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THE DARK SIDE OF LEADERSHIP:

Pitfalls of Ethical Decision Making

BY BETH MICHAELS

The media is rife with stories of scandalous leadership, and associations are not immune from the same inclinations that may steer other professionals off course. What makes doing the right thing — the broad definition of “ethics” — so challenging? How can we anticipate what we would do when faced with daunting circumstances or an unusually significant opportunity? The good news is that psychologists have discovered obstacles to ethical decision making inherent to our human nature. Armed with this knowledge, association leaders may equip themselves to guard against the natural pitfalls to ethical decision making.

Association management includes fiscal stewardship, membership and oversight, all of which are candidates for ethical scrutiny. However, strategic leadership is where good intentions can be thwarted by faulty logic. Northwestern University’s Kellogg School of Management professors David Messick and Max Bazerman studied the work of psychologists, specifically in the area of strategic decision making, shedding light on the ways human nature can foil the best leaders’ intentions. With these potential weaknesses revealed, leaders can be mindful of their natural inclinations, keeping themselves, and their associations, ethically centered and whole.

Psychologists divide the challenges of ethical decision-making into three critical perspectives:

- Faulty reasoning about the external environment;
- Faulty reasoning about other people; and
- Faulty reasoning about themselves.

Faulty Reasoning About the External Environment

1. Limiting the Chain of Consequences.

Under pressure to decide, leaders may cut short consideration of all the potential consequences related to their options. Thinking broadly across the full set of an outcome’s effects takes patience and diligence, which pays off in reduced exposure to unwanted consequences.

Careful stakeholder analysis is one way to ensure a complete view. The “red face test” — asking,

“What would happen if this decision went public?” — is another good double-check. Leaders must also balance between urgent problem-solving and the longer-term impacts of today’s choices.

2. Miscalculating Risk. Membership organizations need to tolerate a degree of ambiguity. However, the illusion of control creates its own ethical hazard. Taking the time to vet scenarios, even those that seem unlikely, can help.

Psychologists have identified one syndrome of unrealistic expectations as “hindsight bias.” This is the tendency to believe a surprising outcome was anticipated when it wasn’t. In this way, people protect themselves from confronting errors in judgment. For example, when recruiting a new board member, leaders may sense trouble long before anything actually occurs. Then, should an issue blow up, they may believe they cautioned their team during the vetting process, when, in fact, they kept their concern to themselves in a rush to get the job done.

Another psychological bias is at work when an issue is framed as an opportunity to either avoid a loss or gain an advantage. People are more likely to take risks when considering an opportunity to avoid losses, like reducing staff, and are more risk-averse with decisions about potential gains, like securing a new funder outside the normal bounds of the association’s field. Taking the time to objectively frame the issue can ensure clarity and candor when debating the team’s options.

3. Misjudging Causes.

When leaders debrief a disappointing situation, they first have to manage their inclination to assign blame. Personalizing complex issues cloud the bigger picture of cause and effect. Rather, embracing the systems view can boost a more realistic platform from which leaders can better understand their realities and their lessons learned. For example, boards may short change their strategic responsibilities, tending to overly rely on their executive directors for leadership in every function.

Examining all the players’ roles and their obstacles can help maintain a clear view of reality.

Faulty Reasoning About Others: Exaggerating Differences

Ethnocentric thinking and stereotyping are well known adversaries to objective problem-solving. To allay the tendency to think “us” and “them,” address how “we” would respond given a particular decision point. Membership organizations must use extra caution not to create an “us/them” mentality, easy to do should member feedback be disheartening. Assuming that people are basically the same is a much safer place to start. Clear decision-making criteria and processes will help bolster leadership teams against unfair judgments based on group identity. One way to protect against personal bias is to put strong policies in place that are explicit commitments to fairness and individual assessment.

Faulty Reasoning About Ourselves

- 1. Imagining superiority, control and advantage.** Leaders with strong track records are confident for good reason. Believing that past successes naturally lead to positive advantage is trouble. Risk assessment requires a measured view of potential hazards as well as gains. Believing that a strong track record somehow alleviates uncertainty can derail good judgment. Leaders who are open to feedback and take responsibility for the good and bad outcomes have a much better chance at a realistic assessment of a current challenge.
- 2. Inflating a perception of fairness.** Leaders tend to be goal-focused, with a good understanding of what achievement will bring to the association. Leaders work hard and can readily speak to all their efforts that forward the association’s success. A faulty sense of entitlement can ensue, biasing the leaders’ sense of fairness. A willingness to solicit feedback, particularly from third-party partners or advisers, can guard against this tendency.

Ensuring Ethical Decision Making

A better understanding of the human hazards of faulty reasoning is the first

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step in ethical decision-making protection. The following four steps will aid leaders in making ethical decisions, particularly when under stress.

1. Process orientation. Ethical decision making is done in the context of organizational initiatives or projects. Leaning on the basics of good project management can help leaders stay process-oriented. A commitment to good processes guards against the kinds of emotions that can short-circuit good judgment. For instance, should a significant new grant surface with a short application period,

teams may be inclined to skip steps with the good intention of capturing new funds. Careful analysis might reveal, however, that the association is not equipped to meet all of the grant's requirements. Careful recordkeeping provides for an objective review of the decision points with the anticipated outcomes. In these ways, leaders can use systems and institutional memory to defend against the natural biases built into human memory.

2. Openness to feedback. Leaders who isolate themselves are much more

susceptible to logical fallacies, since they have limited their opportunities for checks and balances. Ensuring that the decision-making process includes gathering multiple viewpoints and vetting pros and cons keeps the discussion open and honest.

3. Take a turn in everyone's seat. Taking the time to think through all the stakeholders potentially affected by a leadership decision, the short- and long-term consequences, and the effects of even the most unlikely outcomes creates an ethical audit of the options. The association will benefit from both the ethical and the strategic screening. Being very clear about all the people who stand to benefit, or get hurt, by leadership decisions makes it easy to see potential consequences from their viewpoints. Leaders, their teams and their members will all benefit from the patience and diligence a solid analysis requires.

4. Open communication. In today's leadership parlance, a synonym for open communication is transparency. Like the "red-face test," imagine if decision options and the rationale were put on public display. This kind of scenario can serve as a good guide for decisions that match ethical intentions.

Leaders with a solid history of success see their own good judgment as part of their association's strategic advantage. Being naturally subject to irrationality and bias may seem counterintuitive. Yet, psychologists give us fair warning of the logical fallacies and preconceptions that can trip up the best among us. In his first inaugural address, Abraham Lincoln spoke of "the better angels of our nature" in appealing for balanced decision making. Awareness and monitoring of the inherent obstacles to ethical decisions can help leaders fully avail themselves of "their better angels." **■**

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