

The Ethical Challenges: How to Lead with

Unyielding Integrity

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### Abstract

The book: Ethical Challenge How to Lead with Unyielding Integrity a collective work by several authors, the primary authors, Tichy and McGill. These authors have examined the moral and ethics through the mirror of the fall of Enron. By observing the business ethics, ethics and culture, sustenance of ethics, business ethics in skeptical time, the peripheral issues, skills and high ethics of a leader, leader honoring one-self in business behavior, values in global business.

Also, looked at competence and credibility, leadership dilemma and challenges, ethics and fundamental decision-internal mindset, superstar entrepreneur and the trilogy company software, ethics and virtuousness the best ethical choices and long-term impact rules, ethical market and trust, living excellent values every day, and global corporate citizenship and moral path. Tichy and McGill aim at creating the new generation of leaders fit for the 21st century through Teachable Point Of View (TPOV) focusing on the integrity, honesty candor and judgment.

*Keywords:* Moral, Ethics, Challenge, Teaching integrity, honesty, sincerity, judgment, power

### About the Authors

Tichy and McGill (2003), editors and principal authors and professors in Michigan Business School Guide to the Ethical Challenge How to Lead with Unyielding Integrity Book. Tichy, Ph.D., is a professor of organizational behavior and human resources management at the University Of Michigan Business School. Tichy directs the Global Leadership Program and coordinates the Global Business Partnership, linking global companies and research centers in North America, Japan, and Europe

Andrew R. McGill, Ph.D., a professor in Michigan University and co-director of the Global Business partnership, Developing the Customer-Driven Organization and Human Resources as a Competitive Global Leadership Program, directs the operations and research activities involving Michigan School of Business and Europe and Asia universities. They have brought several authors together to carefully look at the moral and ethics in the business world after the fall of the Enron, and create a new generation of leaders needed in the 21st century.

Book Outline and Summary: Alphanumerical Method

INTRODUCTION

- I. What is a real win
  - A. Make thing better
  - B. Change ideas
  
- II. Developing Your TPOV on Business Ethics
  - A. Idea
  - B. Values
  - C. Emotional Energy
  - D. Edge
  - E. The Values that shape the leader:
    - a. Ethical and moral development
    - b. Societal and cultural development
    - c. Corporate conformity
    - d. Shaping your leadership
    - e. Facing tough dilemmas
  
- I. III, Building Virtuous Teaching Cycle on Ethics
  - A. Knowledge creation
  - B. The richness
  - C. That learning
  - D. Looking for people
  - E. Company and value
  - F. Importance of values
  
- IV. Developing the Next Generation of Leaders
  - A. Leadership tank is low
  - B. Enough Leaders in all levels are not produced
  - C. CEO rule is to produce other leaders.
  
- V. The Michigan PTOV on Business Ethics
  - A. Values homework
  - B. Life experience
  - C. Macro context
    - D. Role models
      - a. Leadership integrity
      - b. Lead and develop globally diverse team
      - c. Global mindset
      - d. Leadership Teachable Point of View
      - e. Global corporate citizenship
  
- VI. Citizenship Reinforces Ethics
  - A. Great leader at the top

- B. Great values and ethics
  - C. Teach and develop leaders at all levels of organization
  - D. Taught leaders must teach other to be leaders
- VII, About the Book
- A. Part one frame the business ethics challenge...
  - B. Part recite
  - C. Part Three takes the issues of business ethics to its logical conclusion
- VIII. A Pair of Great Leaders
- A. Model leader, Wayne Downing
  - B. Transformation
  - C. Model Eleanor Josaitis
  - D. Intelligence and solutions
- Andrew R. McGil*

## PART 1 THE ABUSE

### CHAPTER 1- BUSINESS ETHICS REALITY STUNNED AMERICANS AS ENRON, OTHERS MISLEAD INVESTORS AND EMPLOYEES

- I. Project Summer: The Imperative Quest for New Money
  - A. Enron's financial woes
  - B. Monstrous complex deal
- II. The Anatomy of Enron's Partnership
  - A. Fastow's tricky partnership
- III. Insiders Begin to See Writing on the Walls
  - A. Fastow pumped-up balance sheet
- IV. Enron Thumbs Noses at California Energy Crisis
  - A. Enron bad guy in California
- V. Lay Returns to Save Enron's Sinking Ship
  - A. Ken Lay addressing the employees of the scandal
- VI. Searching for an Enron Savoir
  - A. Enron share fell \$15 and continued falling
- VII. Bankruptcy and Sorry Aftermath
  - A. Bankruptcy filling
  - B. Protection fro the creditors
  - C. Employs laid off

- D. Search corporation with similar mess
- VIII. Regulation Strike to Ensure “Never Again”
  - A. Federal investigator agencies
  - B. Enron directors step down
  - C. Enron not first company to fall
  - D. Accounting to inflate profit or loss cause for fall
  - E. The world’s best known companies
- IX. Arthur Anderson Pays the Price
  - A. Certified financial statements
    - A. Enron sought protection from the creditors
    - C. *William Pollard*

## CHAPTER 2- ETHICS AND CULTURE OF SERVICEMASTER SUSTAIN IMPORTANT VALUES OVER TIME

- I. Service Master
  - A. living with example
  - B. value-driven organization
  - C. Profit not paramount
  - D. iv. Profit a result of ethical treatment of employees, suppliers, and other constituents

## CHAPTER 3- SUSTAINING BUSINESS ETHICS REQUIRES TEACHABLE POINT OF VIEW

- I. Developing a Teachable Point of View
  - A. Critical step for any leader
  - B. Essential topics such as business must be demonstrated and communicated
  - C. A leader with ability to learn, reflect, and teach

## CHAPTER 4- BUSINESS ETHICS IN SKEPTICAL TIMES

- I. All Times Are Skeptical Times
  - A. Enron triggered public skepticism
- II. Free Market Capitalism in an Ethical System
  - A. Capitalism soothe a destructive human characteristics
- III. First do Harm

- A. Avoid another Enron by not harming anyone
- IV. What you Can Do
  - A. All the people in the organization observe law
- V. Conclusion
  - A. Elect leaders of character and integrity
  - B. Virtues essential
  - C. Morality indispensable

#### CHAPTER 5- PERIPHERAL ISSUES CAN EVOLVE; “CORE ETHICS” MUST BE STABLE

- I. Skepticism Provided Checks and Balances
  - A. Skepticism checks the balance
- II. The rule of Law and Overcorrection
  - A. The rule of law predicts for efficient markets
- III. Reacting to the Enron Situation
  - A. Check the process of revenue
  - B. Check how dependent are managers
  - C. Do you use Napster to download Music?
- IV. The Lure of Napster
  - A. Do not take the intellectual property of others and download it
- V. Developing an Ethical Framework
  - A. Values stood with test of time
  - C. *K. Prahalad*

#### CHAPTER 6-WE NEED GREAT LESDERS-TEACHERS WITH GREAT SKILLS AND HIGH

#### ETHICS

- I. Leading and Your Teachable Point of View
  - A. Difficult time need great leaders
  - B. Scarcity of leader-teacher
  - C. Effectiveness and efficiency two element of leadership
- II. Leaders Who Excel Must Also Teach
  - A. Teamwork and teaching
- III. New Methods Can Make You Vulnerable
  - A. Do not fear to try a new thing and learn if it fails
- IV. Virtuous Cycle Built on Leaders Who Teach
  - A. The leaders must teach and the taught leader need teach and the chain  
continues
- V. Transforming Business and Developing Leaders

A. Start a leader-developing-leader process

*Robert E. Knowling Jr*

## CHAPTER 7- ETHICS “HONOR ONE’S SELF” IN YOUR BUSINESS BEHAVIOR

a. Define ethical

A. Ethic living-day –to-day challenges and opportunities

a. To assume risk in honor of self and all others

b. Business is noble profession

b. Creating and keeping customers

c. Combining ideas, resources, and processes and delivering true

value to customers

## II. PART 2 THE AFTERMATH

## CHAPTER 8- VALUES THE BEST TOOLS TO LEAD A LARGE GLOBAL ORGANIZATION

I. Constantly Focus on the Future

A. Start with strategy

B. Know what good at and what not

C. Constantly focus on company’s future

II. Learning New Things All the Time

A. Learn technology

B. Learn global market

C. Digitalization

D. Customer-focused company

III. Aligning Head, Heart, and Wallet

A. Learn new tricks, new tools, new processes

B. Measure them

C. Reward employees

D. Align thinking and doing

IV. Bad Values Can Kill Your Business

A. Stand for good values

V. CEO: Moral Leader of Company

A. Leaders moral-in talking internally-externally of the company

I. Managing Time is Critical

A. Balance time

B. Like the business and the customer

II. The Decade of the Givers

A. Givers succeed in lifetime

- B. Go where customers are
- C. Be committed to improve intellectual and human capital
- III. Global Leaders for Global Business
  - A. Travel to other countries
- IV. Marrying Your Values, Local customs
  - A. Stick to own values
  - B. Know which countries to put money for business
  - C. Be aware of what people believes of other countries and business
  - D. Pick one type of skill- manufacturing or sales
- V. Of Customers and Headquarters
  - A. Take business to customers
  - B. Take business from room to room-technology
- VI. What Determines Who You Are?
  - A. A performance company
  - B. Own self-confidence and self-worth
- VII. Forging Your Moral Leadership
  - A. Learn self comfort
  - B. Know deeply self rooted values
- VIII. Employing First and Foremost
  - A. The employees make a company great
  - B. Fire unproductive workers

*Jeffrey Immelt.*

## CHAPTER 9- COMPETENCE WITHOUT CREDIBILITY WON'T WIN IN THE LONG RUN

- I. Ethics Represent “Implicit Contracts”
  - A. Personal ethics vital
  - B. Divide between law and ethics constantly
- II. Ethical Companies Won't Risk Brand Equity
  - A. Have greater incentives in economic terms
  - B. Have great equity to hang on
- III. Virtues of the U.S Capital Market
  - A. Enron mess should blind business leader
  - B. The mess good opportunity to learn
  - C. The U.S. still best financial market in the world

*Anjan Thakor*

## CHAPTER 10- LEADERSHIP DILEMMAS THE IMPORTANCE OF INTEGRITY

- I. Your Roots Can Make Vivid Impressions

- A. Check correctly anything one is doing
- B. Learn from a mentor
- C. Guard own integrity
- II. The Peace of Knowing
  - A. Keeping integrity and values gives peace
- III. Steelcase Ethics and Pentagon
  - A. Better lose money but not reputation and integrity
  - B. Correct mistakes when realized and safe lives
- IV. Ethics have Become Prominent Again
  - A. Trust vital in team work
  - B. Humanness and mistakes
  - C. Be a critical thinker
- V. Teaching Through Your Stories
  - A. Learn from past stories
- VI. Explaining Leadership Prospectives
  - A. Dialog weekly with the employees over the Internet, via e-mail candidly on  
  
issues pertaining to wellness of the company
- VII. It Take Courage to Act
  - A Take action in dilemmas situation
  - B Take good judgment, use wisdom, and conviction
- VIII. Balance, Honesty, Candor, Judgment
  - A. Let pattern and spirit guide the judgment
- IX Candid Role-Plays Help in Decision
  - A Understand the situation well before acting to make decision
- X. Stories Best Reinforce Integrity
  - A Telling stories of past experiences encourage the workers to speak out a  
  
problem
- XI. Communicating the Realities
  - A. Communicate the truth about the company to the employees.
- XII. Walk in Their Shoes to Know What They Think
  - A. Knowing the employees feeling and though makes the leadership work

*James Hackett*

CHAPTER 11- ETHICS AND FUNDAMENTAL DECISIONS NORMAL THE INTERNALLY  
DIRECTED AND OTHER-FOCUSED MINDSET

- I. The Normal Mindset
  - A. People seek to survive
  - B. Respond to internal feeling
- II. The Alternative Mindset
  - A. It is transformational-internal
  - B. People think of others
    - a. Hypocrisy
    - b. Mediocracy and transactional thinking
    - c. Fundamental decision
- III. The Lure to Transactional Mediocrity
  - A. Leader avowing to tell truth of the issue
- IV. A Fundamental Choice Can Alter What You See
  - A. Chose a path to follow to guide own life
- V. Summary
  - A. Normal transactional and extraordinary
    - transformational
    - State
    - B. Normal state externally driven and self-focused-survival first law of nature.
    - C. Fundamental decision-empowers, internally driven and other-focused

*Robert Quinn*

CHAPTER 12- SUPERSTAR ENTREPRENEUR MEETS TODAY'S HIGH-BAR ETHICS:  
HOW TRILOGY IS A VERY DIFFERENT SOFTWARE COMPANY

- I. We literary Lived in a Garage
  - A. Product focused
  - B. New High-End Price Point
  - A. In Past product sales worked
- II. Most Global Enterprise Project Fail
  - A. Products fail to meet customers' expectations
  - B. Customers-A Huge Transformation
  - A. Business leaders must listen and meet customers' requirement for business to succeed
  - C. Just Tell Me It's Going to Work
  - D. Customers searching for trust from product producers
  - Another Enron Moment

- E. Stick to own integrity and push the leader in wrong to do the right thing.
- F. Waiting on Pins and Needles
- G. Align with customer, meet customer's need to get bonus  
*Joe Liemandt*

## CHAPTER 13- ETHICS, VIRTUOUSNESS, AND CONSTANT CHANGE

### I. With Instability People Change Rules

- A. Lay down principles that will stop workers make their own rules to meet the ambiguity faced at workplace
- B. Let the working environment create avenue for cheating or lying or waffling to the advantage of the company

### II. En Route to Virtuousness

- A Consistent to ethical principle
- B. The workers reach the criteria, the wellness

### III. The Relevance of Virtuousness

- A high score of virtuousness increase performance
- B. Tops downsizing
- C. Brings positive outcome

### IV. Providing That "Fixed Point"

- A Virtuousness serves as a fixed point, a benchmark and removes ambiguity

### V. Amplification

- A. Virtuous acts attract people

### VI. Buffering

- A. Virtuousness nullifies harm in face of trauma in an organization  
*Kim Cameron*

## CHAPTER 14- THE BEST ETHICAL CHOICES COME WHEN LONG-TERM IMPACT

### RULES

- I. A pattern of Transgressions
  - A. Avoid repeated mistakes
- II. Knowing When to Stay or Leave
  - A. Learn when it best time to get out a situation
- III. Our Reluctant to Talk About Ethics

- A. The leader discuss what thinks important for the company
- IV. The Critical Question on Ethic
  - A What's moral issue?
  - B. What has been harmed?
  - C. In what way?
  - D. What are the alternatives that exist?
  - E. What facts to be known to make a reasoned decision?
  - F What are personal impacts on person making the decision?
- V. Pushing the Limits-Too, Too Far
  - A. Pushing up own capacity but now to bend the law

*Tim For*

### PART 3 THE ETHICAL FUTURE

#### CHAPTER 15- STUDENTS MEET ETHICAL DILEMMAS IN THEIR WORKPLACE

##### CHALLENGES

- I. Student # 1: Adjusting Report
  - A. The issue with the student # 1- refusing to put sign on false reporting
  - II. Outcome
    - A. Student formulated a statistical date the boss could not understand
  - III. TPOV
    - A. Teach cheating zero-environment where those who lie lose their jobs
  - IV. Student # 2:Using Ideas Submitted by a Rejected Supplier
    - A. Student # 2 faced situation using othe company spacemen without crediting the company
  - V. Outcome
    - A. To give just to the company that lost its due, the student proposed that in future pay any company that provides the specification
  - VI. TPOV
    - A. The people who interact in the same company share integrity as a value as it is the cornerstone of trust

VII. Student #3: Misrepresentation to a Client

A. Student #3 participated in the company lie to a client, by using wrong

person as foreign consultant

VIII. Outcome

A. Project failed, client went own way

IX. TPOV

A. The student learned that lack of business integrity leads to failure

X. Student # 4: Offering Honest Assessment

A. Student # 4 declined on an investment in online baking for client that need the

company's service since it was not safe deal

XI. Outcome

A. The Internet banking did not work and the student saved the company

worked for as well as the client losing money.

XII. TPOV

A. The student learned the unethical and deceptive business serve a

short-term gains while longer-term gains in business served through honesty and trust.

XIII. Student # 5: Pending Projects to Inflate Client Costs

A. Student # tried to bring change in the company that was not acceptable.

XIV. Outcome

A. The student learned from the process of lying to the client on a software that

was not implement and vowed in future will do right thing in own career.

XV. TPOV

A. The student learned the importance of ethics in business

XVI. Student #6: The B2B Strategy Challenge

A. The student faced dilemma of telling truth since both the company will lose

money and reputation and the client will lose money if invested

XVII. Outcome

A. The student team work and the company resolved to maintain credibility,

integrity, and trust

XVIII. TPOV

A. The student learned the significant responsibility the management has in

driving ethical decision throughout a corporation.

*Noel M Tichy and Six MBA Students*

CHAPTER 16- ETHICAL MARKETS ARE ESSENTIAL FOR TRUST, GLOBAL

DEVELOPMENT

- I. Leadership and Government are Critical
  - A. The variance in progress in developing countries versus developed ones
  - B. Revenue not put in public use
  - C. Aligned national Policy
  - D. Transparency public policy
- II. Outside Exploiters Can Degrade Markets
  - A. Secondary stock markets start up
  - B. Short-term gains and exploitation
  - C. Cynicism
  - E. *LaBrent Chrite*

## CHAPTER 17- LIVING BEAUTIFUL VALUES EVERY DAY MAKES FOCUS: HOPE

### SPECIAL

- I. Family Thought She “Flipped Out”
  - A. Eleanor responding to an ethical call
  - B. Recognizing the dignity and beauty of every person
  - C. Mission continues
  - D. Grocery price high
- II. Roots of National Food Program
  - A. Concern for pregnant and nursing mother, children and seniors
  - B. Difficult faced to include senior into food program
- III. Moving into the Financial Mainstream
  - A. Putting the poor into financial mainstream
  - B. Machinist Training Institute
  - C. Information Technology Center
  - D Child-care center

*Eleanor Josaitis*

## CHAPTER 18- CORPORATE GLOBAL CITIZENSHIP: THE ETHICAL PATH FOR

### BUSINESS

- I. Global Corporations Must Play Big Role-several basic principles:
  - A. Businesses operate in a global community and have global obligations.
  - B. Giving money isn’t enough; active participation in the community is essential.
  - C. Community volunteerism hones leadership skills for individuals, the company,  
  
and the community, while providing opportunities for learning
  - D. Citizenship activities energize workers and build bonds
- II. CEO Want GE to Do Much More
  - A. GE- non-paternalism

B. GE put people first

### III. Multiple Benefits Flow from Teaching

A. Teachable Cycle

B. Volunteering turbocharges the community

C. Inner-city and homelessness

D. Les Wexner of Limited Brands

### IV. Leaders Must Develop Community Plan

A. Community service and business leaders

B. Global issues and development

C. Collaboration of leaders can use less resources to accomplish a lot

V. The Global Leadership Program

A. Action-learning experience

B. Skill for diagnosing the community issues

### VI. Global Citizenship Michigan MBAs

A. MBA students at Michigan and citizen program

B. Best site for teaching: Focus: HOPE

### VII. Focus: HOPE, Best Practice Model

A. Focus: HOPE best model for partnership with community but not a business model

### VIII. TPOV: Never Lower Your Standards

A. Keep standard

B. Please customers to make them come back

IX. Why Focus: HOPE Works

- A. Grass roots
- B. Value-based mission
- C. Human dignity
- D. Enlightened capitalism
- E. Leadership at all levels
- F. Virtuous Teaching Cycle at all levels
- G. Boundaryless behavior
- H. Knowledge generation
- J. Transforming lives

X. Learning from the Community: Eleanor's Punch in the Nose

- A. The principle-virtuous Teaching Cycle
- B. Care for elderly population

XI. Some Final Reflection

- A. Global citizenship and future
- B. Terrorism
- C. Uncertainty and chaos in the world
- D. Building teaching organizations
- E. Restoring ethics and dignity in the American business
- F. Leadership renewal-a after companies transgression a good opportunity restore  
dignity

*Noel M. Tichy, Andrew R. McGill*

THE BOOK OUTLINE AND SUMMARY: THE ETHICAL CHALLENGE  
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