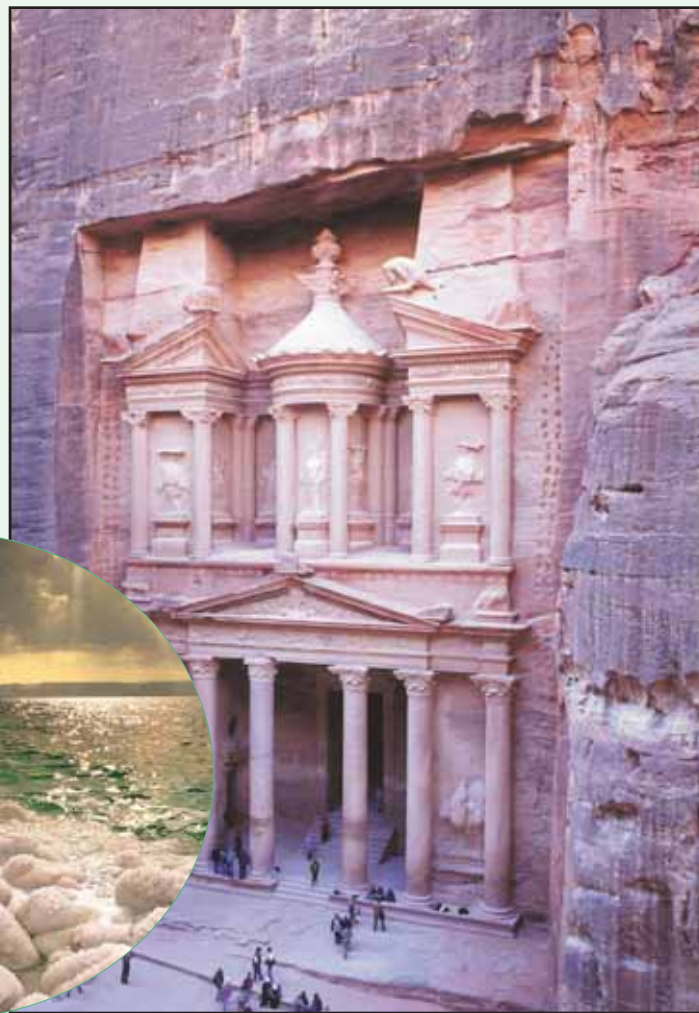
Peace does not only refer to preventing and resolving international conflicts and the arena of governments; it is essential in every aspect of human life. As such, every NGO actually is involved in the quest for peace.

The World Congress of NGOs will be a platform for addressing the special role civil society actors have in creating a peaceful future that is conducive to the well being of children, families, communities, societies and nations.

In addition, training workshops and diverse sessions and activities will offer practical resources to assist all NGOs to be more effective in accomplishing their important mission and tasks. It will be a most rewarding and memorable event.

The Congress schedule, registration, lodging, travel and other pertinent information is posted on the website at www.wango.org/congress.

Join leaders of the global NGO community focused on the theme, *NGOs: Force for Peace*.



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regardless of the consequences.

We certainly considered those views as we drafted the Code. However, I am also very impressed by what might be called the third way approach which emphasizes virtuous conduct. Though not completely distinct from the other approaches, it emphasizes the human being's pursuit of excellent character in the complex unfolding of life.

When I use the phrase "complex unfolding of life," I think that we can identify with that both in a personal way and in terms of our organizations. This virtue-based approach is often associated with Aristotle. I pose the term "head wing" as the approach we tried to take while formulating the Code. I understand it to be an effort to bring "right wing" and "left wing" together in harmony.

The Code is structured, beginning with guiding principles as the most basic principles. We assembled a set of six guiding principles that are adapted from WANGO's guiding principles. Those are the fundamental assumptions and beliefs that form the base of underlying moral values. On top of that are placed the eight operational principles that seek to bridge the gap between the most basic beliefs and the day to day conduct and the day to day decisions. These operational principles have specific standards or rules associated with them.

Just as an example, let's look at the fundamental principle, NGO Integrity. Under NGO Integrity, which essentially

means "NGO-ness," you will find standards specified to check your organization to be sure that you are operating in a non-profit fashion and non-governmental fashion. Relating to Mission and Activities, there are guidelines regarding how to create a mission statement and how to use it. The intent of the Code is to help guide your organization through each aspect of its operation.

In conclusion, the Code was put together based on the idea that ethics is a process of thinking through, discussing, and communicating regarding various competing values that we face with our organizations. An example of competing values might be that you want to create financial stability for your organization, as a non profit organization, in compliance with all government requirements. At the same time, you serve individuals who have very limited resources, and you want to be truthful in all of your affairs.

The question is how do we balance those values? How do we find our way, and generate standards of conduct for our organizations? The Code represents a process that can assist an NGO or nonprofit organization in doing exactly that. I hope that the *Code of Ethics and Conduct for NGOs* is useful to you. We are engaged in an on-going effort to apply it and improve it as necessary. ■

Mr. William D. Lay is a practicing attorney, and serves as Director of the WANGO Code of Ethics Project.

Promoting the WANGO Code of Ethics and Conduct for NGOs in Nigeria: An Update

The WANGO *Code of Ethics and Conduct for NGOs* has been welcomed with enthusiasm by members of the Association as well as the larger NGO community throughout Nigeria since its national launch at the second WANGO Nigeria Annual General Meeting (AGM) on June 23, 2005 in Abuja. WANGO members have commended the Association for providing such a useful resource at a time when the non-profit sector worldwide needs serious intervention. Non-member attendees at a post WANGO Annual Conference (Dominican Republic, November 17 – 20, 2005) national follow up meeting remarked that the *Code of Ethics and Conduct for NGOs* would uplift and positively impact the development of the third sector overall.

Previously, on May 23, 2005, WANGO Secretary General, Mr. Taj Hamad had presented the *WANGO Code of Ethics and Conduct for NGOs* to some 300 participants attending an international conference on Human Development. Convened by Better Life for African Rural Women, a WANGO member organization, notable guests included Mrs. Ellen Shirleaf-Johnson, current President of Liberia, Mr. Cyril Enweze, Vice President of the International Fund for Agricultural Development (IFAD) in Italy, and Dr. Ifene Enyantu of the United Nations, among others.

This WANGO initiative gained momentum as the *Code of Ethics and Conduct for NGOs* became a major topic at the Sixth Annual All Nigeria NGO Summit and Exposition, held in Kaduna on March 16 to 19 where WANGO Country Director for Nigeria, Mr. Mohammed Attah, gave a workshop presentation. Summit participants included the British High Commissioner to Nigeria, Mr. Richard Gozney, (also an invited speaker,) the National Coordinator of the Nigeria National Volunteer Service, Presidency Ambassador Joe Keshi, and Bruno Venditto of the European Union, among other distinguished guests.

Word is spreading and Mr. Attah has been invited to make presentations at various meetings of stakeholders in the sector. On May 11th, the International Conference on Youth Volunteering and the MDG organized by International Association for Volunteer Efforts (IAVE) invited him as a Special Guest and Resource Person to conduct a workshop on the Code.

NGO Network, published by NGO Guide 2000 in which Mohammed Attah is the Executive Director, is a general interest magazine for the third sector in Nigeria and sub-Saharan Africa and serves as a medium to promote the Code of Ethics initiative. The magazine currently has a two-page column dedicated to WANGO activities including the Code of Ethics. Further plans are to continue workshops promoting it across Nigeria and for Mr. Attah to introduce the *Code of Ethics and Conduct for NGOs* to several countries in North Africa.

Summary of a Report submitted by Mohammed Bougei Attah, WANGO Nigeria Country Director prepared by Anne Smart, Africa Regional Coordinator.

NGO Code Translated into Local Sri Lankan Languages

With the publication of WANGO's *Code of Ethics and Conduct for NGOs* in March 2005, a reasonable and superior standard of ethics was created for the NGOs worldwide to strive for

and adhere to in all aspects of their work. WANGO's member organizations have been taking the initiative to ensure the implementation of the Code of Ethics in their country.

In Sri Lanka, Rev. Gnanachandran Kurukkal, and Chandrarathne Bandara, Chairman, WANGO Sri Lanka, realizing the importance of the Code of Ethics in their own country, have taken it upon themselves to patiently translate it into two local languages. Mr. Bandara translated it into Sinhalese, while Rev. Kurukkal has completed the translation into Tamil. Many times, the English publications do get literally lost in translation. However, Rev. Kurukkal ensures that his community does not miss any opportunities and is able to access the same resources through these two translations.

Rev. Kurukkal, Chairman of Vivekandanda Society Anuradhapura, a WANGO member, started discussions about the Code with the members of his Society, little by little. He explained, "You just can't put something on others from above. You have to be patient. You have to go forward little by little educating one by one." He continued. "Democracy and accountability are key issues in NGO management, but many do not care...We should work hard to promote the Code of Ethics and Conduct."

Chandrarathne Bandara stated, "With our own limited resources, we have at least started something new that will be beneficial to the poor people. 'Think globally and act locally' should be our notion. We should take standards from the international level and try to achieve them under the local conditions. The *Code of Ethics and Conduct for NGOs*, introduced by WANGO, may be a good example of this kind of standard."

Summary of a report submitted by Chandrarathne Bandara, Chairman of the WANGO Sri Lanka chapter, prepared by Daniela Ross, WANGO Administrative Assistant.

[continued from page 1, Incorporating Ethical Considerations into Global Decisions]

encourage the will to act (including acting in the interests of future generations), control lobbying, reduce greed and self-centeredness, encourage honor and honesty, promote parental guidance to establish a sense of values, reduce the barriers to the freedom of inquiry, encourage respect for legitimate authority, support the identification and success of the influence of role models, and implement cost-effective strategies for global education for a more enlightened world.

A Trans-Institution¹ could be created to address each of the global challenges and/or other issues important for the future of humanity. NGOs acting alone may not be enough to solve the world's problems, but connecting in new institutional arrangements, such as Trans-Institutions, could be more effective. ■

¹ A transinstitution: 1) receives its funds from at least three of the following categories but not a majority from anyone: governments, for-profit corporations, non-profit organizations, UN or other international organization, foundations, and/or individuals; 2) the persons who compose its board of directors and associated employees and consultants must come from all of these institutional categories but not a majority of anyone; and 3) the products, services, and/or other outputs must be purchased or received by all of these categories, but not by a majority of anyone. This could be an extension of non-profit or profit corporate law of a government.

Excerpt from presentation given by Mr. Jerome C. Glenn at WANGO Conference, entitled, "Future Prospects, Global Challenges and NGOs." Summaries of the 15 Global Challenges are available at: <http://www.acunu.org/millennium/challeng.html> which includes an invitation to add your views for future editions.

Nigeria NGO Summit: Strengthen Cooperation among Civil Society, Government and Media for Peaceful National Development

A Summary Compiled from Reports Received

Since the end of military rule in 1999, Nigeria is experiencing a period of relative stability. Contributing to this is the increasing role civil society is taking in encouraging cooperation between various stakeholders, as evident in the recent Sixth Annual All Nigeria NGO Summit held March 16 to 19th, 2006 in Kaduna.

Assembling with the theme of “Peace-building in a Democratic Setting: A Collective Responsibility,” participants represented a range of stakeholders including government, the international development community and NGOs from across Nigeria, many of them members of WANGO. Over the three-day conference, a range of issues were discussed including national identity, government accountability to the people, the need for a Freedom of Information Act, promoting cooperation among organizations, increasing NGO transparency, and more.

Organized annually since the year 2000 by Mohammed B. Attah of NGO Guide 2000 and Country Director of WANGO Nigeria, this year’s event drew a distinguished audience. Richard Gozney, British High Commissioner to Nigeria, addressed the plenary session on Saturday. He reflected back to 1970 when he worked with an NGO in a Kenyan community school together with two other volunteer teachers, and how with no government support and few resources, the organization helped that community. Now, as a representative of government, he feels that he learns more from civil society and non-governmental organizations than what he can impart to them.

Among the international speakers and attendees were Bruno Venditto of the European Union NGOs/CSOs focal point, Abuja, and Richard Konteh, Coordinator of ECOWAS Civil Society Forum. Prominent Nigerians included former Consul General, Ambassador Joe Keshi who is the National Coordinator of the Nigeria National Volunteer Service and Mrs. Dayo Keshi, President of Afrigrowth Foundation, USA. The host state of Kaduna was represented by the State Governor’s wife, Asmau Makarfi, founder of Millenium Hope Programme (a WANGO member) who chaired a plenary session; Hassan Hyat, of the Governor’s office; and Saidu Adamu, representing the Speaker of the State Assembly.

Among ten points on a two-page communiqué, which served as a summary of conference recommendations signed by Godwin Aidenagbon, Chairman of Yakubu Gowon



(left) Hassan Hyat, Representative of the Governor of Kaduna State, Ambassador Joe Keshi, National Coordinator of the Nigeria National Volunteer Service and Mrs. Dayo Keshi of Afrigrowth Foundation, USA



Conference participants with British High Commissioner to Nigeria, Richard Gozney (standing, left) and the European Union Representative, Bruno Venditto

Centre of Abuja and Adunbi Taiwo of African Citizens Development Foundation from Lagos, were the calls for strengthening of relationships between non-governmental and government actors with the media in the interest of national development; and for NGOs to adopt the WANGO *Code of Ethics and Conduct for NGOs* as a framework for voluntary practice in Nigeria. ■

Nonprofit Governance and the Critical Concept of “Stewardship” for Boards of Directors

By Jeffrey M. Hurwit

With some nonprofit and international organizations, I have noticed a trend that is somewhat troubling. As an attorney, I often represent “friends” groups, which promote awareness, and raise money for an NGO based in another country. They are called friends groups in the USA, or are classified by the technical term “supporting organization.”

An organization, whether it is a university, hospital, or orphanage just to mention a few, often has a friends group in the USA. For example, I have five such clients located in Costa Rica, Jamaica, Scotland, France, and Nepal. The common problem they all share is in communication and reaching a mutual understanding between the organization and its friends group concerning a particular issue.

The organization and these friends groups are in agreement and harmony with regards to the mission and purpose of the NGO, its programs and activities. However, a difference in perception arises over which organization has the final say and decision-making authority concerning the funds raised for the organization.

This is a critical issue because it involves financial control. The issue has caused difficulties, tension and, in some instances, interpersonal problems between the friends groups and their affiliates abroad.

As an example, an NGO operates a historic site in one of the countries I mentioned. A US-based corporation donates money to the NGO's friends group in the USA. The NGO is informed of the donation, and requests that the friends group forward the money to them for their operations. The friends group replies saying that the contribution is subject to US rules and regulations, and that it can not just simply forward it to the NGO because they have to exercise their own duties of stewardship. This is where the conflict begins. The root of the problem is a lack of understanding as to the process required to transfer the money from one country to another.

On the one hand, the foreign NGO feels that since the funds were raised to support its activities, it is entitled to receive a transfer of the entire amount. On the other hand, the US organization feels it has an obligation to its donors and the public to exercise more oversight and control.

How is this tension resolved? In today's increasingly globalized economy, nonprofit organizations are working together on an international scale more than ever before. The globalization of NGOs means that there are greater numbers of US “friends” groups and supporting organizations working with NGOs abroad, more US organizations undertaking charitable activities in other countries, and more internationally-based NGOs undertaking activities in the United States. With nonprofit globalization comes an increased need to understand how organizations are governed, to clearly define the role of the board of directors, and perhaps, to have some generally accepted standardized governing practices.

There are many unfavorable elements in the internal revenue code of the United States. US tax law, probably like every other tax law in the world, is unnecessarily complex, lengthy, archaic, difficult to understand, and obtuse. The interesting thing, however, is that the nonprofit law in the USA is very favorable to, and very conducive toward providing a supportive and flourishing non-profit sector. In fact, over the past few decades, it has become increasingly understood that US NGOs comprise their own sector of society, called a third sector or an independent sector (with the first sector being government and the second sector being business).

In the United States, according to the IRS regulations, the income of nonprofit organizations is exempt from taxation, and the contributions to those organizations are deductible to charitable donors. So, the nonprofit sector receives this double subsidy in the USA.

For instance, not only is it the traditional education, health, and human services activities that qualify for tax exemption, but its also such activities as environmental protection, advocacy, and the promotion of the arts. An art gallery you may walk into, thinking that it's a typical art store/gallery, may be a non-profit in the sense that it promotes the further understanding of arts and culture. Entrepreneurial organizations can qualify for charitable tax-exempt status if, for example, they employ disabled people and provide job training.

I'll give just one more example to give you a sense of the breadth of the US tax code. I represent one tax-exempt organization that seeks to reduce air pollution, by encouraging the use of public transportation. Currently, it is advocating the extension of a subway line to reduce the use of automobiles into the city. On the other side of that very same issue, a group is opposed to building the subway because it is going through an old town center. This organization also qualified for tax exemption because it is involved in community preservation. Both have tax-exempt status and both are arguing on opposite sides of the exact same issue.

This gives a sense of how broad and progressive the US tax code is in this area. Similarly, there is great leeway and discretion as to how US NGOs are operated and governed.

But, and this all comes down to the key point, the IRS and the states that authorize the establishment of these organizations require that, in return for all of the benefits and leeway in operating an organization, the organization has a legal duty to actively oversee the nonprofit activities and act with care, loyalty, and good faith to see to the fulfillment the organization's mission.

Who is responsible for this? It is the board of directors. This leads to the idea of stewardship and the critical role of stewardship in nonprofit governance. Stewardship is such a central concept that it is also the key concept from which most US nonprofit law flows.

Stewardship simply means holding assets on behalf of another. In this case, assets are being held on behalf of the public: specifically, the indefinite segment of the public that benefits from the services of the organization. The board of directors has this responsibility of stewardship just as a trustee holds assets and oversees programs on the behalf of another. Most US nonprofit law, as complex as it may be, is based on this concept.

In a traditional nonprofit organizational structure, the staff report and are accountable to assistant directors, vice presidents, or possibly to other officers. The latter report and are accountable to the executive director, often also referred to as the president. Sometimes, the president is the voluntary head of the board, or the paid executive director. It is the president who reports to, is accountable to, and also works in conjunction and partnership with the board of directors to ensure that the organization fulfills its mission. The board of directors is, in turn, responsible and accountable to the public, which both is served by the organization and supports the organization. This creates a cycle of responsibility, conveying the idea of stewardship, which differentiates US nonprofit organizations from the for profit organizations. ■

Excerpted with permission from an NGO Training Workshop given at the WANGO Conference, Santo Domingo, Dominican Republic, November 2005. The remainder of the workshop discussed applying the concept of stewardship to creating sustainable relationships between US friends groups and the NGOs they support. In particular, the presentation described: the legal duty of the friends group to oversee, monitor and review the use of funds it raises; and the resulting need to develop an understanding and mutually acceptable process for grant distribution and reporting between the US friends organization and the NGO it supports, tailored to the needs of each organization.

By Herb Rubenstein

There has been much work done in the attempt to develop a general theory of leadership. Trait, transactional, transformational, path-goal, contingency and situational theories all seek to both define and explain leadership. Today, there is no generally accepted or even widely disseminated theory of ethical leadership. As Northouse in *Leadership: Theory and Practice* (Sage Publications, 2001) states twice in the book: "... very little research has been published on theoretical foundation of leadership ethics ..." Without a theoretical foundation of support, the concept of ethical leadership is impotent to guide human behavior.

Toward a General Theory of Ethical Leadership

We start with the understanding that what one culture considers ethical, another culture will consider unethical. The fact that there is not one universal set of behaviors one considers ethical and the fact that the terms moral and ethical are often used interchangeably should not dissuade people from seeking to develop a general theory of ethical leadership. "Leadership," in the broadest sense of the term, encompasses behaviors that are ethical as well as those that are generally considered unethical.

Leaders can lead by misinforming their followers, making false claims to justify their actions and can base their actions on the convenient point of view that the "ends justify the means." Lying, which one can reasonably assert is unethical (except possibly to "spare an innocent life"), is the standard operating procedure often practiced by many sales leaders, political leaders and business leaders. Unethical behavior is today but one tool in the arsenal of many that leaders use in the world to accomplish goals. The New Jersey rule ("it is not unethical until you get caught") seems to be a popular view when it comes to assessing whether a behavior is unethical.

Since there is no general theory of ethical leadership, there is no research or solid evidence that shows that ethical behavior produces superior "leadership results" in the short or long term. As long as we define "leadership results" as success (e.g. sales, revenues, sports victories, promotions, awards, etc.), and do not monitor or analyze the underlying leadership behavior in terms of whether it was ethical or not that produced these results, we can never statistically show that ethical behavior, however defined, is a superior result producer than unethical behavior.

In order to begin to develop a theory of ethical leadership, one must realize that the term "ethical" in front of the word "leadership" today is merely seen as imposing constraints on the leader. Ethics today is taught from a negative point of view. One studies ethics in law school, other graduate schools and in new courses springing up in the business and non-profit worlds; each of these courses tries to teach people *what not to do*. No body of knowledge and certainly no successful behavioral modification training can ever be based on trying to teach people what not to do. The number and categories of unethical behavior are infinite and only limited by the imaginations of the six billion people on the planet. No course can ever tell someone all the things not to do or even describe all of the categories of actions that are proscribed.

Any theory of ethical leadership must be based on two new premises. First, ethical leadership is a system of thought based on setting rules for what to do, not on what not to do. Second, our definition of leadership must evolve to include ethical behavior not because ethical behavior is simply a natural good in and of itself, but mainly as part of the core of what leadership is for pragmatic reasons.

Toward a New Definition of Leadership

The world does not exist for only one moment, but exists as a continuum of time. Any definition of leadership must recognize that leadership is not an event that occurs in one second, but is a process that takes time. While an act of leadership may appear episodic, for true leadership to occur it must be built on a series of actions that produces a very useful range of results. I would like to offer a new definition of leadership that incorporates this time dimension. The definition is "*Leadership is the creation and fulfillment of worthwhile opportunities by honorable means.*"

This definition of leadership is unusual because it includes the word 'worthwhile' and the phrase 'by honorable means.' My justification for including this word and this phrase is simple. If leadership occurs over a period of time and constitutes a series of acts and relationships, then inherent in the concept of leadership is the concept of "repeatability." For a leader to maintain a leadership role or position or lead over a significant period of time, the leader's actions must be repeatable by him or herself and be repeatable by his or her followers. If a leader's actions are either not worthwhile or by honorable means as defined by the leader's followers and other powerful stakeholders outside the leader-follower relationship, then these actions can not be repeatable over the long run.

History shows that if a leader does not use his or her leadership actions on worthwhile opportunities or use honorable means, the world will rise up against him or her and destroy the leader. Hitler, Stalin and other leaders who led by less than honorable means and pursued less than worthwhile opportunities in the 20s, 30s and 40s could not get away with their behavior today for very long because the world has a much greater capacity to observe the actions of world leaders and take decisive action against them. Clinton could not sneak a few minutes with an intern, lie about it and get away with it. Nixon could not attempt to steal a few files and try to hide it without being forced from office.

If our definition of leadership evolves to include a longer run time dimension and a definition similar to the one I propose, then studies can be performed that can show the relative efficiency of ethical leadership as opposed to unethical leadership. Then a theory can be developed that both defines ethical leadership and proves why it works in the era in which we now live where leaders actions are more observable and harder to hide than ever before.

Conclusion

A significant part of the world is destroyed every day by unethical behavior. The billions of dollars of lost asset value of Enron, Anderson, WorldCom, Adelphia, Global Crossing, MicroStrategy, the huge cost in trust in government by everyday people due to Nixon, Agnew and Clinton, all take a huge

[continued on page 8]

[continued from page 7, *Ethical Leadership: The State of the Art*] toll on the world. Until we develop a solid theory of ethical leadership, begin to monitor leadership from an ethical perspective, and begin to define ethical leadership in positive terms as opposed to today's set of "don't do's", we can not generate the consensus and political will to demand that all leadership consist of ethical leadership.

There are steps we can take, but today we may be moving in the opposite direction. With 34% of resumes being false (Coombs, *The Living Workplace*, 1999), with no standard course in ethics taught in K-12 or required as a college course, ethics is merely "an elective," in school, in the business world and in politics and government. General theories can not be formulated when society is so ambivalent about the importance of a topic. Our theories in mathematics and physics often came about to form a solid underpinning to solve important, immediate and long term problems. Until we begin to redefine leadership and begin to place more emphasis on ethical behavior than on the mere accomplishment of results, we will find it very impossible to develop and generate the financial resources necessary to develop a general theory of ethical leadership and conduct significant research on the effectiveness and utility of "ethical leadership." ■

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