

# Leadership development and business ethics

[Business](#), [Management](#)



The case under study elaborates on the ethical problems within the airline company Boeing, involving individuals in the top level position. The first ethical issue involved the company's chief financial officer, Micheal Sears and Darleen Druyun who at that time worked as a high-ranking acquisition officer with the US Air Force. The ethical issue is about the job offered to Druyun by Sears while she was reviewing a refueling tanker contract between Boeing and Air Force. Druyun was also charged with supplying competitor details pertaining to the bid to Boeing and in addition also negotiating a high-price deal for the contract with Boeing. Druyun later retired from her government position and joined Boeing. However, both Druyun and Sears were later fired for ethical misconduct based on the allegations from the US Department of Justice. When an internal probe into the ethical issues was conducted it was discovered that Druyun and Sears were involved in unethical activities and that the Boeing chairman Philip Condit was also involved in the discussions. With both Sears and Druyun pleading guilty of ethical misconduct they were both slapped with fines and respective terms of imprisonment. In another ethical issue, Boeing was accused of having accessed trade secrets of its competitor, Lockheed Martin and for which a former top executive was charged with ethical misconduct. Several other such ethical issues cropped up during the tenure of Condit. In one such case it was alleged that Boeing had manipulated its financial statements in order to clinch a merger with McDonnell Douglas. Another lawsuit was filed by female employees of Boeing accusing the company of discrimination by lesser pay for the women employees and refusing their promotion. In addition the company was also accused of racial discrimination

towards its employees especially African Americans. Condit was also known for his romantic liaisons with the female employees at Boeing. Later following two ethical scandals on the issue of bribes and sexual harassment, Condit resigned from his post of CEO which was then taken up by former President and Chief operating officer, Harry Stonecipher. Less than two years later Stonecipher had to resign his post due to an extramarital affair with a female Boeing employee that stood to violate the code of conduct of the company.

Thus major ethical issues within the company involved CEOs who are expected to set and follow ethical standards. And most of the issues involved financials stakes and personal interests. While the Druyun episode had high financial stakes for the company, workplace discriminations and sexual harassment were the major issues during the reign of Condit and Stonecipher. While the leadership has the major responsibility of setting the code of conduct and work ethics within an organization, in the case of Boeing it was these individuals who belied these standards and acted against the company ethical framework. The employees had nothing to look up to in these individuals and they were the most affected in these issues as the name of the company took a beating. The main leadership issues that warranted immediate attention was integrity and a strict adherence to the code of conduct agreement set by the company. If these individuals had concentrated on their leadership skills it would not tainted the image of the company among the general public. In addition, an emphasis on ethical behavior from the top management would have boosted the employee morale and prevented incidences such as sexual harassment. James

McNerney who took over the reins as CEO, brought several changes within the organization which included settlement of criminal charges against the company and a broader evaluation criteria for top executives. While financial goals were given priority, integrity and ethical leadership were also given due importance under his management.