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Ethical Crisis Leadership

There is nothing quite like a crisis to test your leadership. It will make you or break you.

—FORMER MEDTRONIC CEO BILL GEORGE

Crisis leadership is more about who you are than what you know.

—CRISIS CONSULTANT BRUCE BLYTHE

WHAT'S AHEAD

This chapter examines ethical leadership in crisis situations. Crises are major unexpected events that pose significant threats to groups and organizations. They pass through three stages: precrisis, crisis event, and postcrisis. Ethical leaders have a series of tasks to carry out during each phase. Six ethical principles and strategies are essential to fulfilling these moral duties: assume broad responsibility, practice transparency, demonstrate care and concern, engage the head as well as the heart, improvise from a strong moral foundation, and build resilience. The chapter concludes with a look at the ethical demands of extreme leadership.

Managing a crisis is the ultimate test of ethical leadership. Bankruptcies, hurricanes, wildfires, tornados, landslides, political scandals, industrial accidents, school shootings, food-borne illnesses, oil spills, fraud, computer data theft, terrorist attacks, and other crisis events bring out the worst or the best in leaders. Decisions must be made quickly under the glare of media scrutiny. Manufacturing plants, office buildings, planes, homes, jobs, and lives may have been lost. Entire organizations, groups, societies, and economic and political systems might be at risk. As we've seen throughout this text, leaders often fail to meet the ethical challenges posed by crises. At Subway, HBOS, Turing Pharmaceutical, and Volkswagen, leaders sparked crises through their unethical behavior. For their part, leaders on K2 ignored widely held moral standards and values in response to the unfolding crisis. On the other hand, we have also seen how other leaders, like Malala Yousafzai and Al Buehler, coped effectively with crisis events. Their values become clearer; their moral commitments become greater.

This chapter introduces the ethical challenges posed by leadership in crisis, building on the foundation laid in earlier chapters. To ethically manage crisis events, you will need to draw on concepts we have discussed previously—values, moral reasoning, normative

leadership theories, ethical decision-making formats, ethical communication skills, influence tools, and ethical perspectives, to name a few. However, you will also need to understand the characteristics of crisis as well as the elements of ethical crisis management. The first section of this chapter provides an overview of the nature and stages of crises. It identifies important leadership tasks that must be carried out in each crisis phase. The second section identifies principles and strategies that equip leaders to ethically carry out these responsibilities. The third section highlights the challenges facing ethical leaders in high-risk settings.

CRISIS: AN OVERVIEW

A crisis is any major unanticipated event that poses a significant threat. Such events are rare (making them difficult to prepare for), generate a good deal of uncertainty (their causes and effects are unclear), and are hard to resolve (there is no set formula for determining how to act). Further, decisions about how to deal with a particular crisis must be made rapidly, and those outside the immediate group—customers, clients, suppliers, and neighbors—are also affected.[1]

The stress and anxiety generated by crises makes them particularly hard to manage in an ethical manner. Stress interferes with cognitive abilities. Individuals tend to narrow their focus to just a few perspectives and alternatives. They often perceive the world less accurately and ignore important information. At the organizational level, stress prompts groups to delegate decision-making authority to a small team of top officials, limiting access to diverse viewpoints. Time limits also prevent talking to a variety of stakeholders. All of these factors subvert ethical reasoning and creative problem solving while increasing the likelihood that the needs of some stakeholders will be overlooked.[2]

Investigators divide crises into different types. These types can help leaders better prepare for, and respond to, crisis events. Groups and organizations will be more vulnerable to some types of crises than others. Manufacturers have to be highly concerned about product safety; coastal communities have to be ready for ocean storms. When disaster strikes, the nature of the crisis will also help to determine the course of action. Responding to the disruption of a work stoppage requires one set of strategies, while responding to a computer security breach demands another.

Crisis management experts Matthew Seeger, Timothy Sellnow, and Robert Ulmer identify ten types of crises:[3]

1. *Public perception:* negative stories about the organization's products, personnel, or services; negative rumors, blogs, and websites

2. *Natural disasters:* tornadoes, hurricanes, mudslides, wildfires, blizzards, earthquakes, volcano eruptions

3. *Product or service:* product recalls, food-borne illnesses, concern about products and services generated by the media

4. *Terrorist attacks*: bombings, hijackings, abductions, poisonings

5. *Economic:* cash shortages, bankruptcies, hostile takeovers, accounting scandals

6. *Human resource:* workplace violence, strikes, labor unrest, discrimination, sexual harassment, school and workplace shootings, theft, fraud

7. *Industrial:* mine collapses, nuclear accidents, fires, explosions

8. *Oil and chemical spills*: tanker and railway spills, pipeline and well leaks

9. *Transportation*: train derailments, plane crashes, truck accidents, multivehicle pileups

10. *Outside environment:* collapse of financial systems, rising fuel prices, deregulation, nationalization of private companies, mortgage crisis

Ian Mitroff, former director of the Center for Crisis Management at the University of Southern California, offers an alternative typology based on the intentions of those involved in the crisis event.[4] He notes that there has been a sharp rise in what he labels *abnormal accidents*—deliberate acts that are intentionally designed to disrupt or destroy systems. He contrasts abnormal accidents with *normal accidents,* those unintentional events that cause systems to break down. The Bangkok Thailand shrine bombing, the South Carolina church shootings, kidnappings, and cyberattacks on large corporations and the military would be examples of abnormal accidents. Massive chemical explosions in the port city of Tianjin, China; the collapse of a crane on the Grand Mosque in Saudi Arabia; a fire on a Carnival cruise ship; train derailments; plane crashes; and mining disasters are normal accidents that reflect problems with routine operating procedures. Abnormal accidents are harder to prepare for, but modern organizations have no choice but to plan for them. For instance, since most terrorist acts are aimed at private businesses, not the government, Mitroff argues that businesses have to do their part to respond to terrorist threats. He also points out that even routine crises are becoming harder to deal with in an increasingly complex, interconnected society. Case in point: When United Airlines experienced a short computer glitch, 4,900 domestic and international flights were disrupted, backing up air traffic and delaying thousands of passengers at airports around the world.[5]

The Three Stages of a Crisis

Whatever the type, every crisis passes through three stages: precrisis, crisis event, and postcrisis.[6] In each stage, leaders have a moral obligation to carry out particular tasks or functions. I'll describe these tasks and offer some steps for carrying them out.

Stage 1. Precrisis

Precrisis is the period of normalcy between crisis events. During this, the longest phase, the group or organization typically believes that it understands the risks it faces and can handle any contingency that arises. The temptation to become overconfident grows as the time between crises increases. Funding for backup data sites, disaster drills, training, and other types of crisis preparation may be cut, which increases the likelihood of another crisis.

Complacency isn't the only barrier to crisis prevention. Human biases (decision-making and judgment errors), institutional failures (organizational breakdowns in processing

Box 12.1 Barriers to Crisis Prevention

HUMAN BIASES

- Positive illusions that falsely convince decision makers that a problem doesn't exist or isn't severe enough to require action

- Interpreting events in an egocentric manner that favors the leader and the organization while blaming outsiders

- Discounting the future by ignoring possible long-term costs; refusing to invest resources now to prevent future crises

- Maintaining the dysfunctional status quo by refusing to inflict any harm (such as higher Social Security taxes) that would address a mounting problem (the danger that the Social Security system will become insolvent)

- Failure to recognize problems because they aren't vivid (they are not personally experienced as direct threats)

INSTITUTIONAL FAILURES

- Failure to collect adequate data due to (a) ignoring certain problems and discounting evidence, (b) the presence of conflicting information, and (c) information overload

- Information is not integrated into the organization as a whole because departments operate independently and managers maintain secrecy

- Members lack incentive to take action because they are rewarded for acting selfishly or believe that everyone agrees with current procedures

- Leaders fail to learn from experience or to disseminate lessons learned because information is not recorded or shared or because key organizational members are lost

SPECIAL INTEREST GROUPS

- Impose social burdens—higher taxes, water pollution, high drug prices—in order to benefit themselves

- Blame complex problems on individuals rather than on systems that are at fault

- Oppose reform efforts

Source: Bazerman, M. H., & Watkins, M. D. (2004). *Predictable surprises: The disasters you should have seen coming, and how to prevent them.* Boston, MA: Harvard Business School Press. Reprinted with permission of Waveland Press, Inc. from Hackman, M. Z., & Johnson, C. E. (2013). *Leadership: A communication perspective* (6th ed.). Prospect Heights, IL, p. 413. All rights reserved.

information), and special interest groups (resistance from groups looking out for the interests of their own members) can derail crisis preparedness as well.[7] These factors are summarized in Box 12.1.

Terry Pauchant and Ian Mitroff argue that, in addition to the factors outlined above, misguided ethical assumptions or myths can undermine crisis management. They identify and debunk five unethical beliefs about crisis management:[8]

> *Myth 1: "Crises are inevitable."* Some, but not all, crises are inevitable. But even if some crises (storms and earthquakes) can't be prevented, leaders have an ethical responsibility to do everything they can to prepare for them.

Myth 2: "We lack the basic knowledge to prevent or understand crises." Researchers don't know everything about crisis management. However, they have identified a number of steps leaders can take to prevent crises and to manage them when they occur. When leaders fail to act, the problem is not a lack of knowledge but a lack of will.

Myth 3: "*Better technology will prevent future crises.*" Resolving crises calls for more than technical solutions. Leaders must also communicate effectively, demonstrate flexibility, and think creatively, for example.

A variation of this third myth is the belief that an organization is too large to experience a major crisis. A business clinging to this misconception is really making an unethical statement. In essence, it is saying, "Whenever an organization is so big and powerful that its size will protect it from a major disaster or crisis, then it has no responsibility toward its employees and the surrounding environment and is justified in expressing no concern toward the environment."[9] These same corporations may use formulas to estimate the likelihood and cost of possible disasters. If the formula shows that the risk is low or that the costs of prevention outweigh the cost of disaster, they decide they shouldn't take any action at all, which is unethical. Such was the case with the Love Canal environmental crisis of the late 1970s.[10] Hooker Chemical dumped 21,000 tons of hazardous waste into a canal and conducted a cost-benefit analysis. Officials estimated that cleanup would cost $20 million and treated future residents as potential benefits. Individuals working outside the home were valued based on their modest working-class salaries and on the assumption that their children would earn the same wages. Since the costs of the cleanup apparently outweighed the financial value of neighborhood residents, the company sold the property to the town of Niagara Falls instead of removing the toxic chemicals. An elementary school and homes were built on the site, and residents soon developed blood disorders, kidney and respiratory problems, and other serious health issues. Eventually, the residents were evacuated, and the chemical company and the state of New York were forced to clean up the site at an estimated cost of $137 million. People were sickened and died because, as one resident pointed out, "they decided that we weren't worthy of doing anything."[11]

Myth 4: "Crisis management is inherently detrimental to progress." Risk can never be totally eliminated. Yet some crisis-prone organizations and leaders shouldn't be allowed to engage in dangerous activities without some oversight. Following the financial crisis that began in 2008, for instance, many observers argued that greater restrictions should be placed on the financial industry to prevent future recessions.

Myth 5: "Emotions have no place in crisis management." Emotions have a key role to play in crisis management, as they do in other kinds of ethical decision making (see Chapter 6). Leaders need to see ethics as a conversation, connecting with stakeholders before, during, and after the crisis. They also need to acknowledge the pain and suffering generated by the crisis, which may have been caused by their decisions and actions.

Ethical leaders in the precrisis stage help their groups detect possible trouble and develop strategies for managing crises should they strike. Crisis expert Stephen Fink uses the Greek word *prodromes* (which means "running before") to describe the warning signs that precede a crisis. Ignoring or downplaying these signs generally results in disaster.[12] Tokyo Electric Power Company (TEPCO) had been warned that there was a significant chance that a tsunami would overrun the seawalls at the Fukushima power plant (Chapter 5) and relations between the African American community and Ferguson, Missouri, police were strained long before the shooting of an unarmed black teen touched off days of riots. Prodromes were ignored in both the Boston Marathon bombings and the West, Texas, fertilizer plant explosion, events that occurred during the same week in April 2013. Before the bombings in Boston, Russian officials suspected that one of the alleged bombers had ties to extremist groups and asked the Federal Bureau of Investigation (FBI) to investigate (it discovered no such links). The fertilizer plant in West, Texas, had been fined months earlier for safety violations. Few people in the small town paid much attention to the fact that the plant was located only a few hundred yards from three public schools, an apartment complex, and a nursing home. Fifteen were killed and another 226 injured.[13]

Crisis management experts offer a variety of strategies for recognizing danger signs. To pick up on prodromes, organizations must continually scan the environment, looking outward and inward.[14] In external scanning, organizational leaders survey the broadcast media, websites, YouTube, Twitter, trade journals, and other sources to identify potential dangers. Internal scanning means identifying danger signs coming from those who have an ongoing relationship with the organization, like customers, suppliers, and donors. Surges in product returns and complaints, as well as public criticism and protests, can signal something is amiss.

In addition to environmental scanning, organizations can go looking for trouble. Looking for trouble means actively seeking weaknesses that could prove harmful or fatal to the organization. One commonly used troubleshooting tactic is to brainstorm a list of possible crises. There are a host of possible crises that could strike your college or university, for instance, ranging from floods to campus shootings to student protests to faculty strikes. In a variation on this strategy, develop a "wheel of crises" with the types of crises your company or nonprofit can face.[15] Spin the wheel and wherever it stops, brainstorm all the kinds of possible crises that might occur in that category. Another troubleshooting strategy is to ask members of your organization to play the role of villains and imagine ways to destroy products and processes. (You might also hire outsiders to "spy" on your organization to expose weaknesses.) Yet another tactic is to look to other industries to determine if the dangers they face could pose a threat to your type of organization. One large electronics manufacturer took this approach, imagining itself as part of the food

industry. Leaders at this firm thought about how "microbes" and "bugs" might infect their products. They even hired an infectious disease specialist to help prevent such infections. Based on this analysis, executives determined that disgruntled workers could introduce pathogens (computer viruses or faulty parts, for example) into company products. They decided to quarantine suspect shipments until the items were inoculated (repaired). You can determine your crisis readiness and that of your work organization by completing Self-Assessment 12.1.

Not all danger signs are immediately visible. Some emerge from long-term political, social, and ethical trends. These changes sometimes take the form of issues that can threaten an organization. For instance, the trend toward healthy eating led to activist demands that McDonalds retire its advertising icon Ronald McDonald, who is accused of promoting childhood obesity. Chipotle (which faced its own food safety crisis) and other restaurants offering healthier menus have taken market share from McDonalds, forcing the chain to close a number of outlets. Growing recognition of the dangers of concussions, highlighted in the case study at the end of Chapter 8, poses a danger to the business of professional football.

Left unattended, issues can lead to full-blown crises, as in the case of mad cow disease. British officials failed to acknowledge growing evidence that the fatal Creutzfeldt-Jakob (CJD) brain disease could pass from cows to humans who ate contaminated beef.[16] They also underestimated the panic, based on concern about food safety, that resulted when the public found out. The European Union banned beef exports from Britain and two million cattle had to be slaughtered to prevent the spread of the disease. An estimated 100 people died from CJD. In other instances, not recognizing the significance of trends can multiply the damage caused by a crisis. A 2002 ice storm in North and South Carolina caused widespread power outages that lasted for days. During the outages, hundreds of carbon monoxide poisoning cases were reported despite repeated warnings about taking gas and charcoal grills indoors for cooking and heating. Many of these cases were among Latino immigrants who were part of the rapidly growing Spanish-speaking labor force moving into the area. Local utilities didn't recognize the implications of this demographic shift. As a result, the English-only warnings they broadcast failed to reach many of their customers.[17]

Effectively addressing long-term trends requires *issues management*.[18] Issues management begins with identifying emerging issues through the environmental scanning described earlier. Next, determine the significance of each issue and its potential impact, evaluating it on its probability and magnitude. Some issues are not likely to affect your group or organization and, if they do, their effects will be small. Finally, develop strategies for the high-priority issues—those with the highest probability and magnitude. Be proactive whenever possible, taking steps to shape the issue before it becomes a threat or crisis. Proactive steps can turn threats into opportunities. Take the case of restaurants in New York City and in Portland, Oregon, for instance. Many restaurateurs oppose efforts to raise the minimum wage to $15, fearing that increased labor costs will raise food costs and drive customers away. In contrast, a small group of owners sees the minimum wage movement as chance to introduce new compensation systems. They have abolished tips, for example, or asked chefs to also serve diners. These restaurateurs hope to close the pay gap between kitchen workers who don't receive tips and servers who do.

Once weaknesses and potential dangers have been identified, develop a crisis management plan (CMP) to cope with each type of emergency. The CMP should include such details as a list of key members of the public and organizations and how to notify them, members of the crisis management team, contact information for media outlets, and background information on the organization.[19]

Crisis preparation pays off. Crisis-ready organizations are less likely to experience unexpected threats, suffer significantly less damage if such events do strike, and recover much more quickly.[20] In one study, Oxford University researchers compared the stock price of major corporations faced with significant crises.[21] Those firms mishandling crises saw a 7% decline in their stock price after a year. Companies effectively managing crises saw their year-end stock price close an average of 7% higher than before disaster struck. The researchers concluded that it wasn't the amount of damage that made the difference in how the stocks performed. Rather, the key was how management responded when in the media spotlight. Effective response boosted confidence in leadership; ineffective response lowered investor confidence.

Proper crisis preparation can also keep us from abandoning our moral principles. University of Oregon philosopher Naomi Zack notes that, in ordinary times, widely shared moral principles include (1) human life is intrinsically valuable and (2) everyone's life has equal value.[22] Driven by these convictions, we try to preserve and save the lives of everyone we can. No one life is considered more worthy than another. Thus, emergency room doctors treat both the wealthy and the poor. Physicians make every effort to extend life, even of the elderly and the very ill. However, when disaster strikes, responders often don't have enough resources to meet the needs of all victims. They then have to decide who lives and who dies. In medical emergencies this process is called *triage*. Health workers in these situations provide treatment only to those most likely to benefit from treatment or to survive. The lives of all victims are no longer intrinsically worthy or equally valuable. Instead, emergency personnel hope to save as many as possible while excluding others, such as the elderly and those with chronic medical conditions.

Emergency personnel do not have make triage decisions when careful preparation has taken place in advance. Instead, they can rely on the same moral values that guide their decisions during normal times. To adequately prepare for a flu epidemic, for instance, leaders would need to ensure that there are sufficient supplies of vaccine as well as enough hospital beds and ventilators to keep patients alive who contract the disease. Such preparation can be costly. However, according to Zack, crisis preparation is not a luxury to be cut when budgets are tight—it is our ethical duty. "We are morally obligated to plan for disaster," Zack asserts, "because it affects human life and well-being."[23]

Stage 2: Crisis Event

The second stage commences with a "trigger event," like an explosion, a shooting, or bankruptcy, and the recognition that a crisis has occurred. It ends when the crisis is resolved. Realization that a crisis has erupted sparks strong emotions, including surprise, anger, fear, and disbelief. Confusion reigns as group members try to understand what is happening and worry about what will happen to the group and to themselves. At the same time, significant harm is done to people, property, and the larger environment, and the incident garners significant press coverage.

Ethical leaders play a critical role during this stage. They first recognize that a crisis has occurred and persuade others that the group is in grave danger. This is not always an easy task. When tsunamis struck Thailand's beaches in 2004, some 30,000 Swedes were vacationing in the area. A low-ranking official on duty in the Swedish Foreign Ministry recognized the danger to Swedish citizens and alerted her bosses. They, however, did not find the situation alarming. When she persisted in her efforts to warn them, she was reprimanded and called hysterical.[24] (Following the crisis, she was commended for her courage in speaking up.) Case Study 12.1 provides another example of failure to recognize the extent of a crisis, which had tragic consequences.

Once the crisis is recognized, leaders then implement the CMP, mobilize the crisis management team, and focus on damage control. Immediate threats to individuals, property, and the environment take priority. Leaders may need to redeploy staff and such resources as equipment, phone lines, and office space while cooperating with emergency personnel, government officials, neighborhood associations, the media, and other outside groups.

Because the crisis management team is so critical to coping with an active crisis, leaders should pay particular attention to the group's membership. While the exact composition of the team may vary depending on the particular crisis, the typical crisis management team for a large organization consists of the following members:[25]

- Attorney to review messages, reduce legal risk, and specify legal requirements
- Public relations director or coordinator to manage internal and external communication tactics as well as media relations
- Operational managers to coordinate recovery
- Controller or another financial manager with knowledge of financial assets and insurance coverage
- Institutional technology manager to ensure that communication channels are open and to maintain databases
- Regulatory expert to handle coordination with government agencies and to represent the interests of the public
- The chief executive officer (CEO) or a representative from her or his office

One person—typically the CEO—should take primary responsibility as spokesperson in the case of an emergency. This prevents conflicting messages and the spread of misinformation. Contradictory and inaccurate messages were a major problem following the mysterious disappearance of Malaysia Airlines Flight 370 over the Indian Ocean. Malaysian government and airline officials sometimes contradicted each other, as did civilian and military officials. The information they released was often incomplete and inaccurate.[26] An effective spokesperson goes to the scene of the crisis, cooperates with the media, and provides accurate information. Those directly affected by the crisis have particularly important information needs and should take top priority. They not only need to know what happened but also need to learn how to protect themselves. Potential victims

of a flu epidemic need to be vaccinated, for example. City residents in the path of a tornado need to be warned to take shelter. Consumers need to learn of contaminated food products. (Turn to Box 12.2 for an example of an effective crisis spokesperson in action.)

Stage 3: Postcrisis

Investigation and analysis take place during the third and final stage. Group members try to determine what went wrong, who was to blame, how to prevent a recurrence of the problem, and so on. This is also a period of recovery during which ethical leaders try to salvage the legitimacy of the group or organization, help group members learn from the crisis experience, and promote healing. The image of an organization generally suffers during a crisis as outsiders blame it for failing to prevent the disaster, causing harm, and not moving quickly enough to help victims. As a consequence, an effective leader must convince the public that the organization has a legitimate reason to exist and can be trusted. The best way to rebuild an organization's image depends a great deal on the particular crisis and the past history of the group. If the organization is not at fault and has a good reputation, simple denial ("We are not at fault") may be sufficient. However, if the organization is to blame (particularly if it has a troubled history), it should admit responsibility, offer compensation to victims, and take corrective action by improving safety procedures, recalling products, and so forth. Not only is this the moral course of action, but attempts to deny truthful accusations typically backfire, further damaging the group's reputation.[27]

The second leadership task in the postcrisis stage is to encourage the group to learn from the experience lest it be repeated again. Organizational crisis learning takes three forms.[28] *Retrospective sense making* looks for causation, determining what members overlooked and identifying faulty assumptions and rationalizations that contributed to the disaster. Such processing broadens the group's base of knowledge and gives it more options for responding in the future. *Reconsidering structure* refers to making major changes in leadership, mission, organizational structure, and policies as a result of the disruption caused by the crisis event. Disaster commissions are sometimes formed to capture learning from crises and to suggest reforms. Following the Twin Towers attack, for example, the 9/11 Commission report led to a major overhaul of the U.S. intelligence system.[29]

Vicarious learning draws from the experiences of other groups and organizations, both good and bad. Some organizations illustrate what *not* to do, while others serve as exemplary role models. Government response to Hurricane Katrina has emerged as a classic example of crisis *mis*management. Local and state officials were slow to order a mandatory evacuation and stranded poorer residents who didn't have cars. The Federal Emergency Management Agency (led by an unqualified manager) waited too long to implement emergency plans, and the president didn't get involved until days had passed. A House congressional committee investigating the disaster concluded that the government's response to Katrina was a "litany of mistakes, misjudgments, lapses, and absurdities."[30] (Turn to Case Study 12.2 for a closer look at how New Orleans has overcome these miscues to recover and renew itself.) There is also much to learn from how BP and the federal government mismanaged the oil spill off the coast of Louisiana. Fortunately, the state and federal response to Hurricane Sandy was much more effective, with a majority of residents expressing approval for the way that government officials intervened.[31]

Box 12.2 Mourner-in-Chief

When disasters like terrorist attacks, storms, and shootings occur, Americans look to their president to express the sorrow of the nation. In these cases, the president becomes the nation's "mourner-in-chief." In 1983, for example, Ronald Reagan expressed the shock of the nation and the world at the downing of a South Korean passenger airliner by a Russian fighter plane. After the shooting of 20 first graders and six adults in Newtown, Connecticut, President Barack Obama offered the following statement at a White House press conference. What made the address particularly powerful was the fact that the president, who normally appeared cool and collected, had to stop during his remarks to wipe away tears.

> This afternoon, I spoke with Governor Malloy and FBI Director Mueller. I offered Governor Malloy my condolences on behalf of the nation and made it clear he will have every single resource that he needs to investigate this heinous crime, care for the victims, counsel their families.
>
> We've endured too many of these tragedies in the past few years. And each time I learn the news, I react not as a president, but as anybody else would as a parent. And that was especially true today. I know there's not a parent in America who doesn't feel the same overwhelming grief that I do.
>
> The majority of those who died today were children—beautiful, little kids between the ages of 5 and 10 years old. They had their entire lives ahead of them—birthdays, graduations, weddings,

kids of their own. Among the fallen were also teachers, men and women who devoted their lives to helping our children fulfill their dreams.

> So our hearts are broken today for the parents and grandparents, sisters and brothers of these little children, and for the families of the adults who were lost.
>
> Our hearts are broken for the parents of the survivors, as well, for as blessed as they are to have their children home tonight, they know that their children's innocence has been torn away from them too early and there are no words that will ease their pain.
>
> As a country, we have been through this too many times. Whether it is an elementary school in Newtown, or a shopping mall in Oregon, or a temple in Wisconsin, or a movie theater in Aurora, or a street corner in Chicago, these neighborhoods are our neighborhoods and these children are our children. And we're going to have to come together and take meaningful action to prevent more tragedies like this, regardless of the politics.
>
> This evening, Michelle and I will do what I know every parent in America will do, which is hug our children a little tighter, and we'll tell them that we love them, and we'll remind each other how deeply we love one another. But there are families in Connecticut who cannot do that tonight, and they need all of us right now. In the hard days to come, that community needs us to be at our best as Americans,

and I will do everything in my power as president to help, because while nothing can fill the space of a lost child or loved one, all of us can extend a hand to those in need, to remind them that we are there for them, that we are praying for them, that the love they felt for those they lost

endures not just in their memories, but also in ours.

May God bless the memory of the victims and, in the words of Scripture, heal the brokenhearted and bind up their wounds.

Source: The White House.

The third leadership task in the postcrisis stage is to promote healing, which helps members move beyond the crisis. Healing begins with explaining what happened. A cause needs to be identified and corrective action taken. Corrective steps might include, for instance, strengthening levees after a hurricane and tightening computer security measures after data have been stolen. Forgetting—replacing feelings of stress, anxiety, and loss with positive emotions like optimism and confidence—is easier when such preventive measures have been put in place. Ethical leaders also shape the memories of what happened by honoring crisis heroes and by marking important anniversaries.

Fostering a sense of renewal that sets aside blame and looks ahead is part of the healing process. The *discourse of renewal* is spontaneous, not carefully planned, and comes directly out of the character and reputation of the leader.[32] Renewal focuses on the future rather than on the past. The discourse of renewal also highlights the opportunities created by the crisis. City officials in Cedar Rapids, Iowa, for example, had a downtown redevelopment plan in place four months after a devastating flood in 2008. Five years after the flood, the town sported a new convention center and hotel, a restored historic theater, and an outdoor amphitheater built on top of a levee.[33] (Box 12.3 summarizes critical competencies for leading in crisis situations.)

COMPONENTS OF ETHICAL CRISIS MANAGEMENT

As we saw in the previous section, ethical leaders have important tasks to carry out in each stage of crisis development. Theorists and researchers have identified six principles and/or strategies that equip them to fulfill these duties. Moral leaders assume broad responsibility, practice transparency, demonstrate care and concern, use their heads as well as their hearts, improvise from a strong moral foundation, and build resilience.

Assume Broad Responsibility

Responsibility is the foundation of ethical crisis leadership.[34] Preventing, managing, and recovering from crises all depend on the willingness of leaders and followers to accept their moral responsibilities. Society grants individuals and organizations significant freedom to make and carry out decisions. Such freedom means that people and groups are accountable for their actions. They have an ethical duty to prevent crises because such events do significant harm. The first step in preventing crises is to behave as a moral

Box 12.3 Crisis Leadership Competencies

To determine the specific skills leaders need to successfully manage crisis situations, Lynn Perry Wooten and Erika Hayes James sampled 20 business crises occurring from 2000 to 2006. Their data set included an Alaska Airlines crash, financial fraud at Tyco, a hepatitis outbreak at Chi-Chi's restaurants, Wal-Mart's response to a gender discrimination lawsuit, and Hurricane Katrina. The researchers found that firms often mishandle one phase of a crisis while responding more effectively to another. They also identified key competencies, described below, that are essential to navigating each crisis phase.

PRECRISIS

- *Sense making.* Sense making answers these questions: How does something become an event? What does the event mean? What should I do relative to the event? The crisis leader then puts the answers to these queries together to develop a plan of action. Making sense of what appear to be unrelated events is also critical to identifying and responding to such warning signs as accident reports, quality problems, and customer complaints.

- *Perspective taking.* Empathy is critical to anticipating and responding to crises. Leaders need to be particularly sensitive to the needs of those who might be hurt by a crisis (victims and victims' families), not just those who are most vocal, like activists and shareholders. This broader perspective can alert leaders to potential dangers and prepare them to act on behalf of stakeholders.

- *Issue selling.* Middle managers, in particular, must be able to convince top management that the organization needs to engage in crisis planning, which is difficult, given the fact that crisis planning is rarely seen as a pressing concern among key decision makers.

- *Organizational agility.* Since crises threaten the organization as a whole, leaders have to bring a variety of departments and units together to prepare for disaster.

- *Creativity.* It takes creativity to design a CMP that identifies a variety of weaknesses, possible scenarios, and effective responses.

CRISIS EVENT

- *Decision making under pressure.* Competent crisis leaders must be able to overcome negative emotions like fear and anxiety as well as time pressures and public scrutiny to make wise choices.

- *Communicating effectively.* During the height of the crisis, leaders are responsible for connecting to a variety of audiences—employees, customers, investors, community leaders, neighbors. They need to provide information, instruction, and assurance while gathering data. They must also express empathy and shape public opinion.

- *Risk taking.* The pressure of a crisis can prompt leaders to fall back on their habits or traditional ways of responding. A crisis, however, often calls for a unique response. For example, the board of Martha Stewart Living Omnimedia was able to shift to a new way of thinking when the company's namesake was jailed for insider trading. The CEO took Martha Stewart off of magazine covers and de-emphasized her connection to other products. Top management also reorganized into executive teams to supervise business units.

POSTCRISIS

- *Promoting organizational resilience.* This competency takes the organization beyond where it was before the crisis struck. When this ability is exercised, individuals and the organization as a whole are able to bounce back from the stress and perform at a higher level.

- *Acting with integrity.* Effective crisis leaders demonstrate personal integrity and make ethical decisions. They act consistently, matching their words and actions. They don't deny responsibility for an industrial accident, for instance, and later admit guilt to settle a lawsuit. They are able to rebuild public trust by following through on their statements and commitments.

- *Learning orientation.* Any opportunity offered by a crisis is lost unless leaders engage in learning and reflection. Competent crisis leaders learn from their experiences and change the way their organizations operate.

person. Since a great many crises (fraud, accounting scandals, embezzlement, sexual harassment) are the direct result of the immoral actions of leaders, eliminating these behaviors greatly reduces the group's exposure to scandal. Moral leaders also create healthy ethical organizational climates that have a low risk of moral failure and crisis (see Chapter 10).

In addition to engaging in and fostering ethical behavior, the responsible crisis leader fights against complacency, human biases, institutional weaknesses, special interest groups, and other obstacles to crisis prevention. He or she commits the money and resources needed to identify, prevent, and manage trouble spots. This includes assigning groups to brainstorm potential weaknesses, investing in computer security, holding disaster drills, and creating CMPs. Leaders aren't the only ones who are responsible for crisis prevention, however. This duty extends to everyone who has a role, no matter how small, in anticipating such events. According to crisis prevention expert Robert Allinson, "Anyone who is in any way connected with a potential or actual disaster is responsible for its occurrence."[35]

Sadly, a significant number of organizations still fail to take their crisis prevention responsibilities seriously. A corporate survey revealed that, while the vast majority had CMPs, a significant portion (approximately one fifth) did not.[36]

If a crisis does erupt, leaders are obligated to mitigate the harm they and/or their followers cause to others through, for instance, deceptive advertising, fraud, or industrial accidents. A rapid response is key to fulfilling this ethical duty. Exxon continues to be used as an example of poor crisis management in large part because of its slow response to the grounding of the *Exxon Valdez,* which caused the largest oil spill up to that point in U.S. history. Then-CEO Lawrence Rawl didn't get to the scene of the accident until 10 days after the spill, initial containment efforts were ineffective, and the firm denied at first that it had any responsibility for what happened.[37] More recently, executives at Toyota were slow to respond to sudden acceleration problems in their vehicles, and officials at General Motors waited over a decade to fix an ignition switch problem with its small cars, which led to the deaths of at least 169 people.[38]

When the immediate danger is past, leaders have an obligation to ensure that a similar crisis doesn't happen again and to assure the public of that fact. Their ethical duties include carrying out the postcrisis tasks noted earlier: rebuilding the group's image, helping members learn from the crisis, and promoting healing.

Crises broaden both the scope and the depth of a leader's ethical obligations. In a crisis, the breadth of a leader's responsibility greatly expands. New stakeholder groups are formed, including those who had no previous interest in the organization but are currently threatened as well as members of the general public who learn about the crisis event. Leaders may also need to go to extraordinary lengths (depth) to meet the needs of victims. Take the case of Cantor Fitzgerald, for example. When the terrorist planes hit the World Trade Center in 2001, all of its employees working in the North Tower were killed. CEO Howard Lutnick and his colleagues continue to care for the financial, physical, and emotional needs of surviving family members years after the crisis event. (Turn to "Leadership Ethics at the Movies: *Out of a Clear Blue Sky*" for more information on how Lutnick assumed responsibility for employee families.)

Leadership Ethics at the Movies

OUT OF A CLEAR BLUE SKY

Key Cast Members: Howard and Edie Lutnick, surviving employees and families of Cantor Fitzgerald

Synopsis: Bond trader Cantor Fitzgerald suffered the greatest loss of life in the 9/11 terrorist attacks. All 658 employees at their offices in the Twin Towers died that day. CEO Howard Lutnick, who was taking his son to his first day of school, was spared. He faced the daunting task of saving the company and meeting the needs of survivors while at the same time grieving his brother, a Cantor employee who perished in the collapse of the North Tower. This documentary chronicles the company's attempts to recover and heal over the next ten years. Director Dianne Gardner, whose brother was another Cantor employee who died on September 11th, had access to Lutnick from the first hours following the attack. The CEO had a reputation for being a ruthless businessman but broke down in tears during media interviews. He promised to offer financial compensation to the families of those who died and to pay their health insurance for ten years. Howard appointed his sister Edie to head the Cantor Relief Fund. In the meantime, the firm's few remaining employees struggled to conduct daily business and to make a profit. Lutnick soon came under intense national criticism for failing to deliver quickly on his promises to victims' families. He weathered the storm by meeting with angry relatives and making good on his pledges. Both Howard and Edie found themselves challenged and transformed in ways they never thought possible.

Rating: Not rated but contains video from the tower collapse and intense emotional scenes

Themes: assuming broad responsibility, demonstrating care and compassion, transparency, ethical rationality

Practice Transparency

Like responsibility, transparency is another requirement placed on groups and organizations operating freely in a democratic society. We want governments to reveal the ways they spend our tax dollars, for instance, and require audited financial statements and annual reports from publicly held corporations. Citizens have a right to informed choice. Neighbors ought to learn about the presence of hazardous chemicals at a nearby plant; federal law mandates that colleges provide data on crimes committed on or around their campuses. Failure to disclose information spawns abuses of power and privilege and makes it impossible for individuals to act as informed members of the community.[39] Transparency is key to exercising personal freedom and establishing healthy relationships between individuals, between people and organizations, and between organizations.[40]

Transparency begins with openness. When faced with the challenge of mismanaged information, the transparent leader tells the truth and avoids hiding or distorting information. A transparent group is open about its policies, compensation packages, safety measures, values, spending, positions on political issues, and so on. Leaders regularly share this information through websites, presentations, publications, press releases, and other means. Openness, in turn, is marked by candor and integrity. Ethical leaders are willing to share bad as well as good news, such as when earnings are down and construction plans have to be shelved. Johnson & Johnson's response to the Tylenol poisoning has become a textbook case of crisis management in part because of the firm's honesty. During the product tampering crisis, corporate officials initially denied that there was any potassium cyanide used in the manufacture of Tylenol.[41] Later, when leaders discovered that minute amounts of the chemical were used during testing at some facilities, it immediately released this information to the public. Such candor helped the company recover quickly from this abnormal accident.

Transparency also involves symmetry.[42] Symmetry refers to maintaining balanced relationships with outside groups based on two-way communication. Instead of imposing their will on others, organizations engaged in symmetrical relationships seek to understand and respond to the concerns of stakeholders. They regularly interact with and gather information from customers, vendors, neighbors, activist groups, and others. Even more important, they act on these data, changing their plans as needed. For example, if neighbors strenuously object to the construction of a new product distribution facility, executives may find another location or modify the design of the building to meet the concerns of those living nearby. A study of excellent public relations programs found that the best public relations efforts—those that increase organizational effectiveness and benefit society—are based on symmetrical relationships with stakeholder groups.[43]

Crisis preparedness and trust are two positive by-products of transparency. Openness makes it less likely that leaders will engage in unethical behavior. As ethicist Jeremy Bentham noted, "The more strictly we are watched, the better we behave." Symmetry also serves as an early warning system. Partnerships foster two-way communication that will reveal if customers are having problems with products or services, if activist groups are offended by the organization's environmental practices, and so forth.

Stakeholders and the general public are more prone to trust organizations they perceive as open and give them the benefit of the doubt in crisis situations. As a consequence, these groups suffer less damage to their image and regain their legitimacy more rapidly. For example, Pepsi was the victim of a hoax that started in Seattle: Consumers placed syringes in cans of Diet Pepsi and then complained to the media. The corporation's reputation for safety and quality, as well as its Seattle bottler's work in the community, helped Pepsi weather the crisis and recover quickly.[44]

Maintaining transparency is particularly difficult when a crisis is triggered. First, there are privacy concerns. Victims' families may need to be notified before information can be released to the press. Second, admitting fault can put the organization at a disadvantage in case of a lawsuit. Third, there may be proprietary information about, say, manufacturing processes and recipes, which should not be released to competitors. (Even the leading proponents of corporate transparency agree that businesses have a right to privacy, to security, and to control of certain types of information.)[45] Fourth, uncertainty makes it difficult for an organization to determine what its course of action should be and, as a result, to communicate concrete details to the public. Fifth, being specific may offend some stakeholders who feel that they have been treated unfairly. Sixth, making a commitment to a single course of action too soon may limit the group's ability to deal with the crisis.[46]

Some observers suggest that leaders in a crisis situation use *strategic ambiguity* as an alternative to transparency. In strategic ambiguity, communicators are deliberately vague, which allows them to appeal to multiple audiences.[47] For example, the promise to respond forcefully to a crisis is an abstract statement, which can be interpreted many different ways by stakeholders. It also leaves the door open for the group to choose a variety of possible strategies for managing the crisis event. If challenged, the leader can claim that she or he never made a specific commitment to particular stakeholder groups. Then, too, ambiguous messages are appropriate in early stages of a crisis, when information is scarce and conditions are rapidly changing.[48]

More often than not, however, strategic ambiguity is unethical, used to shift the blame and to confuse stakeholders while providing them with biased and/or incomplete information. This appears to be the case with Jack in the Box.[49] In 1993, children in Washington state were sickened with *E. coli* poisoning after eating hamburgers at the firm's restaurants. Throughout the crisis, Jack in the Box president Robert Nugent made use of ambiguous communication. He emphasized that there was a "potential" link between the illnesses and company food. He pointed to other possible contributors—including a food supplier—to the outbreak and claimed that the firm intended to follow state and federal regulations. (Later, it was revealed that Jack in the Box had failed to adopt Washington's stricter cooking times, which likely would have prevented the outbreak.) The restaurant chain's response was unethical because it (a) favored the needs of internal stakeholders (employees, managers, shareholders) over those of external stakeholders (consumers, regulators) and (b) provided outsiders with incomplete and inaccurate information.

While the amount and type of information to be shared will vary with each crisis, the goal should always be to be as open as possible. Cooperate with the media and government officials, respond quickly to inquiries, provide detailed background information on the crisis, be honest about what happened, release information as soon as it is available, and be more concerned about meeting the needs of victims than about protecting organizational assets (see the discussion of care and concern in the next section). Avoid *stonewalling*, which is uncooperative communication designed to hinder or redirect the flow of information. BP chairman Tony Hayward used stonewalling when testifying before Congress after the Deepwater Horizon oil spill. He repeatedly responded to questions by declaring "The investigations are ongoing"; "I can't answer that question because I'm not a cement engineer," and "I wasn't involved in any of that decision making."[50]

Rhetorician Keith Hearit illustrates how an organization can practice transparency when communicating to stakeholders during a crisis. Hearit believes that, in order to be ethical, the group's explanation of events and response to public criticism must have the right manner and content.[51] *Manner* refers to the form of the communication, which needs to (1) be truthful (disclose relevant information that matches up with the reality of what happened), (2) be sincere (express true regret, reflect the seriousness of the event and its impact, demonstrate commitment to taking corrective action and reconciling with stakeholders), (3) be timely (immediately after the event, in time to help victims deal with the damage), (4) be voluntary (not coerced but driven by moral considerations, seek reconciliation, humble), (5) address all stakeholders (speak to all who were wronged, not just a few groups), and (6) be in the proper context (available to all victims).

The *content* of the message is just as important as the form it takes. The ethical story of events

- clearly acknowledges wrongdoing;
- accepts full responsibility for what happened;
- expresses regret for the offense, the harm done, and failure to carry out responsibilities;
- identifies with the injured parties (both with their suffering and with the damage done to relationships);
- asks for forgiveness;
- seeks reconciliation with injured parties;
- fully discloses information related to the offense;
- offers to carry out appropriate corrective action; and
- offers appropriate compensation.

Demonstrate Care and Concern

Demonstrating concern has practical as well as ethical benefits. Nothing draws more public condemnation than a group that refuses to take responsibility for harming others, as in the case of the *Exxon Valdez*, or appears callous, as when National Aeronautics and Space Administration (NASA) declared that there had been "an apparent malfunction" as millions watched the explosion of the *Challenger* shuttle on television. Victims who have received adequate assistance are less likely to sue the organization later.

When harm occurs, people hold organizations and their leaders responsible even if they didn't mean to hurt others, which is called the *intention effect*.[52] Apparently, the mere existence of harm triggers the impression that the individual or group involved was deliberately out to damage others. Observers also expect corporations to anticipate potential harm—the *foresight effect*. This effect is illustrated by the stiff punishments administered to corporate defendants in civil court cases. Jurors believe that corporations have greater responsibility for harm because they should have greater ability to foresee the consequences of their actions. Jurors also expect a higher level of care from companies based on their greater power, the sense that they have more obligations because they have more resources, and the fact that corporate misdeeds have greater consequences than do those of individuals operating on their own.

Members of the public also judge companies on the way that they respond to natural disasters.[53] Citizens determine the firm's level of benevolent concern by the size and effectiveness of its response. When companies make significant contributions that meet the needs of victims, stakeholders rate them more favorably and consider them to be more ethical. Like the Good Samaritan of the Bible who provided bandages, food, clothing and shelter for the robbery victim lying alongside the road (described in Chapter 5), business Samaritans must not only stop to help but also provide practical assistance. (Self-Assessment 12.2 asks you to evaluate a company's response to a natural disaster.)

While it is in the interest of leaders and organizations to act in a compassionate manner for image and financial reasons as well as to meet the expectations of observers, it is even more important that they do so for ethical reasons. Altruism is particularly relevant to crisis situations. Love of neighbor urges us to meet the needs of those threatened by crisis, no matter who they are. Victims deserve our help because of their status as human beings. Showing concern during a crisis goes well beyond addressing the physical and financial needs of victims. Those harmed by a crisis have significant emotional and spiritual needs, too.[54] They may be overwhelmed with feelings of loss and grief as well as guilt for surviving when others did not. Their sense of security, meaning, and purpose is threatened. Post-traumatic stress disorder, where individuals periodically relive the terror, is common. Of course, victims aren't the only ones to experience many of these reactions. The triggering event, as noted earlier, generates surprise, anger, fear, and disbelief for crisis managers, other group members, and outside observers as well. For instance, mass shootings are traumatic events not only for local residents but also for the country as a whole.

The emotional and spiritual demands of crises mean that ethical leaders need to address the whole person during the crisis and postcrisis stages. They stay in constant communication with group members, calming their fears. They help followers regain their focus and emphasize the importance of community. They arrange for emotional and spiritual counseling and recognize that the whole organization may need to pass through a grieving process. Ethical leaders also recognize that if the group is to heal, they must foster hope while honoring the past.

The ethic of care has been specifically applied to crisis management. The care ethic fosters crisis preparation because those concerned about others are more likely to take their complaints seriously and are therefore more alert to possible signs of trouble. Once they have identified prodromes, they are more likely to give voice to their concerns instead of exiting the organization.[55]

Concern for others can also prompt a group or an organization to go well beyond what the law or fairness requires when responding to a crisis. Consider the case of the San Ysidro, California, McDonald's shooting, for example.[56] On July 18, 1984, a lone gunman out to "hunt humans" shot 40 people at the restaurant (21 died). McDonald's was not at fault and was, in fact, a victim of the attack. But rather than declaring its innocence or decrying the unfairness of headlines blaming it for the carnage, McDonald's followed the "Horwitz Rule." Executive vice president and General Counsel Don Horwitz told management: "I don't want you people to worry or care about the legal implications of what you might say. We are going to do what's right for the survivors and families of the victims, and we'll worry about lawsuits later."[57] (It could have been argued that providing help was evidence that McDonald's was in some way responsible for what happened.) The company then suspended its national advertising campaign out of respect for victims and their families, sent personnel to help with funeral arrangements, paid hospital bills, and flew in relatives to be with their families. Corporate executives sought the counsel of an important local religious leader, attended funerals, demolished the restaurant, and then donated the land to the city.

The steps taken by McDonald's in this instance weren't "fair" and devalued the rights of the firm. After all, the restaurant chain wasn't to blame, and yet its leaders spent millions suspending advertising, creating a fund for families of victims, demolishing the restaurant, donating the land, and so on. Driven by care, corporate officials kept their focus on responsibility to victims and the importance of acknowledging their pain. They listened to the community and worked hard at maintaining connections with local political, community, and religious groups.

Engage the Head as Well as the Heart

Rational thought, problem solving, and other cognitive skills and strategies are important complements to care and compassion in ethical crisis management. Moral leaders respond with their heads as well as their hearts.[58] In particular, they are highly mindful and engage in strategic and ethical rational thinking. (Followers must also engage their heads as well as their hearts—see "Focus on Follower Ethics: Blowing the Whistle: Ethical Tension Points.")

Ethical crisis leaders, in addition to paying heedful attention themselves (see Chapter 11), create *mindful* cultures. University of Michigan business professors Karl Weick and Kathleen Sutcliffe argue that collective mindfulness is the key to creating high-reliability organizations (HROs).[59] HROs (emergency rooms, air traffic control systems, power plants) rarely fail even though they face lots of unexpected events. Attention to minor problems sets HROs apart from their less-reliable counterparts. Unlike crisis-prone organizations that ignore minor deviations until they magnify into a crisis, HROs respond forcefully to the weakest signal that something is wrong.

Weick and Sutcliffe use the deck of an aircraft carrier to illustrate the characteristics of mindful cultures that prevent harmful crises from occurring. One naval crewmember described an aircraft carrier this way:

> Imagine that it's a busy day, and you shrink San Francisco Airport to
> only one short runway and one ramp and one gate. Make planes take
> off and land at the same time, at half the present time interval, rock

the runway from side to side, and require that everyone who leaves in the morning returns that same day. Make sure the equipment is so close to the edge of the envelope that it's fragile. Then turn off the radar to avoid detection, impose strict controls on radios, fuel the aircraft in place with their engines running, put an enemy in the air, and scatter live bombs and rockets around. Now, wet the whole thing down with salt water and oil, and man it with 20-year-olds, half of whom have never seen an airplane close up. Oh, and by the way, try not to kill anyone.[60]

Despite the dangers, very few carrier accidents occur because navy leaders encourage five mindful practices. First, carrier crews are *preoccupied with failure*. Every landing is graded, and small problems like a plane in the wrong position are treated as signs that there may be larger issues like poor communication or training. Second, those who work on carriers are *reluctant to simplify*. Each plane is inspected multiple times, and pilots and deck crew communicate responsibilities through hand and voice signals and different-colored uniforms. Third, carrier crews sustain continuous *sensitivity to operations*. Everyone on board is focused on launching and landing aircraft. Officers observe all activities and communicate with each other constantly. Fourth, people on carriers share a *commitment to resilience*. Their knowledge equips them to come up with creative solutions when unexpected events like equipment failures or severe weather occur. Fifth, carrier personnel demonstrate *deference to expertise*. Lower-ranking individuals can overrule their superiors if they have more expertise in, for example, landing damaged planes.

Leaders responding to crises also need to employ *ethical rationality*. Ethical rationality ties together research on business ethics, strategy, and crisis management. *Rationality* is defined as "a firm's ability to make decisions based on comprehensive information and analysis."[61] Rational firms and leaders (which are generally more successful) do a thorough job of scanning the environment and analyzing the information they gather. They are also able to quickly generate lots of alternative solutions and ideas.[62] At the same time, ethics is at the core of their corporate strategy.[63] Such organizations keep the needs of stakeholders in mind and are concerned about building a good society. They make routine choices based on moral principles like utilitarianism and the categorical imperative.

Ethical rationality serves firms well in crisis management. They are less likely to experience crisis events because they continually scan the environment and analyze the data they collect. Leaders are not prone to act selfishly (e.g., lie, ignore stakeholder groups, hurt the environment) because they recognize that all stakeholders have intrinsic value and they are committed to the greater good. When a crisis is triggered, they have more information on hand and can rapidly generate and evaluate alternative courses of action under time pressures. Such firms have a clearer understanding of their stakeholder groups and how they might be affected by crisis events. Further, ethically rational companies (and nonprofits) are more likely to make sound moral choices during a crisis because leaders are in the practice of incorporating ethical principles into routine decision making.

Improvise from a Strong Moral Foundation

Dartmouth professor Paul Argenti interviewed corporate executives whose firms successfully weathered the World Trade Center terrorist attacks. One of the lessons of

Focus on Follower Ethics

BLOWING THE WHISTLE: ETHICAL TENSION POINTS

Deciding to go public with information about organizational misbehavior can cause a crisis. Not only do whistle-blowers put their careers, health, and relationships at risk, they also put their leaders, their coworkers, and the group as a whole in danger. Everyone suffers when the whistle blows. Employees lose their jobs, donations dry up, contracts are canceled, stock prices decline, and so on. Followers must determine whether the benefits of going public (e.g., improving patient safety, protecting the public, eliminating waste and fraud) justify such widespread disruption. To make this determination, ethics professor J. Vernon Jensen argues that potential whistle-blowers must respond to a series of questions or issues that he calls *ethical tension points*. We can use these questions as a guide if we are faced with the choice of going public or keeping silent. Jensen identifies the following as key ethical tension points in whistle-blowing:

- *What is our obligation to the organization?* Do conditions warrant breaking contractual agreements, confidentiality, and loyalty to the group?

- *What are our moral obligations to colleagues in the organization?* How will their lives be affected? How will they respond?

- *What are our ethical obligations to our profession?* Does loyalty to the organization take precedence or do professional standards?

- *Will the act of whistle-blowing adversely affect our families and others close to us?* Is it fair to make them suffer? How much will they be hurt by our actions?

- *What moral obligation do we have to ourselves?* Do the costs of going public outweigh the benefits of integrity and feelings of self-worth that come from doing so?

- *What is our ethical obligation toward the general public?* How will outsiders respond to our message? Do the long-term benefits of speaking out outweigh any short-term costs (fear, anger, uneasiness)?

- *How will my action affect important values such as freedom of expression, truthfulness, courage, justice, cooperativeness, and loyalty?* Will my coming forward strengthen these values or weaken them? What values (friendship, security) will have to take lower priority?

Source: Jensen, J. V. (1996). Ethical tension points in whistleblowing. In J. A. Jaksa & M. S. Pritchard (Eds.), *Responsible communication: Ethical issues in business, industry, and the professions* (pp. 41–51). Cresskill, NJ: Hampton.

9/11, according to Argenti, is that, during a disaster, managers must make quick decisions without guidance.[64] They are more likely to make wise choices if they are prepared. Preparation includes not only training and planning but also instilling corporate values. Employees of several undamaged Starbucks stores near Ground Zero kept their locations open even as the rest of the company's outlets in the United States were closed for the

day. They provided free coffee and pastries to hospital staff and rescue workers. Several people were saved when Starbucks workers pulled them inside, rescuing them from collapsing buildings. Leaders and followers at these stores were acting in accordance with one of the eight principles of the Starbucks mission statement, which is "Contribute positively to our communities and our environment." Employees at *The New York Times* and Oppenheimer Funds also drew from their organizations' core ideology to continue to serve readers, customers, and clients.

The ability to ethically improvise is critical in a crisis because no amount of planning and practice can totally equip individuals for the specific challenges they will face during the crisis event. Unethical decisions, such as refusing to take action or responsibility, can cause significant harm and undermine the future of the group or organization. In addition, the crisis forces changes in priorities. Concern for profit must be set aside in favor of damage control and helping victims. The stakeholders who are normally most important (e.g., corporate stockholders and owners) take a backseat to those most directly affected by events.

Successful improvisation requires that employees be empowered to act on their own initiative. They must not only know the moral course of action but also be able to act on their choices, like the Starbucks employees on September 11, 2001. Their decision to distribute free food and drinks cost Starbucks money, but corporate headquarters supported their actions.

Build Resilience

Resilience refers to the collective ability to bounce back from a crisis. While some scholars believe this means returning to the status quo, others argue that resilient groups come out of the crisis stronger than ever before. Those who take a more proactive approach to collective resilience treat it as a capacity that groups can develop.[65] To expand this capacity, leaders foster the resilience of followers at the same time they create resilient organizational cultures. The transformational leadership behaviors described in Chapter 8 are particularly effective at building subordinate resilience.[66] Idealized influence encourages followers to focus on shared values and purpose instead of falling victim to their fears. Inspirational motivation communicates a vision and optimism about the future, which energizes group members. Intellectual stimulation encourages followers to engage in problem solving, critical thinking, and generating alternative perspectives, all of which are critical to responding to emergencies. Individualized consideration builds followers' sense of self-efficacy, which equips them to respond more effectively in a crisis and makes them feel valued. Subordinates who feel valued by their leaders invest more in finding solutions to the threat. Ethical leaders also promote resilient cultures. Resilient organizational cultures are marked by the following:[67]

1. *Psychological safety*. To feel safe, people must be free to ask questions, experiment, and admit mistakes without fear of being seen as ignorant or incompetent. They need to offer critical feedback to others and seek honest feedback. When members feel safe, they take interpersonal risks, which is critical in emergency situations.

2. *Deep social capital.* Deep social capital is built over time on respectful, face-to-face interactions based on honesty and trust.

Social capital fosters the sharing of information and resources in a crisis and builds collaboration. These interactions also set the stage for long-term partnerships after the immediate danger has passed.

3. *Diffused power and accountability*. Resilient organizations disperse influence and accountability instead of being managed top down. Each part of the organization is designed to learn and change. Every member has discretion to make decisions along with the responsibility to reach organizational goals. These elements help organizations respond quickly to changing crisis conditions.

4. *Access to broad resource networks*. Resilient firms develop relationships with suppliers, neighboring businesses, and other groups that they can draw on when faced with a traumatic event.

Communities, like organizations, can develop their resilience. The nonprofit Rockefeller Foundation hopes to equip communities to better prepare and recover from crises by providing 100 cities with funding to hire chief resilience officers (CROs).[68] CROs are charged with developing resilience projects, coordinating stakeholders, eliminating duplication between agencies, and focusing the attention of the public and the government on resilience issues. Each CRO (the first was hired in New Orleans) focuses on the specific challenge facing her or his city. In earthquake-prone Christchurch, New Zealand, for example, the CRO has identified areas (green zones) that are safe to build in. In New York City, the emphasis is on strengthening infrastructure—sewer, water, energy—to better withstand flooding. In Boulder, Colorado, the CRO brings together teams to address drought and fire mitigation. Grant recipients are provided with technical and logistical support, helped with funding strategies, and network with other resilience officers.

THE ETHICAL DEMANDS OF EXTREME LEADERSHIP

While crisis strikes every type of organization, there are some groups that continually operate in crisis environments. First responders, mountain climbers, combat units, Special Weapons and Tactics (SWAT) teams, astronauts, skydivers, search and rescue teams, and others voluntarily place themselves in dangerous settings. Leaders in these contexts put both their physical and mental health at risk to serve their organizations and clients. Failure can result in death.

Extreme settings call for extreme leadership.[69] To care for the needs of their followers, extreme leaders must possess high levels of competence and character. Competence involves not only knowledge of the domain (i.e., combat, firefighting, mountain climbing) but also the ability to make quick ethical choices in constantly changing, ambiguous circumstances. Extreme leaders demonstrate resilience in the face of adversity, modeling coping strategies for group members. Physical stamina helps them overcome obstacles and equips them to make better ethical decisions. (See Case Study 12.3 for an example of a highly effective, ethical extreme leader.)

Character is also critical in life-and-death situations. Extreme leaders demonstrate the following virtues:

- *Courage:* Extreme leaders choose to put themselves in danger and take on more than their fair share of risks. Said one SWAT team leader, "If you put the plan together and you're not comfortable being up there with a foot through the door, then what the hell is up?"[70] They also possesses moral courage, making sure that the team conducts itself in an ethical manner (by not killing unarmed civilians in combat, for example) and questioning orders that put the unit at needless risk.

- *Optimism:* Both optimism and fear are contagious. Successful leaders offer hope that keeps the group going. Ineffective leaders allow their groups to wallow in despair, which saps the will to survive.

- *Integrity/Authenticity:* Followers in high-risk situations want consistent leaders who are transparent about the challenges facing the group. They also demand authenticity (see Chapter 8). When lives are on the line, followers quickly recognize and reject inauthentic leaders who don't live up to their values.

- *Loyalty:* Extreme leaders are intensely loyal to their followers, constantly looking out for their welfare. They may deny themselves rations so that subordinates may eat, for example. At other times, they share in the discomfort of followers. During the war in Afghanistan, the commander of the U.S. 25th Infantry Division military unit demonstrated his willingness to share the discomfort of his troops when he left headquarters on Christmas day and flew to a remote military base. When he arrived, he sent two junior officers back to headquarters to enjoy the holiday. He stayed, spending the day in the back of a truck with soldiers on patrol.

- *Caring:* In order to perform under dangerous conditions, followers must be convinced that their leaders care genuinely care for them. This concern extends to making sure that the needs of followers' families are also met.

- *Humility:* Many extreme leaders—guides, soldiers, police officers—live modestly and don't earn that much more than their followers. They are motivated by their commitment to the group's mission, not wealth. Their humility is particularly apparent when a team member dies. Leaders treat the fallen, no matter how lowly their status or rank, with respect. They recognize that when someone is killed or seriously injured, "the leader has to be small so the focus of the activity can make the decedent or the hospitalized person big."[71]

To date, there is no universal code of ethics for leaders in all types of extreme situations. However, respect for human rights (people's "moral worth") should underlie all

decisions of crisis professionals. For military and police forces, this means using lethal force or creating risk for others only when there is no other option (the principle of necessity). Soldiers and law enforcement personnel should use only as much force as needed to accomplish the mission while preserving the rights of those affected by the mission (the principle of proportionality). They shouldn't intentionally harm those who don't pose a threat (the principle of immunity).[72]

Though we may never set out to become crisis professionals, we can learn from their example. When crisis strikes, competence and character make the difference between organizational survival and failure. As leaders, we need to demonstrate our expertise, make rapid moral choices, model resilience, and possess physical stamina. Our character— courage, loyalty, authenticity, compassion, humility—takes on added significance in emergency situations. The fallen should be treated with utmost respect. Concern for the moral worth of others should guide our choices.

IMPLICATIONS AND APPLICATIONS

- A crisis, which is any major unanticipated event that poses a significant threat, will be the ultimate test of your ability to provide ethical leadership.

- Crises can be divided into 10 types: public perception, natural disasters, product or service, terrorist attacks, economic, human resource, industrial, oil and chemical spills, transportation, and outside environment.

- Deliberate attempts to disrupt or destroy systems (abnormal accidents) are on the rise, and you must help your group or organization prepare for them.

- All crises follow a three-stage pattern of development: precrisis, crisis event, and postcrisis.

- Precrisis is the period of normalcy between crisis events. Use this time to identify potential trouble spots, to examine long-term trends that might threaten the group, and to prepare crisis management plans (CMPs).

- The crisis event starts with a trigger event and the recognition that a crisis has occurred. This stage ends when the immediate crisis is resolved. During this phase, your task is to identify the crisis, activate CMPs and teams, appoint a spokesperson, and try to limit the damage.

- Postcrisis is a period of investigation and recovery. Moral leaders try to determine what went wrong and institute corrective measures. They also help the group salvage its reputation, engage in crisis learning, begin the healing process by honoring victims and looking to future opportunities, and fostering resilience (the ability to bounce back from future crises).

- Responsibility is the foundation for ethical crisis leadership. As a leader, you have a duty to try to prevent the harm caused by a crisis, to mitigate the damage caused by your group, to address the needs of all affected stakeholder groups, to take steps to prevent a similar event from happening again, to help the organization learn from the experience, and to foster renewal.

- In an emergency, make transparency your goal. As much as possible, be open with stakeholders and strive to maintain symmetrical relationships with these groups based on two-way communication.

- Altruism (care) should be the driving ethical principle during crisis events. Address the emotional and spiritual concerns of those affected, not just their financial and physical needs. Go beyond what the law and justice require.

- As a leader, you will need to engage the head as well as the heart when responding to crises. Create a mindful culture that closely monitors and corrects even minor problems and deviations. Base decisions on information and analysis as well as on moral values in order to better anticipate and manage crisis events.

- No amount of preparation can prepare you and the rest of your group for every contingency, so you will need to ethically improvise. Successful improvisation draws on the core mission and values of your group or organization.

- Build the collective resilience of your group through transformational leadership behaviors and by fostering a culture marked by psychological safety, diffused power and accountability, deep social capital, and access to broad resource networks.

- Extreme leaders continually operate in high-threat situations. To succeed, they demonstrate competence and character while putting a high value on human life. You can draw from their example when facing crises.

FOR FURTHER EXPLORATION, CHALLENGE, AND SELF-ASSESSMENT

1. Use Self-Assessment 12.1 to determine your readiness level and that of your organization. If possible, distribute the assessment to others in your organization and compare scores.

2. Should all cities have CROs? What tasks should be included in the job description for this position? What skills would it take to fill this position? Write up your conclusions.

3. In a group, brainstorm a list of possible crises that could strike your college or university or work organization. Then select one of these events and outline a crisis management strategy for dealing with this situation. If time permits, assume the role of organizational leaders and conduct a mock press conference, using other members of the class as media representatives. As an alternative, generate a list of long-term trends that could pose a threat to your organization. Develop strategies to proactively address each of the issues raised by these trends.

4. In a research paper, evaluate the crisis response of an organization or city using the ethical standards/strategies described in this chapter. Describe the events and provide an analysis. Include suggestions that would help the organization do a better job of ethical crisis management in the future.

5. React to the following statement: Crises reveal the true character of leaders and their organizations.

6. Create a case study that demonstrates how an organization was able to ethically improvise during a crisis event. Or, as an alternative, create a case study that demonstrates how an organization was able to learn from a crisis event.

7. In a group, come up with a list of guidelines for determining what to reveal and what to keep secret in a crisis.

8. Find a partner and discuss your responses to Self-Assessment 12.2. What role does effectiveness play your judgment of a company's concern? Does the personal involvement of company officials make a difference in this determination?

9. Have you ever been a leader in a life-or-death situation? What ethical challenges did you face and how did you meet these demands? Write up your thoughts.

STUDENT STUDY SITE

Visit the student study site at **study.sagepub.com/johnsonmecl6e** to access full SAGE journal articles for further research and information on key chapter topics.

Case Study 12.1

THE TERROR OF EBOLA

Ebola is a terrifying disease. Victims of the virus suffer from high fever, chills, continuous vomiting and diarrhea, muscle aches, bleeding, severe headaches, rashes, and uncontrollable hiccups. Death rates can range from 25%–90%. The infection puts the body into shock and causes dehydration, low blood pressure, and organ failure. There is no known cure, but patients who receive fluids and other forms of support are much more likely to survive. However, victims may never fully recover, experiencing chronic joint pain and blurred vision for the rest of their lives.

Ebola, first identified in 1976, is transmitted from fruit bats to humans in Africa. It then spreads through contact with the bodily fluids of victims. (This puts medical personnel at particular risk.) Past outbreaks were small and limited to rural areas. That all changed in 2014–2015, when an epidemic in West Africa spread from rural regions to major cities in Liberia, Sierra Leone, and Guinea. According to conservative estimates, 28,000 were infected and more than 11,000 died.

Leaders were slow to respond to the crisis. Government officials initially refused to acknowledge the epidemic and health officers failed to share information with their counterparts in neighboring countries. Local authorities were afraid of declaring a state of emergency for fear of frightening airlines (who might stop flights) and mining companies in this, one of the poorest regions of the world. Some regional medical personnel resisted outside help. Executives at the World Health Organization (WHO) and the Centers for Disease Control underestimated the extent of the epidemic (at one point, prematurely declaring it over). Some nurses, fearing infection, refused to treat Ebola patients.

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Early intervention could have contained the spread of Ebola. Instead, the epidemic caught fire. The area's few area hospitals and clinics, which often lacked such basics as hand soap, gloves, and running water, were quickly overwhelmed and the health system collapsed. As world leaders held back, brave volunteers stepped into the breach. *Time* magazine named these Ebola fighters its 2014 Persons of the Year while asking why the global health system was so slow to respond.

> Why, in short, was the battle against Ebola left for month after crucial month to a ragged army of volunteers and near volunteers: doctors who wouldn't quit even as their colleagues fell ill and died; nurses comforting patients while standing in slurries of mud, vomit, and feces; ambulance drivers facing down hostile crowds to transport passengers teeming with the virus; investigators tracing chains of infection through slums hot with disease; workers stoically zipping contagious corpses into body bags in the sun; patients meeting death in lonely isolation to protect others from infection?[1]

Eventually, the WHO., the United States government, and other groups joined local residents, Doctors Without Borders, and other volunteers in the fight against Ebola, setting up a network of clinics. At the same time, regional authorities enforced quarantine and travel restrictions. They created separate graveyards for Ebola victims and banned private burials. The epidemic subsided by the summer of 2015.

Political and cultural factors complicated the battle against Ebola. After years of civil war and unrest in the region, many residents didn't trust their governments. Some believed that the government officials created the epidemic in order to solicit funds from international donors. Authorities raised fear levels by sending inept public health messages, such as that Ebola is an automatic death sentence. Riots broke out Monrovia, the capital city of Liberia, when authorities tried to isolate a crowded neighborhood. Angry mobs threatened medical workers trying to identify victims. In West Africa, families of all religious traditions provide hands-on care to the ill and prepare the bodies of loved ones for burial, which resulted in the infection of relatives until this practice was banned. According to Liberian President Ellen Johnson Sirleaf, "The messages about don't touch the dead, wash your hands, if somebody is sick, leave them—these were all strange things, completely contrary to our tradition and culture."[2] Treatment centers were seen as places where victims went to die surrounded by medical personnel dressed head to toe in protective clothing resembling space suits.

Experts predict that there will be future Ebola epidemics. And the next epidemic could be as devastating as this one. Wealthier nations refuse to increase their contributions to rebuild the health care infrastructure in West Africa. They have also reduced their donations to the WHO. An independent panel concluded that the WHO is unprepared to handle another Ebola or similar epidemic due to budget cuts and reluctance to overrule local government officials.

Until recently, pharmaceutical companies opted not to develop a vaccine for Ebola because they don't profit off of medicines developed for diseases in poor nations. The failure of the world community means that when the terror of Ebola strikes again, it will once again result in thousands of painful and needless deaths.

Discussion Probes

1. Do medical personnel have the responsibility to care for patients no matter the risk in doing so?

2. How do you determine when the need for public health should take precedence over local customs, such as hands-on care for the dead?

3. What is the responsibility of government leaders and citizens in wealthy nations to the health care needs of people in poorer regions?

4. What, if anything, should be done to narrow the gap in medical care between wealthy and poor countries?

5. What can be done to prevent a future Ebola epidemic? To better prepare and respond?

6. How can governments encourage drug companies to develop medications for "unprofitable" diseases like Ebola?

7. What leadership and followership ethics lessons do you take from this case?

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Case Study 12.2

NEW ORLEANS AS RESILIENCE LAB

Hurricane Katrina was the largest natural disaster in the history of the United States. The 2005 Gulf coast storm displaced a million people, killed 1,800, and caused $188 billion in damage. In New Orleans, the levees failed during the storm surge, sending as much as 20 feet of water into 80% of the city. Residents fled to their roofs and thousands were stranded for days without adequate food, water, or toilet facilities in the Superdome. Television news broadcasts were filled with images of victims wading in putrid water, rooftop rescues, floating bodies (most of them African Americans), and angry citizens waiting for government help.

The New Orleans floodwaters knocked out most of the electrical grid, damaged roads, and ruined thousands of homes and commercial buildings as well as schools, churches, fire stations, and police stations. Residents fled to other cities like Houston and Dallas, dropping the population from 494,000 to 230,000. When the waters subsided, those who wanted to return had nowhere to live and had to decide whether or not to rebuild. (Even homes left standing had to be gutted due to mold and water damage.) One redevelopment official declared, "We have not seen a challenge like this in city rebuilding since World War II."[1]

Judith Rodin, president of the Rockefeller Foundation, calls New Orleans a "resilience lab," one that inspired the Foundation to promote resilience in other cities. By the 10th anniversary of the storm, the city's population returned to over 378,000 and many homes were rebuilt (often with the help of volunteers). Young professionals flocked to the area to work in new technology and bioscience companies and *Forbes* magazine named New Orleans "America's biggest brain magnet." Newcomers can ride to work on a network of bike paths built since the storm. Airport traffic rebounded to surpass pre-Katrina levels, and the tourist industry is booming.

Much of the credit for the city's renaissance goes to ordinary citizens who stepped into leadership roles. Often, they had no leadership training or leadership experience. Yet

they succeeded in spite of, not because of, their city, state, and federal governments and the skepticism of the rest of the country. According to journalist and New Orleans resident Roberta Brandes Gratz,

> The people had to overcome endless impediments . . . the inequities of a state buyout program, the inequities of screwed-up regulations, all of which left people wondering what they should do, and then left them with little money to do it.[2]

She drew the title for her book on the city's recovery from a piece of post-Katrina graffiti. One citizen summed up the attitude of many residents toward the rest of the world this way: "We're still here ya bastards."[3]

Examples of grassroots leadership abound. A former Black Panther organized a group called Common Ground, which gutted three thousand homes, businesses, and churches. A white housewife set up a website and resource center to provide rebuilding tips and tools. A weaver exposed corruption and financial wrongdoing in reconstruction programs. Local preservationists fought to save historic buildings from demolition, and environmentalists cut through government red tape to restore coastal areas. A group of New Orleans women lobbied Congress for aid and pressured levee boards to improve flood protection.

The resilience lab has had its share of failures as well as successes. Many ruined houses remain vacant, particularly in black neighborhoods in the Lower Ninth Ward. Most of the new residents flocking to New Orleans are white, lowering the proportion of African Americans in the city from 67% to 60%. Whites generally land the new high-paying jobs while many black residents remain employed in the low-paying tourist industry. Gentrification dramatically increases rents, pushing many lower-income residents out of their neighborhoods. Government officials tore down high-density, low-income housing that survived the storm and replaced it with low-density housing that serves fewer citizens. In addition, many of the problems that plagued the city prior to the storm remain. The poverty rate (27%) is unchanged. Crime and murder rates are high and the police force is demoralized. Graduation rates have improved under a new charter school system, but high-risk students are underserved.

Results from the New Orleans resilience lab demonstrate that crisis recovery can have mixed results. However, there is still much to learn. As Rodin notes, the recovery still has a long way to go. "Ten years isn't long enough. They're still on the journey."[4]

Discussion Probes

1. Do you think the successes of the New Orleans recovery outweigh the failures?

2. How long do you think it will take for the recovery to be complete?

3. What opportunities did Katrina offer the people of New Orleans?

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4. When natural disasters strike cities, what can government leaders do to encourage grassroots leaders to stay and rebuild?

5. What, if anything, can be done to ensure that people of all incomes and races share equally in disaster recovery?

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Case Study 12.3

EXTREME LEADERSHIP AT THE BOTTOM OF THE WORLD: EXPLORER ERNEST SHACKLETON

The early twentieth century has been called the Heroic Age of Polar Exploration. Teams of adventurers from Norway and Great Britain competed to see who would be first to reach the South Pole. Antarctic expeditions faced temperatures as low as –100 degrees Fahrenheit and gale force winds up to 200 miles an hour. Britain's Captain Robert Scott tried unsuccessfully to claim Antarctica for the Crown in 1901. Ernest Shackleton, who had accompanied Scott

on his first journey, came within 100 miles of the Pole in 1909 but had to turn back to save his party. Scott and his companions died during their second expedition, launched in 1911. Norwegian Roald Amundsen, who set out at the same time as Scott, succeeded in reaching the southernmost point on earth in January 1912.

Undeterred by Amundsen's success, Shackleton decided to launch one last great Polar journey aimed at crossing the entire Antarctic continent. This adventure has been chronicled in a number of books and films, and Shackleton is frequently cited as a role model for contemporary leaders. Author and museum curator Caroline Alexander provides one of the most detailed accounts of the expedition in her book titled *The Endurance: Shackleton's Legendary Antarctic Expedition*. Shackleton and his crew of twenty-seven men set sail on their wooden sailing ship—*The Endurance*—in August 1914, just days before World War I broke out. Soon, the last great Polar journey turned into one of the world's most incredible tales of survival.

The Endurance was trapped by pack ice at the end of January, stranding the party. When the ice melted the following October (springtime in the Southern Hemisphere), it crushed and sank the ship. The crew relocated to ice floes. At the end of April, fifteen months after being marooned, the group abandoned camp on the shrinking ice packs and made it to an uninhabited island in three small dories.

Shackleton and five companions then set out in one of the small boats (only twenty-two feet long) to reach the nearest whaling station on South Georgia Island, 800 miles away. This voyage would later be ranked as one of the greatest sea journeys of all time. The odds were against the small party from the beginning. They were traveling in the dead of winter on one of the roughest oceans in the world. Darkness made navigation nearly impossible and they survived a severe storm, one that sunk a much bigger tanker sailing at the same time in the same waters. The crew overcame these hurdles and, frostbitten and soaked to the skin, reached South Georgia Island. Yet even then, their suffering was far from over. Shackleton and two colleagues had to cross a series of ridges and glaciers before reaching the whaling camp. Alexander describes how the survivors looked when they finally reached help.

> At three in the afternoon, they arrived at the outskirts of Stromness Station. They had traveled for thirty-six hours without rest. Their bearded faces were black with blubber smoke, and their matted hair, clotted with salt, hung almost to their shoulders. Their filthy clothes were in tatters . . . Close to the station they encountered the first humans outside their own party they had set eyes on in nearly eighteen months—two small children, who ran from them in fright. (p. 164)

It would be another four months before Shackleton could reach the rest of his crew stranded on the first island. Amazingly, not one member of the party died during the whole twenty-two-month ordeal.

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Many qualities made Shackleton an effective leader. He had great strength and physical stature that enabled him to endure extreme conditions and to deal with rebellious followers. He understood the skills and limitations of each expedition member and made the most of each person's abilities. Shackleton was both accessible and firm. He mixed easily with his men but, at the same time, enforced discipline in a fair, evenhanded manner. Whatever the setting, he quickly established a routine and made every effort to maintain the group's morale, planning song fests, lectures, dog races, and other activities for his men.

Alexander suggests that Shackleton's character was the key to his success. In 1909, Shackleton could have been the first to reach the South Pole but he turned back to save the lives of his companions. As the supply of food dwindled, he made expedition member Frank Wild (who would join him on the *Endurance* voyage) eat one of his (Shackleton's) daily ration of four biscuits. "I do not suppose that anyone else in the world can thoroughly realize how much generosity and sympathy was shown by this," the grateful Wild later wrote. "I DO by GOD I shall never forget it."

Shackleton continued to demonstrate concern and compassion for the needs of his followers on his Trans-Antarctic voyage. When the most unpopular crewmember was laid up with a bad back, the commander let him use his own cabin and brought him tea. He made sure that those of lower rank got the warmest clothes and sleeping bags. During the perilous trip to South Georgia Island, Shackleton kept an eye out for those who were growing weak but never embarrassed anyone by singling him out for special help. If one sailor appeared on the verge of collapse, he made sure that everyone got warm milk or food. Shackleton himself valued optimism above all other virtues. "Optimism," he said, "is true moral courage." Relentless optimism kept him going during the hard times, and he had little patience for those who were anxious about the future.

Alexander sums up the essential quality of Ernest Shackleton's leadership this way:

> At the core of Shackleton's gift for leadership in crisis was an adamantine conviction that quite ordinary individuals were capable of heroic feats if the circumstances required; the weak and the strong could and *must* survive together. The mystique that Shackleton acquired as a leader may partly be attributed to the fact that he elicited from his men strength and endurance they had never imagined they possessed; he ennobled them. (p. 194)

Discussion Probes

1. Generate a list of the virtues demonstrated by Shackleton on the *Endurance* voyage. How does your list compare to the virtues of extreme leaders presented in the chapter?

2. Do dangerous situations like polar exploration and mountain climbing put a premium on some aspects of character that would be less important in other, more routine contexts?

3. How did Shackleton demonstrate resilience? How did he promote resilience in his men?

4. How did Shackleton act as a transformational leader? A servant leader? An authentic leader?

5. What leadership ethics lessons can we draw from the life of Ernest Shackleton?

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SELF-ASSESSMENT 12.1

Crisis and/or Disaster Preparedness Scale

This instrument measures how prepared you think you and your organization are for a natural disaster, a terrorist attack, an industrial accident, or another form of crisis. The higher your score (possible scores range from 21 to 84), the higher your level of perceived preparedness.

Instructions: Score each of the following as 1 = strongly disagree, 2 = disagree, 3 = agree, 4 = strongly agree. Reverse scores where indicated.

1. I am very familiar with our building's evacuation plan. 　　1　2　3　4

2. It would be easy for a potentially threatening nonemployee to gain access to my workplace. (Reverse) 　　1　2　3　4

3. If my organization suffered a serious crisis, I might lose my job. (Reverse) 　　1　2　3　4

4. If my organization suffered a serious crisis, I would still get paid until we could reopen. 　　1　2　3　4

5. My organization has provided each employee with a basic emergency preparedness kit (e.g., flashlight, smoke mask). 　　1　2　3　4

6. The security at my workplace is adequate. 　　1　2　3　4

7. If a crisis occurred at my organization, I am familiar with the plan for how family members can get information on the status (e.g., safety) of their relatives. 　　1　2　3　4

8. In the event of an emergency or a disaster, I am familiar with my organization's plan to continue operations from another location. 1 2 3 4

9. All organization members are required to rehearse portions of our crisis plan (e.g., evacuation). 1 2 3 4

10. If my organization suffered a serious crisis, I would still have my job. 1 2 3 4

11. If my organization suffered a crisis, I would still be covered by my organization's employee benefits (e.g., health insurance). 1 2 3 4

12. Security at my workplace has been significantly increased since September 11, 2001. 1 2 3 4

13. I know where the nearest fire extinguisher is to my desk/workstation. 1 2 3 4

14. If a crisis and evacuation occurred at my organization, I am familiar with our plan on how to communicate with my fellow employees from scattered or emergency locations (e.g., cell phone numbers, websites, e-mail lists). 1 2 3 4

15. Most of our employees are familiar with my organization's crisis/disaster plan. 1 2 3 4

16. As part of our emergency plan, customers and suppliers would be able to contact us for information. 1 2 3 4

17. If my organization suffered a crisis/disaster, I would have the data I need to do my job backed up at a remote site. 1 2 3 4

18. My organization offers to pay to have volunteer employees trained in basic life support techniques (e.g., CPR, first aid). 1 2 3 4

19. My organization has contingency plans in place so our customers would be covered if we suffered a disaster. 1 2 3 4

20. I know where the nearest emergency exits are to my desk/workstation. 1 2 3 4

21. My organization's emergency plan has been coordinated with local agencies (e.g., the fire department, hospitals). 1 2 3 4

SELF-ASSESSMENT 12.2

Corporate Samaritan Scenarios

Instructions: Read the following two scenarios and then rate the corporation's response in each vignette on a scale of 1–7.

Scenario 1

Following a catastrophic natural disaster, a large American corporation donated $2 million in cash to the affected residents. A relief agency reported that the aid provided assistance to a very large number of disaster victims—approximately 80%.

1. How ethical is this company? (1 = not at all; 7 = very much so)
2. How likely would you be to recommend this corporation's products or services to your friends and family? (1= not at all; 7 = very much)
3. How much would you care about the fate of this corporation? (1= not all; 7 = very much)

Scenario 2

Following a catastrophic natural disaster, a large American corporation sent members of its top management team, including the CEO and middle-level managers, to distribute hundreds of goods (around $2 million worth) to the affected residents. A relief agency reported that the aid provided assistance to a very small number of disaster victims— approximately 20%.

1. How ethical is this company? (1= not at all; 7= very much so)
2. How likely would you be to recommend this corporation's products or services to your friends and family? (1= not at all; 7 = very much)
3. How much would you care about the fate of this corporation? (1= not all; 7 = very much)

Scoring: If you are like the majority of students and managers responding to these vignettes, you gave higher ratings to the company in the first scenario than in the second. In the first vignette, the aid was highly effective, though it was delivered in an impersonal manner (high effectiveness/low proximity).

In the second vignette, the aid helped significantly fewer people even though company officials were personally involved in providing the assistance (low effectiveness/high proximity).

Source: Condensed from Jordan, J., Diermeier, D. A., & Galinsky, A. D. (2012). The strategic Samaritan: How effectiveness and proximity affect corporate responses to external crises. *Business Ethics Quarterly 22*(4), 644. Used with permission of the publisher.

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EPILOGUE

It's only fair to tell you fellows now that we're not likely to come out of this.

—CAPTAIN JOSHUA JAMES, SPEAKING TO HIS CREW DURING THE HURRICANE OF 1888

Captain Joshua James (1826–1902) is the "patron saint" of the search and rescue unit of the U.S. Coast Guard. James led rescue efforts to save sailors who crashed off the shores of Massachusetts. When word came of a shipwreck, James and his volunteer crew would launch a large rowboat into heavy seas. James would keep an eye out for the stricken vessel as his men rowed, steering with a large wooden rudder. During his career, he never lost a crewman or a shipwrecked person who had been alive when picked up. The captain's finest hour came during a tremendous storm in late November 1888. Over a twenty-four-hour period, James (sixty-two years old at the time) and his men rescued twenty-nine sailors from five ships.

Philip Hallie, who writes about James in his book *Tales of Good and Evil, Help and Harm,* argues that we can understand James's courageous leadership only as an extension of his larger community. James lived in Hull, a tiny, impoverished town on the Massachusetts coast. Most coastal villages of the time profited from shipwrecks. Beachcombers would scavenge everything from the cargo to the sunken ships' timbers and anchors. Unscrupulous people called *mooncussers* would lure boats aground. On dark, moonless nights, they would hang a lantern from a donkey and trick sea captains into sailing onto the rocks.

Unlike their neighbors up and down the coast, the people of Hull tried to stop the carnage. They built shelters for those who washed ashore, cared for the sick and injured, protested against shipping companies and insurers who sent inexperienced captains and crews into danger, and had their lifeboat always at the ready. During the storm of 1888, citizens burned their fences to light the way for Captain James, his crew, and victims alike. According to Hallie,

> Many of the other people of Hull tore up some picket fences near the crest of the hill and built a big fire that lit up the wreck and helped the lifesavers to avoid the flopping, slashing debris around the boat. The loose and broken spars of a ruined ship were one of the main dangers lifesavers had to face. But the sailors on the wrecked ship needed the firelight too. It showed them what the lifesavers were doing, and what they could do to help them. And it gave them hope: It showed them that they were not alone.[1]

The story of Captain James and his fellow villagers is a fitting end to this text. In their actions, they embodied many of the themes introduced earlier: character; values; good versus evil; moral action; altruism; cooperation; transformational, authentic, aesthetic, and servant leadership; social responsibility; ethical crisis leadership; and purpose. The captain, who lost his mother and baby sister in a shipwreck, had one mission in life: saving lives at sea. Following his lead, residents took on nearly insurmountable challenges at great personal cost. They recognized that helpers often need help. By burning their fences, these followers—living in extremely modest conditions—cast a light that literally made the difference between life and death. But like other groups of leaders and followers, they were

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far from perfect. In the winter hurricane season, the villagers did their best to save lives. In the summer, pickpockets (helped by a corrupt police force) preyed on those who visited the town's resorts. The dark side of Hull shouldn't diminish the astonishing feats of Captain James and his neighbors, however. Hallie calls what James did during the storm of 1888 an example of "moral beauty."

> And moral beauty happens when someone carves out a place for compassion in a largely ruthless universe. It happened in the French village of Le Chambon during the war [World War II], and it happened in and near the American village of Hull during the long lifetime of Joshua James.
>
> It happens, and it fails to happen, in almost every event of people's lives together— in streets, in kitchens, in bedrooms, in workplaces, in wars. But sometimes it happens in a way that engrosses the mind and captivates memory. Sometimes it happens in such a way that the people who make it happen seem to unify the universe around themselves like powerful magnets. Somehow they seem to redeem us all from death-like indifference. They carve a place for caring in the very middle of the quiet and loud storms of uncaring that surround—and eventually kill—us all.[2]

NOTES

1. Hallie, P. (1997). *Tales of good and evil, help and harm.* New York, NY: HarperCollins, p. 146.
2. Hallie, p. 173.