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THE BLACK BOX OF LEADERSHIP

(Follow Me, or Get Out of My Way: The Role of Personality, Values Followers and Situation Influencing Bad Leadership)

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ABSTRACT

The topic of leadership remains largely elusive and enigmatic, but, most of the organizations have now realized the shortage of good and effective leaders. Though, there has been an exhaustive literature and research on the topic of leadership over the last few decades, the topic of bad leadership still remains a grey area. Bad leaders contribute to the weakening of the economy. They promote a combination of selfishness and spontaneity. They survive because it is easier for them to appropriate pecuniary rents, since they are uninhibited by moral scruples.

Research has shown that the leader's traits were more important than any other variable to the way leadership was exercised. There are a whole lot of traits such as practical, cognitive and emotional intelligence, these are not the only ones besides there are other personality traits which have been found impacting bad leadership coupled with situation, values, followers etc.

The paper also highlights the important role of followers in influencing leadership behavior as well as unique situational factors have been found impacting the unethical leadership behavior. It concludes with a few suggestion to improve upon bad leadership.

KEYWORDS: Bad Leadership, Personality, Values, Situation and Followers

INTRODUCTION

We appear to be suffering today from a plague of bad leadership in both the private and public sector. Whom can we blame for this epidemic? (Allio,2007). There has been an exhaustive literature and research on the topic of leadership over the last few decades. We still have been unable to generate an understanding of leadership which is both intellectually compelling and emotionally satisfying. The topic of leadership remains largely elusive and enigmatic, but, most of the organizations have now realized the shortage of good and effective leaders. According to Hogan and Hogan (2001) between 50 and 75 % of leaders are not performing well.

Reviewing the literature one finds huge biasness towards various leadership theories, which implies that leadership is a skill that can be learnt and leaders are produced as a result. The negative side of leader behaviour yet remains unexplored to a great extent. To have an accurate view of leadership given the prevalence bad leadership, might contribute to our understanding of both leadership effectiveness and the development of leaders (Charan and Colvin, 1999). One can learn as much from leadership successes as from leadership failures – the dark side of leadership (Clements and Washbush, 1999). If we ignore the dark side of leadership, there are strong chances that it would lead to an incomplete understanding of leadership behavior.

Bad leaders contribute to the weakening of the economy and promote a combination of selfishness and spontaneity. Bad leaders survive because it is easier for them to appropriate pecuniary rents, since they are uninhibited by moral scruples. (Najar, M. J., Holland, B. D., & Van Landuyt, C. R. (2004).Bad leadership, also called the dark side of leadership is a duality, in which the very strengths that leaders possess and treasure can become liabilities. The leadership industry has embraced the idea of focusing on strengths rather than improvement areas, but, even for most effective leaders, it is necessary to acknowledge that leadership can have its darker side too.

Maccoby(2003) explained that the dark side is a combination of the psychological and the practical aspects of leader behavior. “Everyone has negative tendencies that come out when they are stressed” “When a situation puts stress on someone, they respond in a characteristic way as if they’re not aware(Najar, M. J., Holland, B. D., & Van Landuyt, C. R.,2004). According to Maccoby(2003), there's very little awareness in most *leadership* training of the negatives of *leadership*, because so much thinking focuses on the positive elements or strengths. "There's a lot to be said for that, but in all types of leaders, there are negatives that need to be understood," he says.

The old Greek saying that ‘the fish stinks from the head down’ simply means that the leader is responsible for everything and anything in their company. That means everything that goes right, and anything that goes wrong. Simply put, ‘bad leadership equals bad business’ (B. Goldsmith, 2003).

What Makes Leaders Bad?

Leaders are like everyone else, they behave badly both for different reasons and in different ways. Sometimes it is the context that fosters bad behavior. Many a time’s followers tempt leaders to go astray. Leaders in position of authority are not immune to the pressure tactics and influence of others, especially close advisors who are nevertheless willfully strong and single – tracked, but, the crux of the issues lies in the fact that leaders behave badly because of who they are and what they want to be.

One of the reasons suggested by) is a failure to look inside. A leader must take special responsibility for introspection, lest the act of leadership creates more harm than good. As indicated by Palmer (1994) the challenge is to examine ones consciousness for those ways in which leaders may project their dark side. It feeds a dangerous syndrome among leaders who already tend to deny their inner world.

Recent behavioral ethics in research has illustrated that the decisions and actions of human beings are often distorted in a self-enhancing manner (Chugh et al., 2005; Tenbrunsel and Messick, 2004). As indicated by Tenbrunsel and Messick, 2004, the term is ‘ethical fading’ which refers to leaders that tradeoff between self-interest and morality and this leads to self-enhancement, causing the ethical colors of a decision to fade. These self-enhancing processes take place in an unconscious and automatic manner, which leads self-interest to prevail in human decision making processes (Moore and Loewenstein, 2004). Consequently, employees tend to act in a self-interested manner resulting in accepting and showing unethical behavior more easily.

Kellerman (2004), identifies seven types of bad leaders, as a) Incompetent (lack of will or skill to create effective action or positive change), b) Rigid (stiff, unyielding, unable or willing to adapt to the new), c) Intemperate (lacking in self-control), and the remaining categories as unethical d) Callous (uncaring, unkind, ignoring the needs of others), e) Corrupt (lies, cheats, steals, places self-interest first), f) Insular (ignores the needs and welfare of those outside the group), and g) Evil (does psychological or physical harm to others).

She has put them into two basic categories- ineffective and unethical. Ineffective leaders are relatively less damaging while unethical leaders definitely more damaging. While understanding the effectiveness and efficiency of leadership, one must also consider both means and ends. Ineffective leaders fail to understand the company's objectives well, fail to achieve the end result or even fails to bring about positive changes. Leaders with unethical intention fail to distinguish between right and wrong. Ethical leaders, on the other hand, put 'followers' needs before their very own and exhibit virtues like dynamism, courage, self control etc

Kets de Vries(1993) has identified mirroring (tendency to see themselves as perceived by their followers), narcissism (a distorted view of self, wherein the narcissists need power, prestige, drama and enjoy manipulation of others), emotional illiteracy (an inability to differentiate and verbalize emotion) and unwillingness to let go (urge to retain the leadership position knowing they no longer fit the demands of the job) as important issues that leaders fail to recognize.

Hogan and Hogan (2002) have written extensively on leadership failure. On the basis of reviews of others' work and on their research, they conclude that failure of leadership is because of inability to understand other's people perspectives and lack of socio-political intelligence. This produces an insensitivity to others which limits their abilities to get work done through others. Work colleagues do not like or do not trust (or both) the leader. Hogan and Hogan (2002) list the following components of socio-political intelligence: accurately reading interpersonal cues, accurately communicating. Intended meanings, conveying trustworthiness, building and maintaining relationships with others, and being a rewarding person to work with.

There are various evidences of executive level failures, like absence of some of the managerial skills, along with a personality defect, that derailed their careers. Leaders/executives have failed to deal with the issues faced by subordinates, they have not been able to build an effective team. They suffer from emotional imbalance, lack of business knowledge, unable to deal with complexity and also are unable to deal with problem subordinates. There have been evidences where, leaders have been found betraying trust, resisting change, failing to take a stand, over leading and under managing. (Fulmer and Conger, 2004, Bentz, 1985)

It would be all right to say that reason for leader's failure has been conceptualized in two ways. The first is that leaders fail because they lack important characteristics or abilities to succeed (Bray and Howard, 1983). Essentially, failure is a byproduct of certain interpersonal or cognitive deficiencies. The second is, that leaders may possess undesirable qualities that cause failure (Hogan and Hogan, 2001). According to this perspective, failure reflects an outgrowth of dysfunctional behaviors that undermine the leader's ability to gain trust and, consequently, build an effective team. (Najar, M. J., Holland, B. D., & Van Landuyt, C. R. (2004). It again and again points out towards the overall personality make up of the person.

Several researchers in the recent past have made an effort towards identifying and understanding the cause of leadership failures in relation to personality traits and characteristics. Research shows that, leaders who are deviant corrupt, toxic, unethical or simply misguided are mainly due to personality disorders, misguided values, avoidance of reality and followers' connivance.

A Framework on Bad Leadership

Based on literature review, the researchers propose a framework on bad leadership emphasizing the role of personality, values, situation and followers.

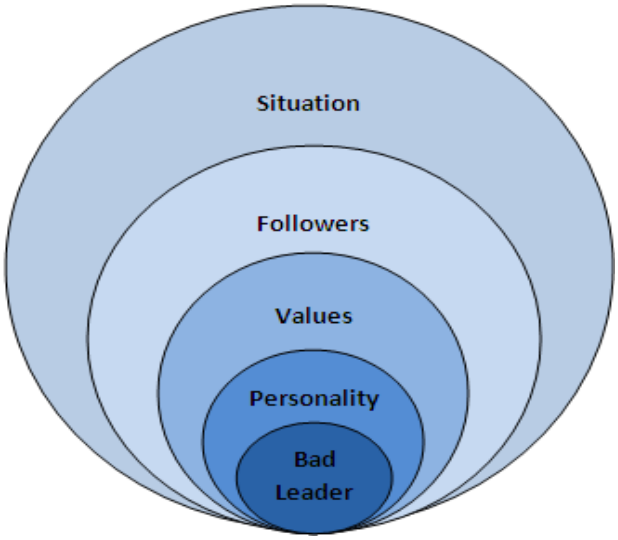

Figure 1

THE ROLE OF PERSONALITY

Over the years, leadership researchers have tried to answer whether personal attributes or characteristics help or hinder the process of leadership. They have also looked at whether certain personality traits, physical attributes, intelligence or personal values differentiate from followers. Quite a few studies have revealed that leaders were not qualitatively different from followers and leaders personal attributes were modestly related to leadership success (Stogdill, 1948 and Mann, 1959). They erroneously concluded that personal characteristics did not predict leadership success; as a result most of the research shifted towards other leadership phenomena. It was only after publication of seminal articles during 1980s and 1990s that intelligence and personality gained popularity among leadership researchers (Lord, De vader, Allinger, 1986; Hogan1991).

Hogan (1991) noted that the term 'personality' is fairly ambiguous, and has at least two different meanings. One refers to the impression a person makes on others, emphasizing social reputation of the person and the second emphasize the underlying, unseen structure and processes inside a person that explain why we behave the way we do; why each person's behavior tends to be relatively similar across different situations, yet also different from another person's behavior. There are many theories to explain 'unseen structure and processes'. Most of the research addressing the relationship between personality and leadership success has been based on the trait approach (Huges, Ginnett and Curphy, 2009). The trait approach to leadership provides a direction towards why people behave the way they do. Moreover, whether a leader has or lacks a particular trait is likely to tell us a fair amount about how and why good, or bad, leadership was implemented. Though trait theories provide explanation just focusing on one's traits would not be sufficient, one also needs to delve into the leader's character unlike traits, which are viewed as amenable to change, character is a more permanent condition, fundamental and fixed (Kellerman, 2004).

Character is considered the core of a personality make up, the foundation on which personality structures develop and operate. If leaders behave badly, it does reflect on the character of person. Character is embedded in 'who we are'. Political scientist Betty Glad (2002) studied three very bad leaders: Hitler, Stalin, and Saddam Hussein. She concluded all three were 'malignant narcissists' who, in effect, could not help being aggressive and sadistic in their relations with others. Malignant narcissism is not considered to be a mere trait. To label these three men malignant narcissists is to stamp their character and to tell us what we need to know about why they behave as they do (Kellerman, 2004).These researchers have contributed to the taxonomy on personality of bad leaders -

Researchers have identified a number of personality taxonomies that portray bad leadership from the viewpoint of personality traits and character, for example; Kets de Vries (1993) and George and Mclean (2007). They emphasized that some of the traits like mirroring, narcissism, emotional illiteracy, arkasia, being an imposter, rationalizing, glory seeking , playing the loner and being a shooting star may lead to being a bad leader. According to Kellerman (2004), bad leaders are more similar to good leaders than they are different, but, as bad leadership makes clear, characteristics of style, personality and motivation must be looked at and understood, in the context within which they matter.

Traits

Leadership scholars used to think that the leader's traits were more important than any other variable to the way leadership was exercised. There are a whole lot of traits such as practical, cognitive and emotional intelligence, these are not the only ones besides there are other personality traits which have been found impacting bad leadership coupled with situation, nature of task, followers etc. Following personality traits and character have emerged through our literature review:

Mirroring

As indicated earlier, Kets de Vries (1993) has identified several of those shadows that leaders fail to recognize. One of them is mirroring, or the tendency to see themselves as they are perceived by their followers and to feel they must act to satisfy the projections or the various fantasies of followers. A certain amount of mirroring is a part of human existence. In a crisis, some of us are likely to engage in distorted mirroring. The impact is serious and sad when leaders use their authority and power to initiate actions that have serious and negative consequences for the organization.

Narcissism

A second problem identified by Kets de Vries(1993) is narcissism, which refers to a distorted view of self. Narcissists need power, prestige and whole lot of drama and enjoy in manipulating others too. These qualities defiantly draw them to positions of leadership, but, at extreme levels of narcissism, the results can be relatively disastrous. Narcissists can become intolerant of criticism, hesitant to compromise and could frequently surround themselves with sycophants. While narcissists often 'appear' to be an ideal choice for leadership positions, but, there are strong chances of them falling as victims to the distortions of their narcissistic tendencies that are reinforced by their position. Amongst failed leaders narcissism seems to be a common syndrome, employees exhibit a pattern of grandiosity, a need for admiration and a lack of empathy. Narcissistic leaders often take advantage of others to achieve their own ends. They believe that their uniqueness excuses them from the ethical codes that bind others.(Allio,2007).

Emotional Illiteracy

Emotional illiteracy is an inability to differentiate and verbalize emotion. Emotional illiterate employees do not respond to their emotions, and are easy prey for the distortions of others. ``In the case of these individuals, the general human tendency toward mirroring ... seems to have been carried ad absurdum" (Kets de Vries, 93). They may be viewed as perfect candidates for leadership roles. They are controlled, structured and dispassionate, but, lack the emotional abilities to empathize, energize, encourage creativity and respond appropriately to conflict. They contribute to mediocrity which, in turn, drives out excellence. (Clements and Washbush, 99).

Arkasia

Socrates proposed centuries ago the concept of akrasia, or weakness of will. If one judges an action to be the best course of action, why would a person choose anything else? Socrates concluded that 'no one goes willingly towards the

bad.' In some cases we find it easy to place just one more bet on the game or postpone an important task to another day. Moreover, cognitive dissonance may delude us into embracing less attractive alternatives. An equally credible grounds for akrasia kind of behavior is that we fall prey to a lapse in judgment. In doing so we temporarily believe that the worse course of action is a much better option, as, we have not evaluated the implications and consequences of our actions.

Being an Imposter

Imposters frequently lack, both, self-awareness and self-esteem . They may have little appetite for self-reflection and consequently defer in their personal development (George and Mclean ' 2007). They climb up the corporate ladder through organizational ranks with a combination of cunningness and aggressiveness. Imposters use these strategies to achieve positions of power, but then, have little sense of how to use that power for the good of the company. Vulnerable leaders who succumb to this embrace the politics of getting ahead and letting no one stand in their way. They are political and quite adept at figuring out who their competitors are and then eliminating them slowly and gradually. On acquiring power, imposters may not be confident how to use it. They are overwhelmed with doubts about handling responsibilities of leadership; they are cautious about their internal opponents and are often paranoid that their opponents are out to get them. Some imposters are unable to act decisively, as they are paralyzed by doubt. Their action leads to pitiable results and external challenges, so they will likely attack their critics and cut themselves off from feedback.

Rationalizing

They are unable to admit their mistakes for fear of being considered a failure or of losing their jobs(George and Mclean 2007). They tend to rationalize their problems away, as a result of their inability to take responsibility for setbacks and failures. When things don't go their way, they tend to blame external forces or subordinates or offer superficial answers to their problems. They rarely step up and take any kind of responsibility. They find themselves facing greater challenges, they pass on the pressure to their subordinates instead of transforming themselves. When pressuring subordinates fails to produce the desired results, they resort to short-term tactics. They are also likely to borrow from the future to make today's figures and results look good. They also tend to stretch accounting rules and rationalize their act by thinking that they can make it up in the future.

Glory Seeking

Leaders who seek glory are motivated by a strong need for acclaim. The hazard of being derailed by glory-seeking stems from the need for external reinforcement of their self-worth (George and Mclean 2007). They like pursuing visible signs of success i.e. money, fame, glory, and power are some of their goals. For a leader stuck in the trap of glory-seeking, their thirst for fame is unquenchable . Leaders who are continuously dissatisfied cannot be effective and are prone to try to divert resources – money, fame, glory and power – from their organization to their own personal account.

Playing the Loner

In the leadership journey, it is terrifying to think that leadership is a solitary quest. When leaders adopt the loner role they avoid forming close relationships and ties with employees, fail to seek out mentors and do not create any kind of support networks(George and Mclean 2007). In today's world where leaders are evaluated on their individual merits, it stands to reason that aspiring leaders would take care to develop their own resources. Yet without their resources, loners are prone to making major mistakes. Nevertheless, this becomes some kind of a self-reinforcing trap. They become rigid in pursuing their objectives, not recognizing that it is their behavior that makes it impossible to reach their objectives and goals..

Being a Shooting Star

Leaders who fall into the shooting star trap lack the grounding of an integrated and balanced life . The lives of shooting star leaders center entirely on their careers and their growth. To observers, they are always on the move, traveling frequently to get ahead. (George and Mclean 2007) They rarely make time for listening to employee grievances, including family and friends.

As indicated above, leaders personality traits exhibited by them reflects the values they hold and they help explain the good or bad part of leadership behavior. But, this is not the only aspect to derail them ,

Leaders personality traits as emphasized above is not the sole aspect explaining bad leadership, rather, personality traits exhibited by leaders also reflects the values they hold and might explain the good or bad part of leadership.

Values

Values, according to Tukur (1999) could be defined as the highest ethical parameters, standards and criteria through which individuals, groups and societies order their goals, determine their consciences, and judge their conducts as these pertain to fundamental aspect of life, be they in the sphere of personals or public affairs. Values provide stability and standards both for individuals and social systems (Rohan, 2000; Schein, 1992). The leader has profound impact on people in shaping their values and ideologies. That is why Cummings and Dunham (1980) using attribution theory of leadership observed that: Whether or not leadership behaviour actually influences performance or effectiveness, it is important because people believe it does.

Mintzberg (1973) also noted that one consequence of attribution of causality of leaders and leadership is that leaders come to be symbols and that the symbolic role of leadership is more important than implied in such a description. Hence, the leader is seen as one who not only provides direction for action but is also a mirror whose behaviour – good or bad – influences the behaviour of the followers and whose values also influence the values of the entire society.

Leaders' values have been shown to uniquely shape the organization's environment (Giberson, Resick, & Dickson, 2005). Based on Schneider's (1987) and Schein's(1992) contentions about leader-follower value congruence and organizational homogeneity, Giberson et al. (2005) found that leaders tend to instill their own value system to those followers who are similar to them. Followers have also found to experience career success if their values are aligned with the leader. (Erdogan, Kraimer, & Liden, 2004).

Leaders are required to be high on ethical values. Character and integrity are seen as cornerstones of ethical leadership (Cameron, 2003; Heath, 2002; Quinn, 2003). Lack of moral values and character weakness evidence themselves in lying, cheating, and greed (Bok, 1999; Cruver, 2002; Doris, 2002). Leadership lies, scams, and cover-ups are disturbingly rampant. In 1998, former U.S. President Bill Clinton admitted to misleading his family, colleagues, and the public in his denial of allegations related to his involvement with a White House intern in the Paula Jones deposition (Wright, 1999).

In year 2010, former Indian telecom minister, A. Raja was held responsible for one of the most expensive political scams in India-the 2 G Spectrum scam. He was accused of siphoning 1.76-lakh crore INR by evading the 2G licensing norms. He awarded the 2G accounts at the price rate of 2001 instead of the increased rate in 2008. As a result India lost an unbelievable huge amount of money and this might have severe effect on the country’s economy. These leadership lies and subsequent cover-up clearly violated the public trust.

Such leaders suffer from value incongruence and are unable to decide between their own values and demands from the situations, like to be practical, deliver results, complete the task, meet the expectations. Such demands may tempt to behave unethically.

The Social cognitive theory of moral thought and action (Bandura 1991), helps explain how people regulate their own behavior. The theory suggests that leaders may behave unethically because they disconnect themselves from moral standards and rationalize unethical treatment toward their employees. For example in the article Mitchell, Vogel, Tepper and Palmer (2010) found leaders engaged in abusive behaviors and thought doing so was justified against employees who were poor performers. Such leaders and their followers get engaged into wrong practices, greed, corruption and deception; for a focus on achieving objectives without due regards for people or values; for overvaluing the 'self' as leader, even for narcissism. Leaders who are dissimilar from subordinates believe abusive treatment is appropriate. Tepper et al. (2006) found that deep-level similarity (likeness in values, attitudes, and personality) influenced leader-subordinate relational conflict and associated leader abuse.

Apart from the value systems and wrong regulation of behavior various researchers have also focused on individual qualities of leaders and subordinates to explain unethical leadership. For example, Hing, Bobocel, Zanna, and McBride (2007) found leaders with a strong social dominance orientation were more likely to engage in unethical behavior, particularly when followers were more agreeable and/ or high in right wing authoritarianism. For example, in recent past years India has witnessed several scams, like 'Mumbai Adarsh Housing Society scam(Kargilgate), the Coal scam, Bofors scam, Fodder scam, Hawala scam, Commonwealth Game and very recently the Helicopter deal between Indian Defence Services and U.K. based AgustaWestland The historic lack of leadership, strategic vision, accountability and corruption comes from nexus between the politicians, bureaucrats and military, if proved correct could be disastrous for national morale and security. Remember the old saying drilled into the minds of young military officers the world over i.e. "there are no bad soldiers, sailors or airmen, only bad officers!"

Followers

As one sees that the relationship between the leader and the followers is reciprocal. They enjoy a symbiotic relationship. The interaction between them can either produce great success or exacerbate failure. Lord and Brown (2001, 2004) contended that leader behaviors reinforce values in followers and that these values are associated with followers' self-concepts. Given that universal values such as self-direction, achievement, power, and security (Schwartz, 1999) are activated in organizational contexts, value compatibilities and conflicts emerge between leaders and followers, which impose positive or negative constraints on their dyadic relationship and organizational processes. Value similarity between leaders and followers forges increased follower motivation, commitment, and satisfaction (Jung and Avolio, 2000). With having less positional power, followers may sublimate their espoused and realized values in the face of leaders' unethical practices. Followers often abdicate responsibility and become sycophants. And when leaders are charged with misconduct the role of followers often doesn't get the attention it deserves. But followers always share responsibility for their leader's misdeeds, often as a result of their crimes of obedience. Kellerman (2004) says, "Followers surround bad leaders and bad leadership isn't possible without *bad* followers. It's essential to consider the role of followers in *bad leadership*, because followers play a role in the leader's over expression of his or her unique dark side. "A leader is dependent on followers to aid and abet their *leadership*, whether it's *bad* or good," She further says, "Sometimes followers entice leaders to go astray. People in positions of authority are not immune to the influence of others, especially close advisers who, although perhaps misguided, are nevertheless determined and single – tracked. Nevertheless, in the end, leaders behave badly because of who they are and what they want".

The important role of followers in influencing leadership behavior has been clearly identified (Gini, 1998; Kellerman, 2008; Lipman-Blumen, 2005; Padilla et al., 2007 Rost, 1993). Additionally, followers‟ needs, attitudes, and behaviors are likely to influence the unethical behaviors of leaders (Chaleff, 2003; Popper, 2001). The relationship between leader and follower is complex and decline of any organization or institution is not just dependent on bad leadership, but, also on various other factors (Vardi & Weitz, 2004). Scholars have identified the active and passive role of followers in supporting unethical leadership behavior (Kellerman, 2004a). Generally, followers may fall into one of the three categories: (a) benign, passive, and conforming bystanders, (b) colluding associates and acolytes who implement the leaders‟ agenda, act in their names, and protect them from disrepute, and (c) malevolent and conspiring followers who are self-interested, ambitious and evil.

Situation

The perplexing mystery of leadership behavior and practices grows deeper analyzing ‘‘Why do so many developing leaders either fail to reach their full potential or cross the line into destructive or even unethical actions?’’ Another way of asking this question is, ‘‘How do successful leaders learn to recognize and avoid destructive behavior? (Bill George and Andrew McLean, 2007)

Unique situational factors have been found impacting the unethical leadership behavior (Bersoff, 1999; Rhode, 2006; Vardi and Weitz, 2004). Overall one finds that globalization, the rise of developing nations and thus the changing economic scenario have greatly impacted the entire spectrum of world’s political and business empires. The impact of increased competitiveness among big business groups and political power has not been positive altogether. On the contrary, there is an upsurge in issues linked to poor governance and wrong leadership practices. The drive for competitive viability and dominance, environmental uncertainty, poor organizational process and culture, failure to notice the right thing and career derailment are some of the situational factors that seems to be impacting leadership behavior across globe.

According to Quinn,(2003),Competition impacts organizational viability, profit, and overall influence. However under extreme pressures to compete and achieve sometimes unrealistic objectives, unethical behaviors are more likely to happen. As Yukl (2005) observed, “Unethical behavior is more likely in organizations with high pressure for increased productivity…”. The infamous corporate scams of Enron, WorldCom, Adelphia Cable and others are examples of unhealthy competition among corporate leading to gaining advantage through cheating and breaking the law. Though the need for achievement is a high motivator (McClelland, 1985), excessive competition produces drivenness and a dysfunctional organizational culture and climate (Schminke et al., 2005). Such was the case in 2009 with a major Indian IT company Satyam computers. Ramalinga Raju, the chairman of the company failed to distinguish between opportunities and temptations and driven by greed fraudulent accounts were prepared to show high net worth and achieve more sales. Money was siphoned for investments into other companies. Failure of the Maytas deal revealed an unexplainable gap between actual and book profits, forcing Raju to resign and confess his crime.

As per Zimbardo (2006, 2007), with environmental uncertainty, ethical leadership may be compromised. Crises, financial duress, organizational transition, weak leadership contributes to heightened sense of organizational uncertainty. Klein and House emphasized (1995) that crises are breeding grounds for charismatic leadership; and in such situations influence of persuasive leaders upon followers is immense. Especially those, who are looking for security and stability. Leaders to restore stability tighten control and have the sole decision making power. As Padilla et al. (2007) noted, once decision-making has become centralized, it is very difficult to reverse. There is a likelihood that during a crises situation a powerful leader may fall for unethical behavior. An example of unstable environmental context and the resultant behaviour

was quoted by (Chandler,2009). In 2004, the abuse of Iraqi detainees at Abu Ghraib prison exposed the influence of context upon behavior. Not having a previous criminal background, Sergeant Ivan Frederick, the highest ranking military police official, pleaded guilty to torturing prisoners, what Zimbardo (2007) has labeled “the Lucifer Effect”. In unstable situations, the likelihood of unethical leadership behavior is enhanced.

Organizational uncertainty and crises situations may also result into ineffective process and other wrong doings. Many a times it is sheer lack of effective organizational processes and accountability oversight that contributes to unethical leadership behavior (Vardi & Weitz, 2004). The unequal distribution of power, manipulative practices, large organizations with poor communication system, poor feedback channels, lack of appropriate checks and balances are some of the signs of ineffective organizational processes. According to Rhode (2006), the size, structure, and corresponding complexity of organizations impact informed judgments. The larger the organization, the more likely bureaucratic structures will challenge the communication system and influence organizational culture. In the absence of appropriate leadership the system fails. On June 15,2012 Rajat Gupta, who reached the pinnacle of corporate America as managing partner of McKinsey & Co. and was a director at Goldman Sachs Group Inc. and Procter & Gamble, was convicted by a federal jury of leaking inside information to hedge-fund manager Raj Rajaratnam. Gupta was found guilty of securities fraud and conspiracy by a federal jury in Manhattan, USA. It exposed a lack of honest organizational processes, corporate culture, and accountability (Patricia Hurtado, David Glovin & John Helyar,2012). Effective accountability structures and processes are required to offset the negative effects of power and encourage moral leadership (Keltner et al., 2006; Lerner & Tetlock, 1999), through governing and advisory boards for example (Lipman-Blumen, 2005).

There are various other explanations as well that accounts for leadership incompetence. Career derailment is one such phenomena that impacts the leadership competence. The fact that a person has been passed over for promotion or fired reflects an evaluation of his or her performance in a negative direction. (Lombardo et al.1988; McCall and Lombardo1983; Hellervik, Hazucha, and Schneider 1992; Peterson, 1993;Peterson and Hicks,1993).

Derailment in a leadership or executive role is defined as being involuntarily plateaued, demoted or fired below the level of expected achievement or reaching that level but unexpectedly failing. (Burke, 2006). Dotlitch and Cairo (2003) show that even great leaders can derail their careers by exhibiting flawed behaviors which are often closely related to the factors that made them successful so far. Leaders fail because of who they are and how they act, particularly when they are under stress.

Career derailment and organizational downfall ironically has been attributed to previous organizational success (Bowie, 2005; Ciulla, 2001; La Bier, 1986; Martin, 1986). According to Miller (1994), organizations after long periods of fiscal success are prone to (a) inertia regarding structure and strategic processes (Miller & Chen, 1994), (b) immoderation regarding development goals, (c) inattention to information gathering and organizational learning, and (d) insularity in adapting to environmental change. Moreover, corporate culture of comparative ranking, monetary rewards, high emphasis on social status and prestige, may blind the organizations and their leaders to their own motives and power and become negligent towards mistakes.

Some research suggests unethical leader behavior is a reaction to organizational mistreatment Blau, (1964); Tepper, Duffy, Henle, and Lambert (2006) found that organizational mistreatment also heightens strain reactions, which increase leaders' feelings of powerlessness and depression and causes leaders to behave more aggressively toward employees. Keith Thomas and Allan Walker(2010) reasoned how individual biases, group dynamics and countervailing

forces shape behaviour, and how their collective influence can often derail well intentioned actions by creating irrational moments that spiral out of control.

Chen(2010), in his simulation study of financial misreporting by CEOs found that a major cause of the recent financial accounting scandals was the role in bolstering unethical leadership in companies played by financial analysts, the press and shareholders. He showed how unethical leadership, was a combination of CEO narcissism, financial incentives, shareholder expectations and media praise.

CONCLUSIONS

According to Maccoby (2000), “Everyone has negative tendencies that come out when they are stressed” “When a situation puts stress on someone, they respond in a characteristic way as if they’re not aware (Najar, M. J., Holland, B. D., & Van Landuyt, C. R. (2004). “Unless corrective policies are introduced, economic performance will deteriorate as the quality of leadership continues to fall”, Casson M (2002). According to Hogan, R. (1994), there are various reasons for bad/unethical leadership, and an interesting fact is that arrogance, insensitivity, vindictiveness, selfishness, and dishonesty can, and often do, coexist with well developed social skills. Hogan (1994), referred to these unpleasant qualities as “dark side” characteristics. These characteristics according to him are extensions of normal personality; they are not pathological per se’ they are hard to detect in an interview or with a measure of normal personality; and they are associated with derailment. Thus, a person who has the appropriate bright side characteristics may very well have problems on the dark side—but the problems will primarily afflict that person’s subordinates. Kellerman (2004) says, "Leaders and followers literally co-create, co-constitute leadership," but "it's past time for this to change. It's past time for students of leadership to resist the dominant model-and embrace a more holistic one. Leaders should be looked at only in tandem with their followers."

SUGGESTIONS

Barbara Kellerman(2004), suggested several ways to avoid becoming a bad leader. According to her sharing power through delegation and collaboration, using complementary advisors to compensate the self weaknesses and avoiding groupthink, which "discourages healthy dissent." According to her (2004) that one may become a bad leader only if their followers allow them to.

Thus, an important task for ethical leaders is to create a climate in which it is clear what is morally acceptable and what is not. To accomplish this echelon of moral transparency, leaders are supposed to act in ways that influence their followers’ ethical and unethical decisions and behaviors (Trevino et al., 2000, 2003). Brown and Trevino (2006), mentioned that one important way to communicate what is acceptable and what is not is by disapproving unethical follower behavior. Disapproving unethical behavior of followers would result into decrease in unethical behavior in the future whereas condoning unethical behavior would result into an increase. If leaders rise above their self interest and don’t give into their followers it is possible to achieve the desired result.

Another important way out is to advice leaders for empowering their followers. Kellerman(2004) in her book “Bad Leadership” has suggested several ways to discourage unhealthy leadership practices. According to her an environment of openness and encouragement to voice out one’s opinion, leaders’ efforts towards establishing strong practices to prevent bad habits or insulating themselves from inconvenient information, and to be ready to accept disagreements from others, and avoidance of groupthink while decision making have the potential to cure from bad leadership practices.

Conger (2005) also expressed the unpleasant side effects of group think both of a leader whose dark side causes him or her to need to dominate and be admired too much, and of followers who idealize their leaders too much and fail to ask the tough questions that might cause dissent (but also better decisions). "The danger is that leaders will surround themselves with 'yes people' and thus fail to receive information that might be important but challenging to the mission,"

When leaders remain in positions of power for too long, they tend to acquire bad habits, they are increasingly prone to become complacent and grandiose, to overreach, to deny reality, and to lose their moral bearings. When power is centralized, it is likely to be misused, and that puts a premium on delegation and collaboration. Virtually every bad leader tends to lose touch with reality to some degree. They are callous and self-destructive. Leaders tend to ignore the comments made by their employees and fail to consult them on important decisions.

They fail to develop a personal support system , hence they should have aides, associates, friends, or family members who will help them out in crisis situation. The past should never determine the future nor narrow the available options. They should know and control their appetite for power , money , and success .Virtually every one of the great writers on leadership—Plato, Aristotle, Lao Tzu, Confucius, Buddha—emphasized the importance of self-knowledge, self-control, and good habits. But we have seen that acquiring and sustaining such virtues is hard. Intent is required, but so is time for quiet contemplation.

Over time it is easy to distinguish bad leaders from good ones. Good leaders find strategies that do right by all the stakeholders. They manage by influence rather than coercion, and they encourage change rather than resisting it. Effective leaders exhibit both proficiency and integrity. Some leaders simply choose their own interests above all else; they consciously act in ways that serve their own purposes (Allio,2007).

Leaders who have been reminded that "The Fish Stinks From the Head Down" will be more vigilant about their roles as the leader. Remembering that management is the most important component of their business, and that the buck stops with the leader and will give them greater ability to create balanced(B. Goldsmith,2003).

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