ETHICAL DILEMMAS FACED BY PRESIDENTS OF SMALL, PRIVATE COLLEGES DURING ORGANIZATIONAL RECOVERY FROM FINANCIAL DISTRESS

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Abstract

Although some closures of state-supported colleges occurred during each period of economic downturn over the past 60 years, by and large most institutions which closed their doors were small, private colleges. It is these institutions which are most vulnerable to external economic fluctuations because they are fundamentally dependent upon student tuition for their survival. On the surface, most, if not all, college closures are due to financial distress. The causes of financial distress, however, are found deeper than the surface and consist of a myriad of instances of poor internal decision-making. Although college presidents always face difficult decisions, it is especially during periods of financial distress that those decisions become most crucial. One hastily conceived decision can force a college into bankruptcy or merger, or to close its doors forever. It is during these periods that ethical dilemmas emerge.

The purpose of this research study was to explore the ethical dilemmas faced by the presidents of small, private colleges during recovery from financial distress. The researcher surveyed 90 presidents of selected small, private colleges to elicit from them the general domains and specific instances in which they experienced ethical dilemmas during recovery from organizational financial distress.

As the result of information provided by 26 college presidents who responded to the initial survey and by 14 presidents who indicated a willingness to be interviewed about the situations they faced, the researcher found that college presidents do, indeed, face a different variety of ethical dilemmas during financial distress. This study identified six domains and 35 examples of corresponding ethical dilemmas, most of which appear to be specific to private colleges that are experiencing financial distress. Micromanagement by trustees was the single greatest source of ethical dilemmas faced by the presidents of small, private colleges during periods of financial distress. This study also found that social media provides a new source of ethical dilemmas with which presidents must contend.

Key words: college presidents, exigency, ethics, ethical decision-making, ethical dilemmas, extremis, financial distress, fragility, leadership dilemmas, trustee micromanagement, social media

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For me, the pursuit of the Ed.D. has been a rite of passage not unlike the rites of passage practiced by aboriginal tribes of the Americas, Australia, and Africa. Although I had already enjoyed a successful career which was rich with experiences and adventures, within me there always existed a nagging sense of professional immaturity whenever I was in the presence of those who possessed a terminal degree. From that standpoint, as I practiced as a professional, my self-image was that of a journeyman – not a neophyte, but not yet a master. Undertaking the journey to the Ed.D. has been something I have long-desired and a dream that I thought would never be fulfilled.

Two years ago, I entered this doctoral program consciously willing to release my preconceptions and biases and to let the program take me where it would. I relinquished the control of my destiny into the hands of the faculty "midwives" who were willing to guide me on this quest. I am glad that I made that pledge and lived up to it, tasting the waters that they asked me to drink and immersing myself in new ways of looking at educational leadership. It has been a valuable journey through the ritual birth canal, and one that has remolded me.

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Chapter 1: Introduction

Background

The closure of higher educational institutions occurs in cycles that are related to various economic downturns which have historically affected the nation. Over the last 60 years, double digit college closures have occurred from 1970-1975, 1986-1997, 2000-2004, and 2006-2011. Most recently, in 2011, 20 colleges closed their doors and in 2012, an additional 10 closed their doors. Of the 92 colleges which closed between 2007 - 2011, none were public institutions (USDOE, table 309, 2012).

Although some closures of state-supported colleges occurred during each period of economic downturn over the past 60 years, by and large, most institutions which closed their doors were small, private colleges. It is these institutions which are most vulnerable to external economic fluctuations because they are fundamentally dependent upon student tuition for their survival (Levin, 2009). When economic conditions cause students to seek more affordable educational alternatives, such as community or state-operated colleges, enrollments at small, private colleges decline, often causing those institutions to operate at a deficit. If they have planned well and have made provisions for the lean years, they may survive. If they have not planned well or are otherwise fragile, they cannot long survive and ultimately close their doors.

On the surface, most if not all college closures are due to financial distress (Allen, 1999; Brown, 2012; Putnam, 1996). The causes of financial distress, however, are found deeper than the surface and consist of myriad instances of poor internal decision-making. In a case study of three colleges in financial distress Putnam (1996) found that “a weakened financial position for institutions in the study was universally symptomatic of deeper problems in enrollment management, fundraising, deferred maintenance and fiscal management" (p. 165). In an interview with Martin and Samels (2009), Keller made the observation that:

> the number one reason institutions are stressed is for financial causes, many different kinds of financial causes. Too many colleges don't understand what is happening to them. They invest poorly with too much endowment in property, or they build too large a sports program, or they fail to understand key demographic changes. (p. 3)

Educational consultant Longin says, "They've got a real cash flow problem…and it is really hard to take strategic initiatives when they are not able to carve out any money" (Hebel, 2006, para. 7). Allen (1999) echoes these thoughts with greater specificity when she notes that small private colleges "are vulnerable because they are tuition driven, usually have small endowments, and now offer significant tuition discounts" (p. 18).

Martin and Samels (2009) list twenty indicators of a distressed institutional environment. Their work was refined by Province (2009) who identified more than 40 indicators of college distress in the literature, seven of which were significant at the .001 level, and 10 of which were significant at the .005 level. He concluded that the seven indicators of highest significance "are probably inseparable from the causes of the majority of colleges being forced to close" (Province, 2009, p. 71):

1. Debt service more than 10% of the annual operating budget.
2. Deferred maintenance at least 40% unfunded.
3. Conversion yield 20% behind that of primary competitors.
4. A decreasing ratio of net assets to total expenses.
5. A decreasing ratio of net assets to total debt.
6. A ratio of total debt service to total expenses greater than 10% and increasing.

7. A combination of increasing debt and decreasing endowment. (Province, 2009, p. 71)

Johnstone (2009) believes it to be a “natural trajectory of costs” (p. 32) or an inevitable fact of life for small private colleges that they suffer periods of cyclical financial distress. These periods cause them to reassess their missions, adjust their curricular offerings and their staffing patterns, restructure their debt and, hopefully, emerge from the cycle “leaner and meaner,” and ready to face the uncertain future. Johnstone’s perspective is based upon the traditional economic cycles of the past century and, generally, his concept remains valid. However, the economic downturn of 2008, coupled with the economic stimulus package and the arrival of record low interest rates on traditionally conservative investments, has ushered in a new era in which small private colleges can no longer depend upon their endowments to generate the operating capital necessary to balance their annual budgets (Galbally, J., personal communication, February 29, 2013). Especially when rising costs for all goods and services are driving students away from small private colleges and into their less expensive public competitors, it has become difficult for tuition-driven institutions to avoid financial distress.

Statement of the Problem

Abraham Lincoln said, “Nearly all men can stand adversity, but if you want to test a man's character, give him power” (Lincoln, n. d.). Although college presidents always face difficult decisions, it is especially during periods of financial distress that those decisions become most crucial, for hastily conceived decisions can force a college into bankruptcy or merger, or to close its doors forever (Putnam, 1996). It is during these periods that ethical dilemmas emerge. Defined as decisions which have no clear right answer or when two answers for a problem compete for the same resources (Tatum, 1992,), ethical dilemmas must be met head-on. It is axiomatic that any negative outcomes resulting from those decisions always fall upon the head of the president. How the president faces and addresses those issues varies by the culture of each institution and by the unique set of circumstances presented by each dilemma. How do presidents weigh the variables in making decisions with ethical dimensions? What tools are available to help direct the decision-making process? Are any specific types of ethical dilemmas present during times of financial distress that are not necessarily present during times of financial solvency?   Precious little research has explored these questions or the interplay of the variables involved in ethical decision-making during financial distress.

Although many books and articles extoll the virtue of ethical decision-making, research into the ethics of the decision-making process is almost non-existent. Mueller (2008) is one of few researchers to explore the ethical dilemmas faced by presidents. Her study, limited to 17 community colleges presidents in the California Community College System, found 47 specific types of ethical dilemmas across seven domains of responsibility faced by community college presidents in the course of their normal duties. She did not explore ethical dilemmas faced by private college presidents, and she did not delve into the nature of ethical dilemmas faced specifically during times of financial distress.

Research Design and Questions

The purpose of this qualitative phenomenological research study was to explore the ethical dilemmas faced by the presidents of small, private colleges during recovery from financial distress. The researcher surveyed presidents of selected small, private colleges to elicit from them the general domains and specific instances in which they experienced ethical dilemmas during recovery from organizational financial distress. Follow-up interviews were conducted with presidents who indicated a willingness to be interviewed about the situations they faced and how they handled those situations. Research questions answered through this process included:

1. What kinds of ethical dilemmas did presidents identify as occurring during efforts to recover from financial distress?
2. How did presidents resolve their ethical dilemmas?
3. What range of issues did presidents consider when resolving their dilemmas?

Significance of This Study

Given the economic downturn which has persisted since 2008, the researcher has been interested in the survival of small, private colleges in such a hostile environment – one which tends to drive tuition upward, drive endowment and investment revenues downward, drive students deeper into debt, and drive many small, private colleges out of business. Research of the literature identifies many of the causes of financial distress in small colleges, and it suggests many of the solutions. In her meta-analysis of 45 colleges which recovered from financial distress, Eaker (2008) developed a model to predict why colleges fall into distress, and proposed a second model to predict how they recover. However, her predictive model did not work. She found that recovery is dependent upon a variety of factors, including the specific causes faced by an institution, the wide array of options for resolution, the resources it can direct toward mitigating its situation, and the skill of its leadership team in guiding the recovery initiative. Clearly, the leadership of the college president is critical to successful recovery from financial distress.

Although the literature suggests strategies for the president to attempt, it does not explore the affective side of the role of the president during the period of distress. It is that side of leadership that this study has explored, specifically probing the ethical dilemmas faced by college presidents as they led financial recovery efforts. It is hoped that the outcomes of this research will serve as a guide, support mechanism, and reflection pool for presidents who are leading institutions during times of financial distress and recovery.

Definition of Terms

Ethical Dilemma: any situation involving an apparent mental conflict between competing moral obligations or between competing claims about what is "right." An ethical dilemma at the leadership level:

> in most cases is best known as a situation in which there is no straightforward or simple course of action to follow. In other words, any decision will have disadvantages. What is needed therefore is the commitment to weigh the pros and to make a decision knowing the scales will not balance perfectly. (Stout-Stewart, 2007, p. 143)
>
> Ethical dilemmas present themselves in even the simplest of circumstances, but the most difficult ones present themselves when there is conflict between what the leader knows or feels to be right and his or her sense that acting in this way might somehow put the welfare of another human being in jeopardy. (Chappell, 2007, p. 122)

"Ethical decision making becomes more difficult when we have to decide between two conflicting ethical principles" (Tatum, 1992, p. 205).

Financial Distress: "An imminent financial crisis which threatens the survival of the institution as a whole" (AAUP, 2011, para. 2). For the purposes of this study, a college is considered to be in financial distress when its annual revenues do not equal or exceed its annual expenditures. Often, this factor is accompanied by a concomitant reduction in its endowment, in order to meet its financial obligations. Although Galbally defines financial distress generally as occurring when a college is "experiencing diminishing resources" and specifically as a point when "revenues equal 90% of indebtedness" (personal communication, February 29, 2013), for the purposes of this study an imbalance between revenues and expenses, as self-reported on the 2011 Internal Revenue Service Form 990, was the basis for this determination.

Delimitations

According to the United States Department of Education National Center for Education Statistics (NCES) (2012), in 2010 more than 4495 public and private four-year colleges existed to serve the needs of the nation's students. However, for the purposes of this research study, the population was limited to private four-year colleges with enrollment no larger than 5000 full-time equivalent students (FTE). It was further limited to colleges which appeared in the 2011 Department of Education list of colleges which failed the test of fiscal responsibility (Department of Education [DOE], 2011); those whose self-reported federal tax 990 forms indicated that their revenues did not meet their budgetary obligations; and those which were suggested to be added to the list by three educational consultants due to their knowledge of the field. The final list of college presidents who were approached for survey completion and interviews totaled 90.

Limitations

Colleges that are in financial distress are not likely to admit that they are (Brown, 2011; Galbally, J., personal communication, February 29, 2013). Hence, this study is limited to those presidents who were (1) willing to complete the initial survey wherein they were asked to selfidentify their level of distress: mild, moderate, or severe, and (2) to those presidents who were willing to be interviewed about the types of ethical issues they have faced while in financial distress. Of the 90 presidents invited to participate in this study, a total of 51 presidents (56.6%) did not respond to the survey. Of those 39 who responded, 13 elected not to participate. Of the 26 who participated, 14 agreed to be interviewed. Thus 15.6% of the sample both completed the initial survey and agreed to be interviewed

A flaw in the design of this research project may rest in the underlying assumption of its research question: that college presidents see and/or recognize ethical dilemmas when they present themselves. If presidents as individuals have not become ethical beings; if they have not developed an inner moral compass; and if, instead, they act out of self-gratification or self-protection, then they might not perceive any situation to have ethical dimensions. For these types of leaders, there may never be any ethical dilemmas, since few if any of their decisions are based upon the greater good.

Organization of the Study

The remaining four chapters of this report are organized in the following manner: Because financial distress leads to organizational change, Chapter 2 reviews the literature on change, on ethics and ethical leadership, and on research into ethical dilemmas faced by college presidents. Chapter 3 details the methodology for this study, which was based upon a study conducted by Mueller (2008) of California public community college presidents. As indicated by its title, this study focuses upon the presidents of small, private colleges during periods of financial distress. This study uses a qualitative, phenomenological approach. Chapter 4 presents the findings of this study, including both the relationship of its data to Mueller's findings, as well as new data retrieved from a brief survey and personal interviews with college presidents. And, Chapter 5 draws conclusions from the research findings, makes recommendations, and suggests areas for future research to be conducted in this fertile field.

Chapter 2: Review of the Literature

Organizational Change

An overused but still highly relevant analogy of organizational leadership is that of the ship's captain, in whose care rests the fate of his vessel and all of its crew. In the early days of commercial shipping, when the highest forms of technology available to assist the captain were a compass and his knowledge of the stars, it was the captain's role to guide his ship skillfully from one safe harbor to another. During the voyage, he had to contend with the unexpected – sometimes the threat was pirates but, more often, it was unexpected storms and changes in the ocean which imperiled his vessel. Aided by a well-educated navigator who plotted the ship's progress, and a trusted crew member who, from the crow's nest, scanned the horizon for potential peril, a captain who negotiated and mapped uncharted waters in those days conducted a masterful, even heroic feat.

The one constant in guiding a ship, even in familiar waters, is change. Due to a variety of factors, including storms and changing ocean currents, familiar channels become narrow, passageways into safe harbors become shallow, and unseen debris finds its way into the ship's path. As these perils become evident, it is the captain's duty to change direction, cast off unnecessary weight, unfurl additional sails, and sometimes even restructure his command, to see his charge to safety.

Even today, as evidenced by the fates of the Exxon Valdez, the Edmund Fitzgerald, and the Dona Paz, commanding a ship is no small feat. Although equipped with radar, sonar, satellite supported GPS systems, ship-to-shore radios, and other advanced technology, even the most modern of today's ships are known to run aground or simply to disappear, perhaps falling victim to a rogue wave or magnetic anomalies. Whenever such an incident occurs, accountability always falls upon the captain, who cannot be asleep at the wheel and who must utilize all the data available to him to make sound decisions which keep his ship, its crew, and its cargo safe from harm.

The parallels between an organization and a ship are many, but two things are clear: both face ever-changing waters and both need a captain to guide them through to safety. It is little wonder, then, that many books have been written about the act of leadership, especially *change leadership,* all hoping to educate novice and would-be organizational captains about how to successfully negotiate change midcourse.

One of the first theorists to attempt to chart the way through organizational change was Lewin (1890-1947), often referred to as the father of social psychology (Bargal, Gold, & Lewin, 1992). Lewin (1948/1997) suggested a three-phase model for understanding the change process: unfreezing, moving to the new level, and re-freezing. He believed that any organization is typically in a state of stability or equilibrium which is maintained by opposing forces: driving forces (which desire change) and restraining forces (which oppose change). As long as the two forces are equal, the organization is stable. Lewin's theory anticipates that an intervening event will cause one force to gain strength, permitting it to overpower the other and cause change. Once this change has occurred, the organization moves back into a state of equilibrium. "Lewin's view was that if one could identify, plot and establish the potency of these forces, then it would be possible not only to understand why individuals, groups and organizations act as they do, but also what forces would need to be diminished or strengthened in order to bring about change" (Burnes, 2004, para. 14).

Under Lewin's 3-phase model, unfreezing is a process that makes it possible for people to let go of an old, counterproductive pattern, by enabling them to overcome individual resistance and group conformity. Unfreezing can be achieved by increasing the driving forces or reducing the restraining forces, or both (Lewin, 1948/1997).

Lewin saw phase 2, moving to the new level, not as an event but, instead, as a process that he called a *transition*. It is an inner journey that individuals must make in reaction to the driving forces which are causing change. This is not an easy stage, as it evokes fear within people (Bridges, 2009). When change is planned and then implemented by the application of an intervening factor, it is rarely possible to guarantee a specific outcome.

Phase 3, refreezing at the new level, is "about establishing stability once the changes have been made. The changes are accepted and become the new norm. People form new relationships and become comfortable with their routines" (Connelly, n.d., para. 16). Without this stage of refreezing, people and systems will revert to the old ways.

Lewin's organizational change theory forms the foundation upon which other theories have been built. However, most theorists following Lewin basically have attempted to navigate the pathways through his Phase Two. For example, Kotter and Cohen (2002) propose eight steps for successfully leading large scale change within an organization: increase urgency, build the guiding team, get the vision right, communicate for buy-in, empower action, create short-term wins, don't let up, and make change stick (p. 7). It is notable that the first and last steps of their formula essentially repeat Lewin: their increasing urgency is, in fact, unfreezing the equilibrium, and their make change stick is, as well, refreezing organizational stability. Where Kotter and Cohen add to Lewin's foundation is in providing a recipe for managing Lewin's Step 2, often referred to as Change/Transition. Their work establishes for the organizational leader a set of strategies for facilitating the desired change, by ensuring that individuals move through the change process as painlessly as possible and become supportive of the new paradigm. Kotter and Cohen, in fact, set the stage for most modern change theorists, all of whom advocate transparency, collaboration, and shared planning and decision-making as critical elements in successfully moving an organization through transition and making the change permanent.

Like Kotter and Cohen, most change theorists see organizational change as something that must be guided carefully, and most are concerned with explaining how to manage Lewin's Step 2, Change/Transition. For example, Bridges (2009) says, "The single biggest reason organizational changes fail is that no one has thought about endings or planned to manage their impact on people" (p. 37). Bridges asserts that, "Before you can begin something new, you have to end what used to be. Before you can learn a new way of doing things, you have to unlearn the old way," and "If things are going to change within an organization, at least some of the employees and managers are going to have to let go of something" (2009, p. 23). Bridges encourages leaders to analyze what is happening when they are implementing change, especially answering the question of "who is losing what?" (2009, p. 25) and strategizing ways to gain their buy-in by providing something to compensate for that loss. He says, "…it is the losses, not the changes, that they're reacting to…" (Bridges, 2009, p. 27).

Bridges (2009) echoes Lewin when he recites the mantra that "Change is situational… Transition…is psychological" (p. 3). He says that organizations need to manage change carefully because of the internal reactions that people have to the changes they perceive to be affecting them. Psychological transition takes time. Bridges cautions us, however, that unless transition takes place, any organizational change will be only temporary.

Bridges (2009) actually borrows Lewin's terminology to define and explain his Model of Transition, which consists of three phases: endings, the neutral zone, and beginnings:

- Endings: letting go of the past and the old identity.

- Neutral Zone: an in-between time when critical psychological repatternings take place.
- Beginnings: emerging from transition and making a new beginning (pp. 4-5).

Although Bridges' use of the term *beginnings* is a bit of a cliché, it is nevertheless appropriate. According to Bridges,

> some people fail to get through transition because they do not let go of the old ways and make an ending; others fail because they become frightened and confused by the neutral zone and don't stay in it long enough for it to do its work on them. Some, however, do get through these first two phases of transition, but then freeze when they face the third phase, the new beginning. For that third phase requires people to begin behaving in a new way, and that can be disconcerting -- it puts one's sense of competence and value at risk. Especially in organizations that have a history of punishing mistakes, people hang back during the final phase of transition, waiting to see how others are going to handle the new beginning (Bridges & Bridges, 2000, para. 15).

Managing organizational change requires leaders to understand organizational culture. Lewin believed that sustained change of individual behaviors requires transformation of group norms and routines. "In organizational terms, refreezing often requires changes to organizational culture, norms, policies and practices" (Burnes, 2004, p. 986).

According to Schein (2010), it was Lewin's view that ". . . we can only understand a human system by *trying* to change it" (p. 186) . Schein developed a strategy for quickly assessing and understanding an organization's culture, as well as a strategy for implementing planned cultural change. Schein's Three Stage Strategy for effecting cultural change within an organization includes concepts well-rooted in Lewin's 3-Phase Theory:

Unfreezing: Creating the motivation to change. Schein credits Lewin for this concept. He identifies…

> three very different processes, each of which must be present to a certain degree for the system to develop any motivation to change: (1) enough disconfirming data to cause serious discomfort and disequilibrium; (2) the connection of the disconfirming data to important goals and ideals, causing anxiety and/or guilt; and (3) enough psychological safety, in the sense of being able to see a possibility of solving the problem and learning something new without loss of identity or integrity (Schein, 2010, p. 301).

Learning new concepts, new meanings for old concepts, and new standards for judgment. Schein (2010) says that "most change processes emphasize the need for behavior change...however, behavior change alone will not last unless it is accompanied by cognitive redefinition" (p. 308). Schein also notes that "involvement of the learner does not imply that the learner has a choice about the ultimate goals, but it does imply that he or she has a choice of the means to get there" (2010, p. 311).

Internalizing new concepts, meanings, and standards. Schein (2010) refers to this stage as refreezing, which was Lewin's term. Interestingly, he notes that "if the new behavior does not produce better results, this information will be perceived as disconfirming information and will launch a new change process. Human systems are, therefore, potentially in perpetual flux…" (2010, p. 311).

Fullan's (2008) six secrets of change encourage leaders to follow these principles:

1. Love Your Employees: "Create conditions for them to succeed" (p. 25).
2. Connect Peers with Purpose: "With purposeful peer interaction, people band together to out-perform themselves relative to their own past performance" (p. 48).

3. Capacity Building Prevails: "Hire and cultivate talented people" (p. 64).
4. Learning is the Work: Be ruthlessly consistent in addressing core goals and tasks (p.76).
5. Transparency Rules: "People will cover up and not report problems if the Culture punishes them" (p. 101).
6. Systems Learn: "Focus on developing many leaders working in concert, instead of relying on key individuals" (p. 109)

Nowhere in Fullan's principles does he address unfreezing and re-freezing. Although he is, perhaps, more esoteric in approach than other change theorists, similar to the others, Fullan is nonetheless concerned only about charting a path through Lewin's Phase 2: Change/Transition. However, presaging the discussion of leadership ethics, Fullan (2008) reminds us that leaders should "never insist on reaching a goal at any cost; it must be achieved without undue hardship for your staff" (p. 133), and that "happiness requires combining meaningful work with regard for others" (p. 133).

Organizational Change as a Function of Financial Distress

According to MacIntosh and Maclean,

> If organizations are too stable, nothing changes and the system dies; if too chaotic, the system will be overwhelmed by change. In both situations, radical change is necessary in order to create a new set of order-generating rules which allow the organization to prosper and survive. (Burnes & Cooke, 2012, para. 44)

Probably no organizational change is more threatening to colleges than that which is perceived to have been forced upon the institution by external forces. Among those forces, financial distress is one of the worst, as it demoralizes the faculty and staff, rips at the fabric of organizational culture and identity, and often results in college collapse. Although financial distress is actually caused by internal decisions, it is external pressures brought about by financial distress which force a college to change or to become defunct (Cowan, 1993).

Between 2007-2011, 92 private colleges closed their doors. In 2012, ten more closed. Six of them were private (USDOE, 2012). Johnstone (2009), former Chancellor of the State University of New York, believes that all colleges go through periods of financial distress, at least to some degree, because such distress is a cyclical function of college existence. "The fundamental cause," Johnstone asserts, "is a natural trajectory of costs, or necessary expenditures, that tends in most years and in most countries to outpace the natural trajectory of revenues for institutions and even more for systems" (2009, p. 32). Simply put, private colleges must depend almost entirely upon tuition revenues to cover their operational costs. At the same time, they must compete for students against publicly-funded colleges. To do so, they must keep tuition and fees down, or they must discount tuition for students, at the same time that all operational costs -- electricity and gas, faculty and staff salaries and benefits, maintenance, insurance, food, and debt service -- are rising. Facing distress, some colleges choose to build enrollment, while others choose to restructure into smaller, more efficient organizations, and yet others simply close their doors.

The distinction between private colleges and their public peers is that the public colleges receive a portion of their operating budgets from state and/or county sponsors. Private colleges, in contrast, must operate on tuition revenues and supplemental income from fund-raising and investments. For most small, private colleges tuition revenue is what makes or breaks the college.

Benjamin, Carroll, Jacobi, Krop, and Shires (1993) believe that:

> the challenge to higher education emanates from dramatic changes simultaneously occurring in its role to society, the demographic composition of students, societal demands for research and service, the costs of instruction and research, and the availability of public support. Any one of these changes by itself would present significant new challenges to the sector. However, the combination of changes now underway adds up to a fundamental transformation…. (pp. 1-2)
>
> Unfortunately, higher education does not have a good track record in the reallocation of resources. Examples of gross misallocations of resources are common. While some of these examples can be traced to poor or inattentive management, most stem from a deeper, more fundamental problem… (p. 2).

Bowen (1980) makes the point that colleges simply spend however much money they are able to generate, and that is where they get into trouble.

> In the short run, which may be very long indeed, costs per student unit for individual colleges and universities are determined by the amount of money they can raise for educational purposes relative to the number of students they are serving. (p. 26)

According to Hamlin and Hungerford (1988-1989), colleges that experience severe financial stress share common identifiers. They conclude that administrators and board members of institutions which suffer from three or more of these identifiers should consider their colleges to be in financial distress:

- A 5% decline in fall enrollment for three or more years
- An endowment smaller than institutional expenses for two or more years
- A decline in gifts for two years
- A decrease in surrounding area employment for two years

- Deferral of 50% of plant and equipment repair for two or more years
- A 10% rise in energy costs for the past three years
- Tuition income/total expense exceeding 60% for at least two years
- Net worth/debt declining for two or more years
- Expendable funds divided by plant debt lower than 1:1 for two or more years
- A decline in gifts divided by total expense for three or more years (pp. 29-37).

In 2009, Martin and Samels compiled a similar list of twenty factors which they found related to college *fragility*. They caution that…

> A fragile college or university may not demonstrate all twenty, nor does the presence of three or four guarantee vulnerability. However, a preponderance of these twenty indicators clearly means that an institution has slipped, possibly far, from its founding vision and strength, and that some form of surgery will most likely be required to bring it back to health. (Martin & Samels, 2009, p. 9)

Martin and Samels' offer the following list of indicators of college fragility:

- Tuition discounting of more than 35%
- Tuition dependency of more than 85%
- A student default rate above 5%
- Debt service of more than 10% of annual operating budget
- Less than one-to-three ratio between endowment and operating budget
- Average tuition increases exceeding 8% for five years
- Deferred maintenance at least 40% unfunded
- Successive short-term bridge financing required in the final quarter of each year
- Average alumni gift is less than $75 and fewer than 20% of alumni give annually

- Institutional enrollment of 1000 students or fewer
- Conversion yield is 20% behind that of primary competitors
- Student retention is 10% behind that of primary competitors
- The institution is on probation, warning, or financial watch with a regional accreditor or a specialty degree licensor
- The majority of faculty do not hold terminal degrees
- Average age of full-time faculty is fifty-eight or higher
- The leadership team averages more than twelve years or fewer than three years of service at the institution
- No complete online program has been developed
- No new degree or certificate program has been developed for at least two years
- Academic governance and curriculum development systems require more than one year to approve a new degree program. (2009, pp. 9-22)

As noted above, Martin and Samels found that an institution does not have to possess all of these indicators to be considered at-risk or fragile. However, they caution that "the presence of a group of these indicators spells trouble…and signals the approach of at-risk status" (p. 20).

Province (2009) explored "common indicators that contributed to the ultimate closure of 40 colleges and universities between 1965 and 2005" (p. i). Conducting statistical analyses on the data that he collected, Province found statistically significant data at both the .05 and .01 levels. Although his first three indicators echo those above, the seven most significant indicators of college closure at the .01 level were:

- Debt service is more than 10% of the annual operating budget
- Deferred maintenance is at least 40% unfunded

- Conversion yield is 20% behind that of primary competitors
- The ratio of net assets to net worth is decreasing
- The ratio of primary assets to total debt is decreasing
- The ratio of debt service to total expenses us greater than 10% and increasing
- The institution struggles with a combination of increasing debt and decreasing endowment (Province, 2009, pp. 82-85).

Jeffrey (2009) believes that “most colleges which find themselves” fragile (in financial distress) find themselves there “for mundane and structural reasons…” (p. 144). He adds that, “Many fragile colleges and universities became fragile because they lacked a strategic plan and the leader necessary to accomplish it” (p. 45). Given the existence of advisory boards and the availability of sophisticated information systems with which to track all of the factors in the lists above, it seems unfathomable that any institution would suddenly find itself in financial distress; however, that is not the case. Indeed, some presidents do not divulge the truth about institutional finances, and some boards of trustees are not aware of the extent of the difficulty in which their colleges are mired. For example, at Terminal College (pseudonym) “the president chose to hide the reality of the financial situation” because he felt that “financial desperation was a self-fulfilling prophecy…” (Allen, 1999, p. 90).

Discovery is a prime mover in organizational recovery from financial distress. From the literature, it appears that discovery of financial distress occurs in one of two manners: either the board of trustees makes the discovery and initiates activities to address it (often replacing the president as its first action), or the college president who led the institution into financial distress makes the discovery and (quite often) resigns or retires, leaving it to the new president to discover the dire situation which s/he has inherited (Allen, 1999; Brown, 2012; Puglisi, 2012).

Often, then, it is the new president, someone who is unfamiliar with organizational culture and unfamiliar with the executive cabinet and its individual members' strengths, who must determine how best to lead the institution into recovery. Immediacy of action is often imperative, and it is that necessity which is contrary to the time-consuming, collaborative processes advocated by modern change theorists (Putnam, 1996). It is a recipe almost always guaranteed to result in organizational indigestion.

In studying forty colleges in distress, Province (2009) found that "many of these colleges had as many as 6 presidents within their last 10 years and several of these colleges even went for as many as 2 years with no official president at all" (p. 90). He notes that "having more than 2 presidents in a 10 year period would indicate, by definition, the lack of a viable strategic plan" (Province, 2009, p. 90).

In her study of 16 colleges which had experienced financial distress, Cowan (1993) found that the recovery could not begin until it was acknowledged that the symptoms of distress were not the causes and that the causes were internal in nature. Eaker (2011) concurs with Cowan, noting that for colleges in her research, "The issues to be dealt with were strategic, operational, and symbolic and needed to be addressed by the president…This realization was always made by a new president coming from the outside rather than the president who has presided over the decline" (p. 51). New presidents are often blind-sided by financial distress. In her qualitative case study of four colleges which had been in financial distress, Allen (1999) remarked, "I was astounded that two of the six presidents in my initial population were hired without being informed of the financial pressures facing the college" (p. 152). Similarly, in her recent book about these colleges, Brown (2012) reports that new presidents who were aware of mild or moderate financial difficulties when hired "did not know the extent of the problem when they accepted their positions" (p. 33). "Repeatedly, in the stories about the colleges, presidents faced multiple unpleasant surprises once they hung their hats in their offices" (Brown, 2012, p. 34). "During his first week as president…Bill Beardsley learned that (Husson) college was in default on a HUD loan; the bank was withdrawing its line of credit; and the New England accrediting association was questioning Husson's credentials" (MacTaggart, 2007, p. 9).

Allen (1999) reports that at Recovery College (pseudonym),

> a new president was hired for her expertise in curricular innovation. She was expected to elevate the academic prestige of the college and raise money…What she did not know, because the Board was itself not fully cognizant, was that the college was on the brink of financial disaster. (p. 117)

And Puglisi (2011) reports that even presidents who rise from with the ranks are not immune to a lack of information about the condition of their colleges. "…even having served internally in another capacity, a new president is almost always certain to face surprises when assuming a major role at a financially challenged institution" (pp. 83 – 84). "Problems are always deeper and more complex than they initially appear" (Puglisi, 2011, p. 84).

After reviewing 40 colleges and universities that had been in financial distress, MacTaggart (2007) theorized that recovery from financial distress occurs in three stages. Stage One is restoration of financial stability; Stage Two is marketing and branding, including enhancement of the college's image and reputation; and Stage Three is strengthening academic programs and culture, perhaps including complete revision of the college's mission and identity. According to MacTaggart, Stage Three is often never completed.

> The first stage of recovery includes removing those who are part of the problem and stopping the flow of money out of the college. These efforts tend to be autocratic in

nature and, because they are immediate fixes, are accomplished in a very brief period of time in an effort to keep the college solvent. The immediacy of these steps flies in the face of the collaborative processes preferred by change theorists, and they often cause fear and distrust among the faculty and staff (Putnam, 1996). In that sense, in the first phase of saving an institution, the president often creates a wall of mistrust between himself/herself and the faculty. It is not until the second and third stages of recovery that the president's leadership style must migrate from being autocratic to (Stage Two) "problem-solving" and then to (Stage Three) "collaborative" (MacTaggart, 2007, p. 13).

Often, after Stage One has been fully completed, the president who led the recovery must leave the institution so that a new president who is not seen as autocratic can rebuild the positive, trusting relationship between the faculty and the administration which is necessary to successfully complete the final two stages (Allen, 1999; MacTaggart, 2007).

Similarly, Meacham (2007), who studied the life stories of leaders in higher education, builds the case that of many distinct styles of leadership found in the literature, no one style is best suited for all organizational cultures or situations. However, she notes that some styles may not be well-suited for specific types of colleges. Larger colleges, where the burden of decision-making has historically been pushed away from teaching faculty and onto administration, may better tolerate autocratic leadership. At smaller "collegial" colleges, where faculty continue to play a role in institutional decision-making and where shared-governance is practiced, autocratic leaders tend to divide and polarize the organization, causing distrust among the faculty. There, authentic leaders function best (Meacham, 2007).

The American Association of University Professionals (AAUP) has developed "preferred guidelines for making administrative decisions based upon a college's declaring exigency" which helps to delineate one cause of the wall that may appear between faculty and administration during financial distress. Among its guidelines are: (1) “There should be meaningful faculty involvement in decision-making related to the reduction of instructional and research programs;” (2) “...it should then become the primary responsibility of the faculty to determine where within the program reduction should be made;” (3) “…tenured faculty should not be terminated in favor of retaining someone without tenure who may at a particular moment appear to be more productive;” and (5) “When the decision has been made to terminate the services of a tenured faculty member, the granting of at least one year of notice should be given high financial priority” (American Association of University Professionals [AAUP], n.d., pp. 147-148).

“MacTaggart (2007) discovered that colleges that came back from the brink of disaster did it by building the endowment, making the campus attractive to students in order to improve retention, and by adding new programs to draw new students” (Province, 2009, p. 85). Other researchers have found that colleges expand or retract, depending upon their individual needs and situations. Many freeze faculty and staff salaries, cut budgets, and expand efforts to expand the endowment. Most cease contributions to faculty and staff retirement plans (Galbally, J. personal communication, January 29, 2013). Others increase recruiting, implement tuition discounting, add attractive new programs, and build new dormitories in anticipation of growing enrollments (Eaker, 2011). Exactly what works and does not work appears to be dependent upon the individual institution.

As the result of her meta-study of 45 colleges that had experienced financial distress, Eaker (2011) determined that there were simply too many variables at play to enable one to develop a basic model or distinct set of steps which lead to recovery. However, from her research, she developed a list of recommendations for colleges that find themselves in distress, which she entitled “Guidance for other Colleges”:

- Bringing in money and students is top priority
- Do not rely on a single technique for bringing in students or money
- In the effort to bring in students and money, do not ignore the importance of mission building and planning
- Enrollment is not just about the Admissions Office
- Budget cuts will not save a college in distress
- Leadership is not just about the president
- Pay attention to governance issues
- Do not forget about the Board of Trustees
- Either top-down leadership or participative leadership styles can be successful
- Creativity and strategic partnerships are imperative
- Revitalization usually involves broadening mission and programs
- Openness is important
- Operational efficiency and effective budgeting processes are not glamorous, but are necessary
- Revitalization does not need to include the use of scholarships or tuition discounting (pp. 150-157).

Eaker’s list of reminders for the leaders of colleges in distress provides nothing specific – no silver bullet – as a remedy, but, instead, offers general best practices which should be adopted by all college presidents. To that end, each bulleted piece of advice could be posted as a leadership reminder on the wall of every executive office.

The road to recovery for distressed colleges requires the organization to change the way it does business. As noted above, most presidents freeze salaries, cut budgets, and cease contributions to faculty and staff retirement plans. Organization structures are often rearranged as personnel are released, and employee morale usually declines. Changes like these force leaders to make decisions about how best to distribute limited dollars and employees are asked to do more with less. Where few ethical dilemmas once were, they now become abundant.

Ethical Dimensions of Leadership

In the course of normal operations, a leader faces many “situations with ethical dimensions” (Mueller, 2008). For the purpose of this study, the researcher elected to use the term *ethical dilemm*a to identify such situations.

A leadership dilemma in most cases is best known as a situation in which there is no straightforward or simple course of action to follow. In other words, any decision will have disadvantages. What is needed, therefore, is the commitment to weigh the pros and to make a decision knowing the scales will not balance perfectly (Stout-Stewart, 2007).

Ethical dilemmas present themselves in even the simplest of circumstances, but the most difficult ones present themselves when there is conflict between what the leader knows or feels to be right and his or her sense that acting in this way might somehow put the welfare of another human being in jeopardy (Chappell, 2007).

The term *ethics* is difficult to define. Often we have a sense of what is ethical, but we still cannot define ethics, except through examples of what ethical behavior is and is not. Aristotle (384–322 BC) tried to define ethics as striving for the highest good. Whatever that good might be, it “has three characteristics: it is desirable for itself, it is not desirable for the sake of some other good, and all other goods are desirable for its sake” (Kraut, 2010, Part 2, para. 1).

For Aristotle, being dormant (to avoid not being good) does not lead to a virtuous state. Instead, one must be involved in activity in order to attain ethical goodness. He argued that

> …virtuous activity is not something that comes to us by chance. Although we must be fortunate enough to have parents and fellow citizens who help us become virtuous, we ourselves share much of the responsibility for acquiring and exercising the virtues. (Kraut, 2010, Part 2, para. 5)

Kant (1724–1804) “maintain(ed) that a society of men of good will would be a society which in fact would maintain social peace, freedom, and cooperation” (Dewey, 1922, p. 44). He also believed that we cannot measure human ethics without first knowing what drives human behavior. “What counts,” he said, “it not the action one sees, but their inner principles, which one does not see” (Johnson, 2008, Part 1, para. 7). To be wholly moral, there is no circumstance “in which we regard our own moral goodness as worth forfeiting simply to obtain some desirable object” (Johnson, 2008, Part 2, para. 2). And, “possessing and maintaining one's moral goodness is the very condition under which anything else is worth having or pursuing” (Johnson, 2008, Part 2, para. 3).

More recently, Kidder (2009) credits Hooker for urging us away from formal philosophic definitions saying,

> All that a philosophic theory can do is capture human intuition… Your intuitions provide the raw data with which (philosophers) work. It is for that reason that you don’t need to know philosophical ethics in order to engage in moral debate or in order to resolve moral dilemmas. (p. 56)

Kidder also credits Lord Moulton for drawing a clear line of distinction between ethics and the law. According to Kidder (2009), Moulton said,

> When ethics collapses, the law rushes in to fill the void. ...Regulation is essential to sustain any kind of human experience involving two or more people…The choice is only between unenforceable self-regulation (ethics) and enforceable legal regulation (the law)" (p. 61).

We see the law spring into action almost every time that a person in a power position is caught misusing that power by making self-serving decisions rather than ethical ones. When the law is called upon to fill the void left by the collapse of personal or organizational ethics, the negative outcome is usually criminal.

Speaking from his own research, Kidder (2009) notes that people who face an ethical dilemma often "reach out for a moral principle that can lead (them) toward a resolution" (p. 152). Three colloquial principles identified by Kidder (2009) that provide a platform for decision-making are:

- Do what is best for the greatest number of people (ends-based thinking)
- Follow your highest sense of principle (rule-based thinking)
- Do what you want others to do to you (care-based thinking). (p. 152)

Kidder (2005) defines a morally courageous action as one that demonstrates "commitment to moral principles, an awareness of the danger involved in supporting those principles, and a willing endurance of that danger" (p. 9). He contends that morally courageous leaders share five attributes: "Greater confidence in principles than in personalities; high tolerance for ambiguity, exposure, and personal loss; acceptance of deferred gratification and simple rewards; independence of thought; and formidable persistence and determination" (Kidder, 2009, p. 18). In his research across all continents and many cultures, participants have identified the same five qualities as being the core of what Kidder calls "humanity's common moral framework" (2009, p. 42): "honesty, responsibility, respect, fairness, and compassion" (p. 43).

As an aid to leaders, Kidder (2009) identifies nine checkpoints which "suggest an orderly sequence for dealing with" ethical dilemmas: Recognize that there is a moral issue; determine the actor (Whose issue is it?); gather the relevant facts; test for right-versus-wrong issues; test for right-versus-right paradigms; apply the resolution principles (the three colloquial principles above); investigate the "trilemma" options (Is there a third way – a middle ground?); make the decision; and revisit and reflect on the decision. (pp. 181-184)

"All leaders in higher education are subject to temptations" (Vaughn and Associates, 1992, p. 12). One need look no further than numerous articles in the *Chronicle of Higher Education* to find stories of college leaders who have succumbed to temptations and lost their positions of power. Whether it is plagiarizing, falsifying credentials, stealing money from an institution, or some other major/minor transgression, being captured in the act and "outed" for all to see lends truth to the comment by economist Collier that "people in power under loose conditions have a tendency to help themselves" (Fullan, 2008, p. 132). Boggs (2007), former President of the American Association of Community Colleges, concurs, noting that, "Ethical values are tested frequently, especially for those in such positions of influence. For that reason, it is important to think seriously about ethical values before one is faced with difficult and ambiguous dilemmas that are all too common" (p. viii). Dewey (1922) said, "Liability is the beginning of responsibility. We are held accountable by others for the consequences of our acts. They visit their like and dislike of these consequences upon us" (p. 315). In noting that others "do not care a fig whether you did (something) deliberately or not" (p. 315), Dewey (1922) evidenced that it is human nature for those to whom we are accountable to take steps necessary to ensure that we deliberate before we repeat the same act, and that "if possible (that) deliberation shall prevent a repetition of this act we object to" (p. 315).

In addressing the role of women as college presidents, Stout-Stewart (2007) notes the difficulty presented in ethical decision making:

> The difficult decisions emerge when administrators are faced with ethical dilemmas: the choice between good and good or between right and right. During times of tough decision-making, some leaders rely on trusted colleagues or mentors for advice. Often, however, situations involving ethical dilemmas do not allow for extensive consultation or collaborative decision-making. Therefore, with the surge of new leaders and the change in leadership style that is expected in the next decade in the community college system, future leaders must prepare and equip themselves to be savvy problem-solvers (p. 131).

Wallin (2007) believes that because college presidents sit at the top of the organization, it is important that they "set an example of integrity, fairness, openness, and consideration" (p. 33). She defines ethics "as the science that deals with conduct regarding right and wrong, good and bad" (p. 34), and urges college presidents to practice "ethical pluralism," that is, use a combination of ethical values (p. 37). Specifically she encourages presidents to follow a set of five principles first suggested by Northouse: "An ethical president respects others as ends, not as a means to an end"; "serves others and puts others' needs above his or her own personal needs"; "is just"; "is honest"; and "builds community" (Wallin, 2007, pp. 42-43).

Meacham (2007) builds the case that whatever leadership style a president embraces, it should be tempered with ethics. She cites Greenleaf's belief in *entheos,* a process during which a leader's spirit evolves. "Entheos (is) the sustaining force that (holds) leaders together during crisis; it (is) the confidence to risk-take; it (reflects) those values and beliefs that (support) attitudes and actions; and it (promotes) self-awareness and sensitivity" (Greenleaf, as cited by Meacham, 2007, p. 69). Meacham warns us, however, that an evolved spirit, one which is self-aware and self-regulating, is not necessarily ethical. "Bass and Steidlmeier (1999) asserted that leaders motivated by unbridled self-interest (treat) followers inauthentically by viewing them simply as a means to their own ends" (Meacham, 2007, p. 77). "Sparrowe (2005) suggested that self-aware leaders (are) not necessarily imbibed with positive moral perspectives that (lead) to ethical behaviors" (Meacham, 2007, p. 77). And, "a leader could be authentic…but not ethical" (Meacham, 2007, p. 77).

Commenting about community college boards of trustees, Tatum (1992) notes that "Boards are elected or appointed by people who have special interests that are not always well motivated or fair. Boards tend to mirror the culture from which they come" (p. 196). As politically-established bodies, community colleges enjoy many situations which present ethical dilemmas, especially situations with their politically-appointed boards and their state and county sponsors. It is not an uncommon scenario for a community college board to attempt to micromanage the college that it oversees, or for an individual trustee to champion the employment of a relative or a political supporter over other, better-qualified candidates. Mueller (2008), who conducted research into the types of ethical dilemmas faced by community college presidents in general, asserts that the literature on ethics and the community college presidency is sparse.

Mueller (2008) is the first to have surveyed community college presidents about the range of ethical dilemmas that they face on a day-to-day basis. Of her population of 109 presidents in the California Community College system, she garnered 17 participants, whose comments, suggestions, and recommendations assisted her to develop seven (7) general domains of ethical dilemmas faced by presidents and to identify 47 specific situations with ethical dimensions. Mueller's research was confined to community college presidents, and one of her recommendations is that a similar study be conducted of private college presidents.

Mueller (2008) tabularized how general ethical dilemmas were addressed by the presidents who participated in her study. Most often, presidents addressed the situations directly. Close, but slightly less often, presidents sought compromise or fairness in the resolution of the dilemmas. They also relied on board/college policies when rendering decisions. For participants who chose not to go against board members' pressures or wishes, that decision was based on either self-preservation, or choosing one's battles and in that case opting not to confront the situation. If an organization displayed or condoned unethical behavior from the very top (i.e., boards), a president picked and chose when and how to combat a cultural norm" (p. 92).

By data coding, Mueller (2008) identified 47 primary factors, which she organized into seven categories of ethical dilemmas: Board Members, Employees, Students, Athletic Eligibility, Conflict of Interest, Community, and General. The highest number of dilemmas occurred at the Board level, followed by Employees and Students, in that order. There were 86% more Board dilemmas than the next highest level (employees). Board dilemmas most frequently involved improper or unethical use of position or influence, conflict of interest, or micromanaging. Mueller cited specific examples of each dilemma.

Mueller (2008) also posed 17 guidelines for presidential behavior related to the resolution of situations involving ethical dimensions, among them (in descending order): address the situation directly, immediately, and forthrightly; weigh options, seek balance, and a win-win solution; step back and see the whole situation; investigate, which might include meeting with the parties involved; verify that college policies were followed; and ensure that the solution is consistent with college procedures and policies.

Conclusion

As captains of their educational institutions, college presidents must steer their ships through treacherous waters during cyclical times of fiscal austerity. However, when sailing through the especially treacherous waters of unanticipated financial distress, a captain may be replaced and a new captain must take the helm. Often, the new captain's first charge is to keep the ship from immediate peril. To do this, he may be required to replace several of his executive commanders – those who have been asleep at the wheel while the ship has become imperiled. The immediacy of this action generally causes unrest among the ship's crew. If the captain adheres to principles of honesty, integrity, and transparency; if he gives voice to the crew in major decisions; and if his actions are ethical, he may succeed in bringing the ship, once again, into safe waters.

This research project was inspired by Mueller's (2008) recommendation that her study of ethical dilemmas faced by community college presidents be expanded to include four-year college presidents. Among the four-year college presidents, those who lead small, private colleges live in a world especially different from that of public college presidents. Because they do not enjoy the benefits of state and county financial appropriations to help balance their annual budgets, decisions made by the presidents of small, private colleges affect the ultimate survival of their institutions, especially in times of economic downturn and resultant financial distress. During the discovery phase and recovery processes, presidents orchestrate many organizational changes. The ethical decisions they must make during the process of financial recovery, thus, may force them to choose between distinct outcomes which offer stability: positioning the college for future enrollment growth, downsizing the college to live within its means, restructuring under bankruptcy protocols, or closing the college. In this study, this researcher discusses the findings of his exploration of the ethical dilemmas faced by the presidents of small, private colleges, specifically during organizational recovery from financial distress.

Chapter 3: Methods

Although some closures of state-supported colleges occurred during each period of economic downturn over the past 60 years, by and large most institutions which closed their doors were small, private colleges (USDOE, 2012). In fact, all of the 92 U.S. colleges which closed their doors between 2007 - 2011 were private institutions. It is these institutions which are most vulnerable to external economic fluctuations because they are fundamentally dependent upon student tuition for their survival. It is during times of financial distress that college presidents face many decisions which pose ethical dilemmas, forcing them to choose between two or more compelling institutional outcomes.

Although much study has been conducted on ethical dilemmas in the business world and in specific professions, such as medicine and law, only a few studies have focused on ethical dilemmas faced by college presidents. Vaughn and Associates (1992) discussed examples of ethical situations faced by community college presidents and called, in general, for greater ethical leadership. More recently, Mueller (2008) explored the dimensions of ethical decisions faced by community college presidents in the California system. Her study provided groundwork for future research. However, Mueller's study did not include presidents of 4-year colleges and universities.

The intent of this research project was to elicit the domains of ethical dilemmas faced by the presidents of small, private four-year colleges, specifically during the time period when they were attempting to lead organizational recovery from financial distress.

Purpose Statement

The purpose of this qualitative phenomenological study was to explore the ethical dilemmas faced by small, private college presidents during organizational recovery from financial distress. For the purposes of this study, financial distress was generally defined as an "imminent financial crisis which threatens the survival of the institution as a whole" (Brown, 1976, p. 6). An ethical dilemma was defined as any situation identified by presidents as involving an apparent mental conflict between "competing moral obligations" or between competing claims about what is the correct course of action (Kitchener & Anderson, 2011, p. 5).

Target Population and Sample

According to the United States Department of Education National Center for Education Statistics (2012), in 2010 more than 4495 public and private four-year colleges existed to serve the needs of the nation's students. Initially, the population of small, private colleges included in this study was limited to those with enrollment under 5000 full time equivalent students. After speaking to a panel of three consultants who specialize in assisting colleges in financial distress, the researcher further restricted the sample utilized in this study to those colleges which appeared in the 2011 Department of Education list of colleges that failed the test of fiscal responsibility (DOE, 2011); those whose self-reported federal tax 990 forms indicated that their revenues did not meet their budgetary obligations (GuideStar, 2013); and those (3 total) which were suggested to be added to the list by the three educational consultants due to their knowledge of the field. From the resultant pool of potential colleges to be included in the study, the researcher removed seminaries, for-profit colleges, and colleges whose missions promote a single specialized agenda. The final list of college presidents who were approached for survey completion and interviews totaled 90.

Research Questions

The researcher mailed paper and pencil surveys to 90 presidents of small, private colleges to elicit from them the general domains and specific instances in which they experienced ethical dilemmas during recovery from organizational financial distress. Follow-up interviews were conducted with presidents who, on the survey form, indicated a willingness to be interviewed about the situations they faced and how they handled those situations. Research questions which were answered through this process included:

1. What kinds of ethical dilemmas did presidents identify as occurring during efforts to recover from financial distress?
2. How did presidents resolve their ethical dilemmas?
3. What range of issues did presidents consider when resolving their dilemmas?

Research Design and Instrumentation

This research project utilized a qualitative phenomenological approach, which included the use of a researcher-developed survey instrument and interviews. The survey was utilized to determine the types of ethical dilemmas faced by presidents of small, private, four-year colleges during efforts to recover from financial distress. The "Seven Domains of Ethical Dilemmas," which were utilized as the foundation of this research for comparative purposes, were adapted by permission from the research findings of Mueller (2008, pp. 82-83) in her study of the general ethical issues faced by California community college presidents.

The paper and pencil survey utilized in this research was adapted by the researcher from findings by Mueller (2008) (Appendix B). It consisted of two parts: Part One was a check-off list of the 47 general ethical dilemmas faced by community college presidents, as identified by Mueller (2008) in her study. The intent of Part One was to compare general ethical dilemmas faced by community college presidents to the specific ethical dilemmas faced by the presidents of small, private colleges during financial distress. Part Two consisted of four open-ended questions which related to specific ethical dilemmas identified by the presidents of small, private colleges during financial distress. The intent of Part Two was to explore each president's core beliefs about ethics and ethical behavior. A final question asked respondents if they would be willing to be interviewed by the researcher about the ethical dilemmas which they had experienced. This research process and the research questions utilized by the researcher were reviewed and approved by the Sage Colleges Institutional Review Board (Appendix A).

Validity and Reliability

This instrument was reviewed by a panel of three experts who were asked to judge the survey's face validity. Specifically, they were asked if, in their expert opinions, the survey would measure what the researcher intended it to measure, if the questions were clearly worded, if certain questions were unnecessary, and if additional questions should be included. These experts included a seated college president, a retired college president, and a seated college vice president, all with terminal degrees and significant years of direct experience in higher education leadership. One expert felt that the check-list portion of the survey, which consisted of Mueller's (2008) seven domains, could include an open-ended "other" space for each of the domains, where respondents could identify ethical dilemmas not subsumed by the dilemmas listed in that section. The two other experts disagreed, citing that the addition of those seven open-ended spaces would increase the length of the survey and reduce the likelihood of participation. The researcher agreed with the latter and did not change the instrument. Also, one expert noted that in the first section of the survey, where presidents were asked to identify the level of distress their institutions were experiencing, use of the category "We are not experiencing financial distress" was not needed, since presidents in that status would choose not to participate in the study. The researcher agreed, and removed that category. As the study progressed, several presidents did, in fact, reply that they would not participate because their institutions were not in financial distress.

In triangulating the data, the researcher employed Mueller's (2008) findings, the results of the survey which was specifically designed and utilized for this research, and the data provided through follow-up interviews with presidents who responded to the survey. Because 94.3% (43 of the 47) situations with ethical dimensions experienced by the community college presidents in Mueller's study were also experienced by the presidents of small, private colleges in this study, the results of this study appear to be reliable and, furthermore, it can be theorized that these situations are transferable to all college presidents. It must be noted, however, that although 26 presidents completed the check list, many of the items received only one check. Thus, the items on Mueller's list of ethical dilemmas do not necessarily occur at every institution or on a widespread basis.

Data Collection

The checklist portion of the survey utilized for this research (See Appendix B) presented a list of Mueller's 47 "Situations with Ethical Dimensions" (2008, pp. 82-83). Presidents were asked to identify which of these factors they experienced during the period in which their institution was undertaking efforts to recover from financial distress. The open-ended portion of the survey included a series of questions about dilemmas not found in Mueller's list. The first question asked presidents to identify other factors/dilemmas which were not subsumed by Mueller's list. A second open-ended question offered presidents the opportunity to share one or more ethical dilemmas they have experienced. A third open-ended question asked how they resolved the dilemmas described in question #2. A fourth open-ended question asked presidents to describe the range of issues they considered when making the decisions described in question

#3. A fifth question asked presidents if the researcher could interview them about the ethical dilemma they shared in open-ended question #2.

The following process was utilized for data collection:

Pre-notification: Initially, an announcement of the coming survey was made by letter to the presidents of 90 selected small, private four-year colleges (Appendix C).

First mailing: Four days following the announcement, an envelope containing a personalized introductory letter, the survey, an Informed Consent Form, and a self-addressed, stamped envelope was mailed via parcel post to each of the 90 selected college presidents. (See Appendix B). Each letter was hand-stamped. Because this study was confidential and not anonymous, return envelopes, bearing the researcher's name and address as both the recipient's address and the return address, were coded to identify their college of origin. This mailing generated 26 responses (28.8% of the total sample) from college presidents. Of those, eight (8.8% of the total sample) completed the survey and agreed to be interviewed; nine (10% of the total sample) completed the survey but elected not to be interviewed; and nine (10% of the total sample) specifically declined to participate. One president emailed the researcher, asking why his college in particular had been selected to participate in the study. The researcher responded, explaining that although the president's college may not be in distress, the IRS Form 990 submitted by the college showed that expenses exceeded revenues, which is one possible sign of distress. Ultimately, the president decided not to participate.

Follow-up mailing: Three weeks following the initial mailing, a letter was sent to 64 presidents who had not yet responded to the survey, asking them to please complete and return the survey. An offer was made to send another copy of the survey packet, either electronically or via parcel post, upon request of the receiving college president. That mailing generated six (6) responses: one requesting the survey in electronic format, one calling to explain why she decided against participating, two declining to participate, and two participating (Appendix C). Over several additional weeks, seven additional responses were received. In total, 26 presidents completed all or a portion of the survey.

Interviews: As survey responses were returned to the researcher, the responses on the checklist portion were tabulated, and the responses on the open-ended portion were typed for clarity during the analysis process. The 14 Presidents who expressed willingness to be interviewed were contacted via email and/or telephone to schedule those interviews at their convenience. Of those, eight responded immediately and were scheduled. During the second week of March, follow-up emails were sent to the six presidents who did not initially respond to schedule an interview, taking into consideration that colleges typically enjoy spring break during either the second or third week of March. All six committed to interviews during the ensuing two-week period. Immediately following the confirmation of a scheduled interview, the researcher forwarded by email the eight primary questions which would be asked of each interviewee. Because participating presidents were located across the continental United States, all interviews were conducted by telephone. The researcher began to conduct those telephone interviews within a few days of their confirmation to ensure that collection of oral data occurred within close proximity of the completion of the written surveys.

Interview Questions

During the telephone interviews, interviewees were informed of the interview protocols: (1) they could decline to answer any specific question and (2) they could choose to terminate the interview at any point, at which time the interviewer would destroy the tape and his notes. The interviewees were then reminded of the ethical dilemma(s) which they had described in the open-ended portion of the survey and, when the formal part of the interview began, they were asked the following questions:

a. Would you please explain in greater detail the considerations which you had to weigh in this situation.
b. In making a decision in this situation, did existing college policies or planning priorities inform your decision making?
c. Were there any ramifications, positive or negative, to the decision that you made?
d. Knowing what you know now, would you make the same decision today?
e. As president, how do you choose what you will address and what you will not when confronted with unethical behavior?
f. What kind of education is provided to the board, the faculty, and the administrators in regard to ethical behavior?
g. In your experience, do presidents face a different variety of ethical dilemmas during financial distress than during non-stressful periods?
h. If you could give advice to another president about ethical decision-making, what would it be?

The researcher utilized a semi-structured interviewing process. Questions a, b, c, and d were intended to draw additional information from the presidents about the ethical dilemmas which they shared in the open-ended portion of the survey. Questions e, f, g, and h were intended to explore each president's core beliefs about ethics and the handling of unethical behaviors. Follow-up questions were asked only when necessary to clarify data provided during each president's response to each question.

To guard against machine failure, interviews were recorded using two devices: a modern digital recorder and an "old technology" cassette recorder. The researcher also took hand-written notes. Following each interview, the researcher transcribed the conversation by using the two recorders. Because of its easy rewind/pause functions, the cassette recorder was used predominantly for the transcribing process. Because of its superior sound quality, the digital recorder was used whenever the conversation was muffled or words were unclear to the researcher during the transcription process. Transcripts of the interviews were emailed to interviewees, who were asked to review them for accuracy of content. On all interview transcripts returned to presidents for member-checking, the institution and its president were identified by corresponding numbers only (for example, President 08, College 08). Interviewees were given 30 days to review and return the transcripts for correction, after which time it was assumed that no corrections were necessary.

Procedures for Safeguarding Data

All colleges selected for this study were assigned a number from 1-90. In all notes, checklist identifications, typed open-ended responses, and interview transcripts, the interviewees and their colleges were identified only by their assigned numbers. All surveys were unmarked in any manner that might identify their sources, with the exception of the surveys from presidents who expressed willingness to be interviewed, who had self-identified in their own hand writing. Envelopes, however, were coded to enable the researcher to identify their sources. All completed surveys, interview notes, and transcribed interviews were kept in a locked safe in the researcher's home office. Immediately following successful defense of this study, the researcher destroyed all transcripts, notes, tapes, and electronic files containing confidential interview data.

Data Analysis

Moustakas (1994) coined the term "Heuristic Inquiry" to define a method of "engaging in scientific search through methods and processes aimed at discovery: a way of self-inquiry and dialogue with others aimed at finding the underlying meanings of important human experiences" p. 18). According to Moustakas, the basic steps of heuristic inquiry include: "the initial engagement, immersion into the topic and question, incubation, illumination, explication, and culmination of the research into a creative synthesis" (p. 18).

This researcher sought to find underlying meanings in the experiences of college presidents who faced ethical dilemmas during organizational recovery from financial distress. The data from which those meanings were discovered came from personal interviews with presidents. As interviews were conducted, the researcher transcribed oral responses and returned those transcripts to the interviewees for verification of accuracy (member-checking). Once member-checking had been completed, the researcher employed a modified version of the Stevick-Colaizzi-Keen Method of analyzing phenomenological data, as described by Moustakas (1994):

> From the verbatim transcript of your experience complete the following steps:
>
> a. Consider each statement with respect to significance for description of the experience.
>
> b. Record all relevant statements.
>
> c. List each non-repetitive, non-overlapping statement. These are the invariant horizons or meaning units of the experience.
>
> d. Relate and cluster the invariant units and themes into themes.

e. Synthesize the invariant meaning units and themes into a description of the textures of the experience. Include verbatim examples.

f. Reflect on your textural description. Through imaginative variation, construct a description of the structures of your experience.

g. Construct a textural-structural description of the meanings and essences of your experience (p. 122).

During the process, qualitative data was analyzed using key words to identify factors within the ethical dilemmas described by the interviewees. The researcher then analyzed the identified factors for emerging themes. The factors and emerging themes identified through the coding process were tabularized and then compared to the seven domains and 47 factors identified Mueller (2008) in her previous work with California community college presidents. Thus, new domains and additional factors were identified for inclusion in Chapter 4 of this document.

Researcher Bias

This researcher spent four years pursuing a baccalaureate degree in a small, private liberal arts college. However, his graduate work leading to the master's degree and toward an educational specialist's degree was completed in a public university. Professionally, all but one year of his thirty-five years in education were spent in public community colleges, where governmental support, though sometimes wavering, was always a reality and where national economic downturns always resulted in enrollment increases. Given his professional background, the researcher recognized that he possesses unintentional biases related to administrative practices and decision-making, organizational policy, collegiate governance, and higher education finance.

In order to eliminate researcher bias and to improve reliability of the data analysis, a higher education administrator served as an external auditor. The external auditor (a) reviewed the findings to ensure that they were grounded in the data, (b) determined if the emerging themes were appropriate, and (c) verified that the comparison between this research and the Mueller (2008) study was accurate. The external auditor was given access only to the cited evidence and the researcher's conclusions. He did not have access to raw data which could possibly identify the participants and/or their respective institutions.

Summary

The purpose of this qualitative phenomenological study was to explore the ethical dilemmas faced by private college presidents across the nation during organizational recovery from financial distress. Research questions answered through this process included:

1. What kinds of ethical dilemmas did presidents identify as occurring during efforts to recover from financial distress?
2. How did presidents resolve their ethical dilemmas?
3. What range of issues did presidents consider when resolving their dilemmas?

An initial survey (1) identified presidents who were willing to share ethical dilemmas they faced/are facing during recovery from financial distress and (2) who were willing to be interviewed about the specific dilemmas they shared in the open-ended portion of the survey. The survey consisted of two parts: Part 1 was a simple check-list, on which presidents identified from a pre-determined list the types of general ethical dilemmas they faced during periods of financial distress. Part 2 asked open-ended questions, requiring presidents to write answers to its five questions. Interviews were conducted with presidents who expressed a willingness to be interviewed. Data collected from the check-list, the open-ended portion of the survey, and interviews were coded and weighed against seven domains which contain 47 “primary factors in the Situation with Ethical Dimensions,” identified by Mueller (2008) in her study of California community colleges: Board members, Employees, Students, Athletic Eligibility, Conflict of Interest, Community, and General (pp. 82-83). Results from the open-ended portion of the survey, as well as data discovered during the interview process, specifically addressed the primary research questions. This research design was utilized because the researcher believed that it would provide the data necessary to explore the research questions in an effective and timely manner.

Chapter 4: Data Analysis

The purpose of this research project was to explore the types of ethical dilemmas faced by the presidents of small, private colleges during organizational recovery from financial distress. The principal research questions addressed by this research included:

1. What kinds of ethical dilemmas did presidents identify as occurring during efforts to recover from financial distress?
2. How did presidents resolve their ethical dilemmas?
3. What range of issues did presidents consider when resolving their dilemmas?

At the outset of this study, a survey was sent to a select group of 90 presidents of small, private colleges across the United States, asking them to identify, from a pre-selected list, ethical dilemmas they had encountered while their institutions were experiencing financial distress. They were then asked to identify additional dilemmas not included on the pre-selected list, and then to share details about one or more specific dilemmas they had faced and how they chose to address those dilemmas. Table 1 presents data related to the participation of college presidents who were invited to participate in this study. Of the 90 presidents invited to participate, 51 (56.6%) did not respond; 5 (5.6%) completed only the checklist of identified ethical dilemmas; 7 (7.8%) only shared an ethical dilemma and how they addressed it; and 14 (15.6%) completed the full survey and agreed to be interviewed by the researcher. A total of 13 (14.4%) responded in some manner, but elected not to participate.

Of the 13 who responded but elected not to participate, one had been placed on suspension pending an investigation of unethical behavior at a previous institution; two felt that they were too new into their positions to be able to provide data of value to this research; eight either sent letters or emails respectfully declining to participate; one staff person sent a letter indicating that the institution had a new interim president and was beginning a search; and one president sent an email stating that before he would decide whether or not to participate, he wished to know why his college had been selected to participate in this research. In response to this last request, the researcher responded that that president's institution had self-identified on its Federal Income Tax Form 990 that its revenues did not meet its expenses; thus, it appeared that it could be experiencing financial distress. That president ultimately decided not to participate in this research.

Table 1

Participation Rate of Selected College Presidents

	College presidents	
Type of participation	n	%
Total sample surveyed	90	100.0
Did not respond	51	56.7
Completed checklist only	5	5.6
Completed checklist & open-ended survey	7	7.8
Completed checklist & survey and agreed to be interviewed	14	15.6
Responded, but chose not to participate	13	14.4

Presidents and their respective colleges were identified only by number assigned by the researcher. Basic demographic information about the presidents who completed the initial survey is included in Table 2. This information was not asked of the presidents but, rather, was gathered by the researcher from IRS Form 990's and from individual college web sites, including biographical sketches of the presidents. Seven of the 26 presidents (26.9%) were female, and

Table 2

Participant Demographics

	Participant			College	
President	Male	Female	Years as president	Enrollment	Time zone
05	X		0-5	< 1000	Eastern
07	X		0-5	< 3500	Central
08	X		0-5	< 1500	Central
09	X		6-10	< 1000	Central
10	X		0-5	< 1000	Eastern
14	X		0-5	< 1500	Central
16	X		0-5	< 1500	Eastern
18	X		0-5	< 2000	Central
22	X		0-5	< 1500	Eastern
28	X		11-15	< 1000	Eastern
30	X		0-5	< 1000	Eastern
35	X		21-25	< 2000	Eastern
39	X		0-5	< 1500	Eastern
41	X		0-5	< 1500	Central
43	X		0-5	< 1000	Central
49	X		0-5	< 3000	Eastern
50		X	6-10	< 500	Eastern
57	X		0-5	< 1500	Eastern
61			0-5	< 1500	Eastern
71		X	11-15	< 5000	Eastern
73	X		0-5	< 1500	Eastern
75		X	0-5	< 2000	Eastern
85		X	0-5	< 1000	Eastern
86		X	0-5	< 2000	Western
89		X	6-10	< 2500	Central
90		X	0-5	< 1000	Eastern

20 (76.9%) had served fewer than five years as president st their respective institutions. Only three colleges reported enrollment above 2500 full-time equivalent (FTE) students.

Similar demographic information about the presidents who were willing to be interviewed is given in Table 3. In brief, of the 14 presidents who were willing to be interviewed, four (28.6%) were female and 10 were male, and 13 (92.8%) had served fewer than five years as president at their respective institutions. It is no surprise that the majority of presidents in both groups had served fewer than five years, because institutions which find themselves in financial distress usually replace the presidents who led them there (Cowen, 1993;

Table 3

Demographics of the 14 Presidents Who Agreed to be Interviewed

	Participant			College	
President	Male	Female	Years as president	Enrollment	Time zone
08	X		0-5	< 1500	Central
10	X		0-5	< 1000	Eastern
16	X		0-5	< 1500	Eastern
18	X		0-5	< 2000	Central
22	X		0-5	< 1500	Eastern
39	X		0-5	< 1500	Eastern
41	X		0-5	< 1500	Central
49	X		0-5	< 3000	Eastern
57	X		0-5	< 1500	Eastern
73	X		0-5	< 1500	Eastern
85		X	0-5	< 1000	Eastern
86		X	0-5	< 2000	Western
89		X	6-10	< 2500	Central
90		X	0-5	< 1000	Eastern

MacTaggart, 2007; Vaughn, 1992). Of the 14 interviewees in this study, all of whom assumed leadership of distressed institutions, five (36%) followed non-traditional pathways to the presidency: one had been a military officer, two had been attorneys, one had been an accountant, and one had been a college Chief Financial Officer.

While the 26 participating presidents serve colleges which are distributed across the United States, most (17) were in the Eastern Time Zone, eight (8) were in the Central Time Zone, and one (1) was in the Pacific Time Zone. This was consistent with the distribution of the sample, where 67 of the surveyed presidents were in the Eastern Time Zone, 17 were in the Central Time Zone, two (2) were in the Mountain Zone, and four (4) were in the Pacific Time Zone. Although the researcher limited invitations to participate in this study to presidents of private colleges with enrollment below 5000 students, only two exceeded 3000 students. And 12 of the 14 (85.7%) presidents who participated in the interview phase of this research serve colleges with enrollments under 2000 students. The mean FTE enrollment of all 26 colleges was 1195.

Table 4

Financial Distress Data

	Total		Interviewed	
Status	n	%	n	%
Recovered	2	7.7	2	14.3
Mild	6	23.1	3	21.4
Moderate	11	42.3	5	35.7
Severe	7	26.9	4	28.6
Total	26	100.0	14	100.0

At the beginning of the initial survey, each President of a selected college was asked to identify, in his/her opinion, the level of distress being experienced by his/her college at that moment in time. This identification was not defined in any manner by the researcher, but was simply intended to serve as a personal indicator of the level of distress the presidents felt their respective institutions were experiencing. Table 4 presents data related to the financial distress status of the colleges which participated in this study. A substantial number of presidents (42.3%) expressed that they were experiencing moderate financial distress, while more than a quarter (26.9%) were experiencing severe financial distress. Two of the presidents indicated that their colleges had experienced a period of financial distress, but had now recovered. Of those presidents interviewed, most (64.3%) indicated that their institutions were experiencing either moderate (35.7%) or severe (28.6%) financial distress.

Research Question One:

The first research question addressed by this study asked: What kinds of ethical dilemmas did presidents identify as occurring during organizational recovery from financial distress? This question was answered in three manners. First, in the initial survey, presidents were asked to identify, from a checklist of forty-seven pre-determined ethical situations, those situations which they experienced while their colleges were under distress. This checklist was adapted by permission from Mueller's study (2008) of the ethical issues faced, in general, by community college presidents in the California community college system. Second, in the open-ended portion of the initial survey, presidents were asked to identify ethical dilemmas they faced during financial distress which were not included in Mueller's list. And, third, during telephone interviews, presidents identified additional dilemmas which had not emerged in their responses to the checklist or the open-ended portion of the initial survey. Tables 5 and 6 display the seven domains and 47 pre-determined "situations containing ethical dimensions" identified by Mueller

Table 5

Pre-Selected Personnel Situations with Ethical Dimensions Identified by Small, Private College Presidents as Occurring During Periods of Financial Distress

Situation	n
Board members	
Board members micromanaging	16
Board members communicating inappropriate information	7
Board member's improper/unethical use of position or influence	5
Board avoiding conflict/non-action	3
Board members making inappropriate comments	3
Board members requesting inappropriate information	2
Board member conflict of interest	2
Board member expecting preferential treatment for student	1
Board inattentive to community	1
Board members expecting/demanding inappropriate perks	1
Board members applying pressure through local media	0
Public attack of president by board member	0
Employees	
Pressure from faculty/staff	11
Faculty member became unable to perform job	10
Sexual harassment toward students	9
Faculty competence	8
Illegal behavior off campus	4
Illegal behavior on-campus	3
Faculty making false charges against colleagues	3
Faculty using college resources for personal gain	2
Employee rights	2
Faculty member sued over ADA compliance	0

(2008) in her study of ethical dilemmas faced by the presidents of California community colleges. Table 5 displays two personnel domains identified by Mueller, and Table 6 displays five non-personnel domains identified by Mueller. The number assigned to each situation represents the number of small, private college presidents in this study who indicated that they had experienced this same situation during financial distress.

The data from the checklist portion of the initial survey utilized in this study correspond well with the data discovered by Mueller (2008), in that 43 (91.5%) of the 47 ethical issues experienced in general by community college presidents were also identified by small private college presidents as occurring during financial distress. Thus, Mueller's work is generally transferrable to the population surveyed in this study. In Mueller's study, the greatest incidence of ethical dilemmas caused by trustees was unethical use of position or influence at 17.0% (8 of 47 instances), followed by micromanagement at 10.6% (5 of 47 instances). In this study, 61.5% of the presidents who participated (16 of 26) indicated that board of trustee micromanagement had caused them to face ethical dilemmas.

In this study, President 43 cited an acute example of board micromanagement. Several members of his board of trustees felt that they were more expert in information technology (IT) than the college staff. When IT staff proposed a system upgrade, this small group of trustees argued for an enhanced system at triple the cost, far exceeding the needs of the institution. Opposition to the trustees' enhanced system by the Chief Financial Officer (CFO) led to efforts by the group of trustees to fire him. The ensuing dysfunctional micromanagement caused President 43 to submit his resignation. "The major questions for me were protecting the integrity of the positions of President and CFO -- both needed freedom from Trustee interference in

Table 6

Frequency of Non-Personnel Situations with Ethical Dimensions Identified by Small, Private College Presidents as Occurring During Periods of Financial Distress

Situation	n
Students	
Student complaints	9
Ethical questions regarding student behavior	7
Student went to local media with a potential controversial story	6
Student athlete appealed dismissal from a college sports team	4
Student rights	3
Student expecting preferential treatment due to board connection	1
Athletic eligibility	
Athletic eligibility (general)	3
Student not reporting athletic ineligibility	2
Athletic program not reporting athletic ineligibility in a timely manner	0
Conflict of interest	
Conflict of interest in supervising employees	3
Conflict of interest in hiring	1
Community	
Pressure from outside community	8
Media controversy	8
General	
Settling a lawsuit	10
Lack of confidentiality (other than FERPA)	8
Lawsuit	7
Unethical allocation of funds/Financial Impropriety	5
Racism/prejudice	4
Federal policy (FERPA)	3
Preferential treatment in hiring	1
Unethical reporting of information	1
Negotiating position for collective bargaining	1
Prosecution for illegal and unethical activities	1

administrative matters -- and the need to insist upon my own sense of injustice at the attempt to dismiss a staff member because of a disagreement over software" (President 43).

As evidenced in Table 5, pressure from faculty, faculty unable to perform their jobs, and settling lawsuits contributed to the next greatest levels of ethical dilemmas for small, private college presidents during times of financial distress. Because faculty members are on the front lines in achieving every college's primary mission, their value cannot be underestimated.

However, managing faculty is not an easy task. For example, after several years of increasing faculty and staff across all divisions, an enrollment downturn forced President 71 to resort to layoffs and buy-outs to reduce the number of full-time faculty. Lobbying on the part of faculty leaders for the retention of their favorites (contrary to college policies) led to ethical dilemmas for President 71, who held concern both for the individuals being terminated and for the long range health of the institution. "It created terrible tension among members of the administration, as each one strove to preserve his/her staff while responding to the needs of the institution to save significant sums" (President 71).

President 28 shared that during times of financial distress, his college was sued on charges of racial discrimination in connection with employment. In spite of believing that the charges were unfounded, the college "was eventually compelled to settle the claim because it was less expensive and less time consuming than continuing the litigation" (President 28) during a time when all efforts needed to be focused upon recovery from financial distress.

New Situations with Ethical Dimensions

In the open-ended portion of the initial survey utilized in this study (survey question #2), presidents were asked to identify ethical dilemmas they faced during financial distress which were not included in Mueller's list. Responses to that question generated eight new situations which actually added to the number of situations with ethical dimensions identified by Mueller (2008) under her "Board" domain:

- Board members exerting pressure to hire a particular candidate.
- Board inattention to financial considerations for retiring president during transition.
- Board members encouraging the firing (release) of college employees with whom they disagree.
- Board members permitting a favored staff member to hold two full-time positions with conflict of interest implications.
- Board member offering a kick-back to the college foundation in return for a service contract with his business.
- Board members determining college priorities contrary to the recommendations of the organizational planning processes.
- Board members negotiating salaries, benefits, and severance packages outside of normal college practices and procedures.
- Board acting contrary to recommendation of the president and the advice of external consultants.

Because presidents report to and are evaluated by boards of trustees, and because boards often consist of people of influence and power in their professional lives, ethical dilemmas are apt to occur whenever board members attempt to exert their power and influence into collegiate affairs. And, as noted by Puglisi (2012), it is especially "during times of stress (that) board members have the potential to cross the line from governance into management" (p. 85).

New Domains and Situations with Ethical Dimensions

From survey responses and interviews with the presidents, this researcher identified 35 new situations with ethical dimensions, which have been categorized under six (6) new domains, as displayed in Table 7. The new domains include Transparency, Institutional Integrity, External Pressure, Inherited Circumstances, Organizational/Structural, and Morale.

Given the focus of this study, all of the situations with ethical dilemmas listed in Tables 8 to 13 were identified by presidents as occurring during financial distress. Not all of these situations necessarily result from financial distress, as some could occur during any period in an institution's cycle of fiscal health (For example, in Table 10, "Student Life dispensing inconsistent disciplinary measures" is not necessarily an outcome of financial distress.). However, most situations in Tables 8 to 13 are clearly associated with periods of financial distress and will be discussed from that perspective.

Table 7

New Domains Faced by Presidents of Small, Private Colleges During Financial Distress

Domain	Situations reported
Transparency	5
Institutional integrity	7
External pressure	10
Inherited circumstances	5
Organizational/structural	4
Morale	4

Transparency. Allen (1999) was "astounded that two of the six presidents in my initial population were hired without being informed of the financial pressures facing the college" (p. 152). This is not an uncommon scenario for institutions in financial distress. Brown (2012) discovered that "repeatedly in the stories about the colleges (in financial distress), presidents faced multiple unpleasant surprises once they hung their hats in their offices" (p. 34). Under the new domain of Transparency, the first three ethical situations occurred when newly appointed presidents initially arrived on campus and learned of the existence and/or extent of their college's financial distress.

Newly appointed President 08 was informed of the depth of institutional distress both by his CFO and by the Board of Trustees and was encouraged by all not to share this information

Table 8

Ethical Situations Related to Transparency

Situation
Pressure from CFO not to fully disclose financial information to board, faculty, or university.
Pressure from executive cabinet members not to tell faculty/staff the true extent of distress.
Pressure from trustees not to tell faculty/staff the true extent of distress.
CFO withholding from president information regarding resources.
Faculty not offered involvement in deliberations that led to loss of salary increases and benefits.

with faculty for fear that it would lower morale. Risking board disapproval, President 08 acted contrary to the advice he had been given, and faculty and staff rallied to support recovery. "But at the end of the day, they all came in and basically articulated that 'part of our problem was that there was a lack of transparency before and it got us into trouble'" (President 08).

Similarly, President 10 learned about his college's financial distress from his CFO, who cautioned against sharing the information with the board. When President 10 shared it with the board finance committee, the committee itself decided not to share this information with the full board. In describing the situation, President 10 said, "I just remember that it wasn't illegal, but it was not exactly ethical. And I have to sleep at night, and the board needed to be aware of these things. I made the executive committee aware of it. The chair of the finance committee was not real happy about that but, you know, life goes on."

In another situation involving transparency, new President 86 discovered that his CFO was hiding important information about the depth of financial distress that the institution faced. "I think, you know, part of it was that I felt I needed to give him time after I stepped into the role to see how we could work together. I thought maybe it would make a difference, because my background is quite different from the former president" (President 86). Unfortunately, after steps to halt this behavior were not heeded, President 86 replaced the CFO. As President 86 anticipated, the situation dramatically improved.

And in yet another situation, President 22 and his executive cabinet made a mid-summer decision to cut faculty and staff benefits without involving faculty in the decision-making process. Receiving letters at home during the summer, the faculty felt blind-sided and morale fell dramatically. "I think I probably would make the same decisions again. If I could make it better or if I could improve it, I would strive to make it earlier, so that people knew better in advance before we closed for the year, what might be on the horizon" (President 22).

Both President 73 and President 39 discovered that their predecessors kept their Boards in the dark with respect to the institutions' financial matters. Prior to President 73's incumbency, the college's trustees met only twice per year and its members had little knowledge of its distressed fiscal affairs, or of several dishonest management practices in which the previous president had engaged. "As a result, they had some misunderstandings about the financial health of the institution. And, as a result, it ran in the red for several years, and the board did not have enough knowledge about the finances generally to perceive that" (President 73). Enlightenment caused the board to lose trust in the office of the president, something that President 73 has been working to restore.

Similarly, President 39's predecessor utilized endowment funds to cover operations as a means to hide financial distress from an unknowing board. Shocked at the revelation, the board became highly involved in college affairs, aware that it was "responsible for a failure of stewardship and lack of information" (President 39). And this heavy board involvement has dictated much of the manner in which President 39 routinely performs his administrative functions: "Frankly, because of the way the college was operating…was managed…before I arrived,…there was a demand for real transparency, which I understood and which I have largely met."

As a domain for ethical dilemmas, Transparency did not surface in Mueller's (2008) study of California community colleges. However, it was clearly an issue for small, private colleges which are in financial distress.

Institutional integrity. The Middle States Commission on Higher Education (2006) devotes an entire chapter to its *Standard 6: Integrity* in its seminal work *Characteristics of Excellence in Higher Education*. The opening paragraph of Chapter 6 states:

> Integrity is a central, indispensable and defining hallmark of effective higher education institutions, and it can manifest itself through the institution's conduct within each of the other standards. An institution may demonstrate integrity through the manner in which it specifies its goals, selects and retains its faculty, admits students, establishes curricula, determines programs of research, pursues its fields of service, demonstrates sensitivity to equity and diversity issues, allocates its resources, serves the public interest, and provides for the success of its students. (p. 21)

The culture of integrity flows from the top of the organization (Tatum, 1992). "A leader's words and actions about moral leadership ring hollow when there is little evidence of the leader's personal integrity or personal awareness of ethics" (Moriarty, 1992, p. 53).

Without integrity, an institution is suspect. Yet, individuals within organizations and the organizations themselves often lose sight of integrity and, thus, as evidenced from the findings of this research, Integrity emerges as a new Domain for the categorization of ethical dilemmas.

Table 9 identifies situations discovered in this study in which institutional integrity was called into question. Although his college does not do so, President 22 noted that some colleges routinely falsify data to look better than they really are, especially when they find themselves in financial distress. "I have seen and read about falsification of data to make an institution look better than it is. This has NOT happened at my school" (President 22). Such practices will eventually be discovered and, as detailed by President 50, accrediting agencies will make note, and sometimes put colleges on formal warning status when questions of integrity arise. "Institutional integrity issues were noted as far back as 2004, and loss of reaffirmation (by our accrediting agency) created a multitude of challenging situations" (President 50).

Table 9

Ethical Situations Related to Institutional Integrity

Situation
Financial sustainability required the compromise of institutional traditions and identity.
Falsification of data to make institution look better than it really was.
Questions of institutional integrity noted by accrediting agency.
Institution significantly overspends each year because wealthy benefactor covers financial gap.
College mission revision in order to generate higher enrollments
Use of donor dollars for purposes other than that for which the dollars were donated.
Student Life dispensing inconsistent disciplinary measures.

President 57 noted that periods of financial distress or exigency have been utilized by college supervisors to rid themselves of problematic employees, simply by using downsizing as a means to an end. When he becomes aware of such cases, President 57 tries to weigh the impact upon the individual against the impact upon the institution, attempting to keep a moral balance. He emphasized, “If you do not have integrity, you really have nothing.”

College 89 routinely overspends its annual operations budget because a wealthy benefactor always covers the difference between its expenses and its revenues. Finding discomfort with this situation, President 89 said, “So, what I am trying to do is position the college so that in five years we have worked ourselves out of needing this person’s money.” In a similar situation, President 85 notes that depending upon benefactors to keep an institution solvent “is not a good practice in competitive higher education.” Certainly it does not heal the root cause of the financial distress.

In their research, Martin and Samels (2009) noted “how often it has been necessary to rethink the institution’s original vision and goals in order to get underneath the current causes of its fragility and to start addressing them seriously” (p. 236). Financial distress also causes colleges to reconsider their missions in order preserve their identities or to remain open. For example, President 30 indicated that severe financial distress would probably cause his college to change its generous financial aid practices, thus compromising institutional traditions and limiting access to its programs by students from lower socioeconomic families. In a separate situation, President 90 led a mission revision process which ultimately altered the college’s admissions parameters in order to generate higher enrollments and, hopefully, push the college into solvency.

President 10 discussed utilizing donor money for purposes other than that for which it was intended. The intent, of course, was to replace those funds with anticipated revenue. As an example, he suggested that if a building renovation were funded by a donor, the president of a distressed college might postpone that renovation for a few months and use the donor's money to cover operational costs until student tuition dollars begin coming in during late summer. The student tuition dollars would then be utilized to fund the building renovation. As he noted, however, when enrollments drop and anticipated revenues do not materialize, the college is in a bad spot with its donor:

> Is it illegal? No, you can do that. Is it immoral? No, not really. However, it walks on the edge…the thing is that you are walking on thin ice…Managing cash flow is always a challenge for any college, but especially when the college is financially distressed it is more so. (President 10)

According to Whisnant, "Unethical behavior may result from what the administrator views as institutionally necessary decisions or interpretations of policy" (Vaughn, 1992, p. 13). In each of the above situations with ethical dimensions, institutional integrity is at stake. Decisions based upon faulty assumptions can lead to outcomes which call integrity into question. When financial distress is added to the mix, decision-making might be based upon desperation and desperate times. It is then that a leader must know what his "personal principles are and what is non-negotiable" (President 73).

External pressure. When colleges find themselves in financial distress, it is not because of external pressures but, rather, because of deep rooted internal issues (Putnam, 1996). Nonetheless, external pressures both are indicators of financial distress and certainly exacerbate the misery of that distress. This study found External Pressures to be the third of six new domains under which the ethical dilemmas faced by small, private colleges may be categorized. Table 10 displays the situations exhibiting external pressures which were identified by presidents in this study.

Chief among external pressures found in this study are sanctions and warnings from accrediting agencies, which often place time limits upon institutions to move into compliance with agency standards. In this study, Colleges 39, 85, and 50 found that accrediting agency demands were driving much of the activity on their respective campuses and demanding a significant amount of each president's personal time. President 85 is heavily involved in efforts

Table 10

Ethical Situations Related to External Pressure

Situation
Loss of accreditation, creating a multitude of challenging situations.
Accreditation agency warning status sets time limits on recovery before loss of accreditation.
Unfair investment restrictions by lending institution.
Unfair criticism by competitors.
Former officials gossip and conspire against current leadership.
Regulatory issues due to professional lapses by faculty/staff.
Local media unfairly reporting unverified and undocumented information about institution.
Released staff smearing individuals and discrediting institution in local community.
Former board member inciting retired board members and community members against college president.
Alumni using social media to threaten president, executive staff, and board members.

to remove the college from probation by its accrediting agency. However, while contending with accreditation issues, President 85 was also managing recovery from financial distress while contending with vicious public attacks from a disgruntled former employee. "This employee, in particular, was on really thin ice when I arrived, and I was urged or encouraged to let her go then. I didn't. I tried to give her options and help her" (President 85).

Similarly, soon after President 39 took office, the regional accrediting agency sanctioned the college on its financial standard, giving the college only two years to remedy the situation before losing accreditation. "When you are on sanction, you only have a certain amount of time to demonstrate what they determine as long term financial stability. And that is it. That is the only criterion by which you are going to be judged by the accrediting body, and we need to demonstrate as much" (President 39).

And, President 50 indicated that financial issues have long plagued the college, which was sanctioned by its accrediting agency for two-years prior to his arrival. Adding to the financial misery, the regional accrediting agency has recently removed his college's accreditation, putting many factors into a tailspin – not the least of which is recruitment, since academic credits earned at non-accredited colleges are generally non-transferable.

Pressures come from additional external agencies, as well. While struggling with the potential loss of accreditation, described above, College 39 also experienced discouraging legal restrictions by its lending institution, confounding its ability to generate revenue from investments.

And, attempting to maintain transparency, President 61 reported the illegal transactions by a former CFO "to the state's office of the attorney general. A forensic accountant was hired to get correct data." Similarly, in the process of struggling with financial distress, President 86 discovered that several members of the faculty had failed to submit necessary paperwork or to perform required procedures, causing issues with a regulatory agency which negatively affected programs and students.

Former staff, trustees, and alumni can also exacerbate periods of financial distress. At one time in a position of power, former trustees often find it difficult to step away from institutional leadership. As discovered by President 18, when former trustees become emotionally agitated by as few as one disgruntled current trustee, the external furor can cost a seated president his position:

> And this sitting board member made it pretty clear that he was very concerned about my presidency and whether I should continue as president. At one point he came to see me for an hour and 45 minutes. I answered all of his questions…I was very straightforward with him about where his information was wrong. He heard that. But he, nevertheless, was pressing the agenda with the board. (President 18)

As experienced by Presidents 18, 39, and 85, faculty and staff who have been released due to downsizing can feel hostility toward current college leadership and release a barrage of rumors, innuendoes, and unverified, undocumented information and personal attacks against the president and other individuals on campus. Similarly, as discovered by President 90, faculty, staff, and alumni who disagree with new directions and initiatives can anonymously inflict threats and pain upon the organization and individuals, not only through traditional media, but also through popular new forms of social media. "I do think there is something about social media that is not face-to-face, that isn't direct, that allows this lack of civility to perpetuate itself…and it is very derisive to the community at large…that it is just hurtful…" (President 90).

According to Cowan (1993), who studied the successful turnaround of 16 small, independent colleges, "success depends more on internal actions than on external forces" (p. 2). Yet, it is clear that external pressures take time away from identifying and solving the internal issues which cause financial distress. Thus, damage control must be attended to if a college hopes to recruit and retain students, as well as to court wealthy, influential benefactors.

Inherited circumstances. New presidents may discover that their new home is not what it was purported to be. As noted by Brown (2012), "Presidents frequently report that they did not know the extent of the problem when they accepted their positions" (p. 33). Allen (1999) discovered the same phenomenon: "The president quickly found that the college she read about was not the college she was hired to lead. The college was out of touch with the demands of the marketplace…" (p. 76). And, Puglisi (2011) found that presidents who rose through the ranks at a college were often unaware of the true conditions at the institution. He found that "…even having served internally in another capacity, a new president is almost always certain to face surprises when assuming a major role at a financially challenged institution" (pp. 83-84). In this study, because many presidents reported frustration with pre-existing situations which caused them ethical dilemmas, Inherited Circumstances rose to the surface as the fourth domain under which such dilemmas can be categorized (see Table 11).

Table 11

Ethical Situations Related to Inherited Circumstances

Situation
Predecessors permitted ongoing conflicts and lack of cooperation among senior staff.
Past practices permitted benefactors to keep college solvent, but inappropriate strings were attached.
Unfair public attacks against college by former employees and/or former board members.
Predecessors permitted individuals to assume authority outside of their roles and responsibilities.
New president carries yoke of distrust caused by unethical behaviors of predecessor.

Presidents 10 and 73 specifically complained that the new president must carry the yoke of distrust and mismanagement caused by the actions and unethical behaviors of their predecessors. President 10 did not blame his predecessors, noting, "I think they were just scrambling to try to keep the ship afloat and made decisions that had ethical implications." President 73, however, pointed a finger at his dishonest predecessor for the unending questioning of his own motives and actions both by his board and college faculty. He said, "I find it really intolerable because I didn't cause any of this mistrust. It was somebody else's actions." Eventually, President 73 began to challenge the questioning, and it has diminished somewhat.

President 16 found himself in a situation similar to the Sandusky incident at Penn State, where a former employee's arrest on felony charges brought the press to College 16 in search of possibly related incidents. This brief exposure in the media affected the college's ability to assume new debt, as lending institutions expressed concern about the college's potential liability.

> Here was another wrinkle in it: This was the year that we were moving forward with refinancing of the college's debt. And, some of the banks that we were talking to were asking very specific questions about this case and the allegations and if there was going to be substantial liability on the college, what insurance it had, and so on. (President 16)

In her study of the ethical dilemmas faced by California community college presidents, Mueller (2008) discovered that,

> For participants who chose not to go against board members' pressures or wishes, that decision was based on either self-preservation, or choosing one's battles and in that case opting not to confront the situation. If an organization displayed or condoned unethical behavior from the very top (i.e., boards), a president picked and chose when and how to combat a cultural norm. (p. 92)

Analogous to Mueller's (2008) findings, in this study, Presidents 85 and 89 chose not to confront the individuals whose behaviors were causing them ethical dilemmas. For President 85, taking the "high road" meant, as a silent martyr, feeling the pain of "vicious attacks" from two individuals, an embittered former employee and a former board member, who had teamed up to spread misinformation about current leadership and cause unrest about the college in the local community. This president's hope was that these attacks would die of their own accord, noting, "…so, you take a little beating and wait for that to play out on its own." Similarly, President 89 sits quietly, choosing not to confront a situation where inappropriate decision-making authority was granted to a wealthy donor by two previous presidents. This president believes that the long range fiscal health of the college rests upon its establishing self-sufficiency, yet the donor's benevolence removes from the president the distasteful burden of having to make drastic cuts in staffing and services in order to balance the institutional budget.

> Short term, I just keep this person in good communication, keep talking to him, keep including him. The more I communicate with him, the better it seems because then, at least, I keep the buy-in on the front end, instead of having the solution that he doesn't like and having to re-do the solution. If I involve him in the solution at the beginning, it might be his solution instead of my solution, but it is still a solution that we have worked together. (President 89)

Without doubt, inherited circumstances can cause presidents headaches, as well as ethical dilemmas, when they must choose between permitting unethical practices to continue unchecked, or to confront them head-on and face both the criticism from those who have profited from the practices and the reality of unpleasant alternatives.

Organizational/structural. Hoppes (2009) detailed the manner in which many small private colleges participate in an unwinnable race to attract students by investing millions of dollars into new or upgraded facilities, prominent athletic teams, and information technology resources beyond the needs of their academic programs. Hoppes notes that "When resources are limited, each time a decision is made to invest in one area, the institution is choosing, sometimes to its peril, not to invest in another" (p. 6). For small private colleges, investing in infrastructure generally results in new debt that must be met by an increase in student tuition dollars. When students do not enroll in numbers necessary to meet the debt obligation, the institution may slip deeper into financial distress.

Similarly, Bowen (1980) notes that more affluent institutions spend more money than less affluent institutions, but not necessarily on instruction. Instead, the additional money is poured into non-academic staff. For them, in reducing costs during financial distress, "the focus should be on the ratio of nonacademic staff to students rather than on the ratio of faculty to students" (Bowen, 1980, p. 151).

The Organizational/Structural domain relates specifically to changes within the physical or organizational structures resultant from financial distress. It reflects the ethical dilemmas faced by presidents who must decide between initiatives which compete for limited resources, not knowing which path, if either, will result in positive financial outcomes for the institution.

As displayed in Table 12, this study discovered much under the Organizational / Structural domain. For example, in hopes of capturing a predicted surge of potential students, College 39 added graduate programs, implemented a football team and marching band, acquired real estate and built dormitories, but the anticipated enrollment growth never materialized. New President 39 must now eliminate programs, reduce full-time faculty and staff, and identify other strategies to bring to college back into solvency, or else risk loss of accreditation from a concerned regional accrediting body.

Table 12

Ethical Situations Related to the Organizational/Structural Domain

Situation
Downsizing led to layoffs and buyouts.
Layoffs led to redistribution of staff responsibilities with little or no salary adjustment.
Elimination of programs and majors caused redirection which was contrary to college mission.
New college mission and new programs required infusion of staff and funding in some areas, while others were experiencing staff and funding reductions.

Presidents 90, 71, 57, 49, 41, and 30 all restructured their colleges in response to financial distress. As noted in the Institutional Integrity section above, faced with financial distress, President 90 led a mission review process which ultimately altered the college's admissions parameters in order to generate higher enrollments and, hopefully, push the college into solvency. This change in mission completely revised the college's identity and has been met with severe forms of resistance from displeased alumni and long-time supporters.

College 71 experienced three decades of growth during the 1980s, 1990s, and 2000s, followed by a sudden enrollment downturn. When the unanticipated drop in enrollment occurred, President 71 tried to find campus-wide consensus on an equitable and fair way to reduce all employees to a fiscally responsible level while maintaining programs. "A lot of dialogue, analysis of data, and honest reflection on various alternatives led to a consensus about what had to be done. Sadly, we are just in the early stages of implementation, so I would not say the dilemma has been successfully resolved" (President 71).

In deciding which faculty and staff to cut, President 57 not only looked at programmatic needs, but also considered aspects of social justice: "I have been part of conversations where questions of social justice also were brought up as part of the conversation, although they were not called out for by policy." If someone were unlikely to be able to quickly find alternative employment, President 57 tried not to release that person.

President 49 elected to reduce staff rather than faculty, slicing away 10% of his non-faculty employees in his first cut, followed by another 8% in the second:

> You know, that is in a close knit community. It is unbelievable that we were not on the front page of *The Chronicle* or the *New York Times*. So, we must have done it right…When you are dealing with faculty positions, of course, we would have involved the faculty governance. But these were strictly staff positions. It was really a management decision based on where we could most afford to lose people, even if we couldn't afford to. (President 49)

In an alternative strategy, rather than cut any staff or faculty, President 41 restructured employee benefits packages by eliminating the college's match to its employees' retirement investment accounts. He said, "And while you want to think about the good of the institution, you want to think about the good of the people you are dealing with, obviously. All those issues impact people directly or indirectly." Then, President 41 eliminated a study abroad program and replaced it with a less expensive domestic service learning program.

In similar fashion, President 30 faced financial distress by weighing cuts in community service programs versus cuts in academic subjects. In the end, he cut both in order to regain financial stability.

In all colleges which made cuts, the organizational structure was changed to make the colleges leaner and more efficient, while attempting to ensure little to no reduction in services offered to the students. In some cases, buildings or valuable collections were sold to quickly generate funds to balance budgets, while efforts were taken to ensure long range organizational sustainability. In other cases, program cuts changed the faces of departments or divisions, while sometimes entire divisions simply disappeared. In no college facing financial distress did organizational or structural elements escape change.

Morale. When faced with financial distress, presidents must attend to the bottom line, both by stopping the outflow of dollars (expenses) and by increasing their inflow (revenues).

The first response is decreasing expenditure. Budgeting should be accomplished through collaborative processes, with the president leading the way. According to Puglisi,

> The first level of cuts should come from operations… Freezing or even reducing salaries, should be considered , though benefit reductions …generally have a less detrimental impact on employee checkbooks and morale (2011, p. 86)….It is good for those on campus to know that the president cares about the people who make up the college community….The president must make campus morale a top priority (2012, p. 41)

Similar to Organizational/Structural issues, morale issues can present a president with ethical dilemmas, especially since all college divisions are competing for scarce resources—and not always fairly. In her study of colleges in financial distress, Allen (1999) noted,

> The ongoing problem facing Recovery College has less to do with the bottom line and more to do with the atmosphere on campus. The college is divided into camps, with top administrators and trustees in one sector, and the faculty, who are spread along the spectrum. (p. 12)

And Puglisi (2012) agreed: “Campus morale is crucial…. Rumors are rampant on a campus during times of financial challenge, and they tend to flare up at the slightest indication of a worsening situation” (p. 41). Morale, then, emerges as the sixth new domain under which ethical dilemmas may be categorized (see Table 13).

Table 13

Ethical Situations Related to Morale

Situation
Administrative actions to reduce fiscal distress create and heighten employee anxiety.
Financial distress causes polarization of faculty and administration into camps of distrust.
Awareness of financial distress creates student concern about potential tuition increases.
Faculty/staff questioning and distrust of presidential initiatives because of previous experiences with former president.

Institutional climate and morale simply change, and usually to the negative, as the result of the pressures of financial distress. President 71 reported that financial distress “created terrible tension among members of the administration as each one strove to preserve his/her staff while responding to the needs of the institution to save significant sums.” Concerns for those being released caused repeated ethical dilemmas for President 71.

Similarly, President 57 found that an initial round of staffing cuts so affected remaining staff and faculty that when faced with a second round of potential cuts, all employee groups agreed to a pay cut instead of reducing additional staff. In recalling the situation, President 57 said,

> And (the first cut) was very painful for the employees and students, for that matter, to see them leave….So, being a couple of years later, we made a judgment that actually took that sort of feedback into account….At that time we believed that the community was in a

position where that was what the apogee preferred to do, which was that we would forego compensation ourselves in order to preserve FTE.

President 39 reports that efforts to remain solvent do "certainly nothing good for morale." He described among campus constituencies a "sense of real melancholy because colleagues are losing their positions." Similarly, President 22 noted that the strategy of cutting employee benefits to balance the budget "had a negative effect on morale," especially since those cuts happened twice within a brief period of time.

However, restructuring and downsizing do not always demoralize a college community. President 35 reported that "the campus has come together in a unified way" to address the causes of financial distress. Similarly, President 08 reported that "We must have done something right," when going against board advice by letting faculty and staff know the full extent of the financial distress the college was facing. All employees have joined together in solidarity to defeat the distress. Morale is actually high and "is a result of the faculty, the staff, and the students all coming together and saying, 'Look, we can win this battle. We can do this!'" (President 08).

Only two of the 24 Presidents who completed the initial survey reported strong positive morale related to efforts to rein in spending and conquer financial distress. In all other colleges, the pressures of financial distress resulted in negative morale, distrust, and self-preservation behaviors. As observed by President 86, "I think the competition for scarce resources takes people to a whole different place. I think whether it is personal or institutional, you begin to see our carnal nature."

Summary. The first research question addressed by this study asked: *What kinds of ethical dilemmas did presidents identify as occurring during organizational recovery from financial distress?* This question was answered in three manners: First, in the initial survey, presidents were asked to identify, from a check list of forty-seven pre-determined ethical situations, those situations which they experienced while their colleges were under distress. Second, in the open-ended portion of the initial survey, presidents were asked to identify ethical dilemmas they faced during financial distress which were not included in Mueller's (2008) list. And, third, during telephone interviews, presidents identified additional dilemmas which had not emerged in their responses to the check-list or the open-ended portion of the initial survey.

From survey responses and interviews with the presidents, this researcher identified 35 new situations with ethical dimensions, which have been categorized under six (6) new domains. These domains, which appear to occur during financial distress, include: Transparency, Institutional Integrity, External Pressure, Inherited Circumstances, Organizational/Structural, and Morale.

Research Question #2

The second Research Question of this study asked: *How did presidents resolve their ethical dilemmas?* This question was answered in two manners: responses by presidents to Question 4 of the initial survey and comments made by presidents during telephone interviews. This study discovered four principal methods utilized by Presidents to resolve their ethical dilemmas: Direct Approach by the President, Indirect Approach by the President, Board Confrontation of the Issue, and President Permitting Dilemma to Persist.

Direct approach by the president.

Bennis (2003) said about leaders that "having learned from the past, they live in the present, with one eye on the future. And each leader puts it all together in a different way" (p. 133). When faced with ethical dilemmas, leaders address them in their own styles and according to the characteristics of the situations they face. As discussed in this section, some presidents choose immediate action, while others choose discreet conversations, removal of the problem, or even delivery of an ultimatum.

Immediacy of action. Most presidents who were interviewed indicated that they attempt to address any issue as soon as possible in order to avoid its becoming larger than it should. This is especially true for situations with ethical dimensions, where personal attention by the president demonstrates the importance of the problem to all observers, and sends an instructional message about what the president sees as appropriate and inappropriate behavior (President 73). As noted in the responses to Research Question #1 above, when wrestling with the issue of financial distress, presidents who were transparent with the college as a whole were better able to justify their actions than had been their predecessors whose actions held unclear or ambiguous meaning to the staff and faculty.

For example, very shortly after his appointment, President 08 went against the advice of his board and executive staff and shared with the college employees the depth of institutional distress. The employees rallied around him in multiple efforts to bring the college into recovery.

> Although very little that is positive can come from financial distress, the one thing that is positive is that the entire campus community became focused on relieving that distress. Rather than "fighting among ourselves," trying to cut ethical corners or being caught up in petty issues, the concerns over fixing the problem helped unify the campus. (President 08)

In another example of immediate response, President 16 dealt with a breaking news story back at the college while he was at a new presidents' seminar in another state.

> …in the middle of that, my cell phone started going off like crazy with text messages and so because they had just arrested this fellow, and I apologized to the class for having to

step out. I told them that "These sessions we just had on crisis management look like they are going to come in handy. (President 16)

Fisher and Koch (1996) note that "A leader attempting to garner support for a particular cause can benefit from being perceived as an expert. This perception both inspires support for a common cause and reduces unproductive conflict" (p. 36). Faced with the need to make changes in college organizational structure and programs, Presidents 39 and 41 gathered data to support their plans of attack, and shared that data with various campus constituencies to gain their support. For example, an analysis of the methods used by students to make bill payments enabled President 39 to reduce staff in the student accounts office. "Before we had a lot of online payments, we had multiple personnel in the student accounts office processing checks, but now we don't need that" (President 39). Similarly, an analysis of data enabled President 41 to justify a change in service providers against criticism of his decision by people who felt the former service provider was a good supporter of the college. He said,

> Well, the information I found out about the good supporters was that we had been giving them about $25,000 per year for the service and they had given us $1000 in the last four years. So, you know, it wasn't a quid pro quo by any means or measure. So, it was a $15,000 savings for us to go with another service provider.

Direct response to an unethical issue does not always yield a positive outcome, however. In a less than satisfactory outcome, President 43 went against the unethical request of a small but powerful contingent of his board and, due to repercussions of that decision, submitted his resignation shortly thereafter. "While a president typically avoids direct confrontation with trustees, I felt forced to do so to protect my integrity and the position of the CFO for the institution…I felt compelled to resign as president" (President 43).

Discreet conversations. Often, ethical dilemmas must be dealt with in private conversations with those whose actions are causing the dilemmas in the first place, in an effort to curtail their behaviors. Too often for presidents, those individuals are board members or college officials in high positions. President 08 and his Board Chair, for example, conducted what he referred to as a "Come to Jesus" discussion with a board member whose actions were negatively affecting the college's efforts to regain fiscal control. It was "a very honest discussion of what it means to follow through on a promise and the impact when the follow-through does not take place" (President 08). The board member responded favorably.

President 10 was asked to employ the relative of a board member:

> It was his son-in-law who was a candidate for a full-time position on campus….My mistake was to say to him, "We are not having this conversation….That is not how we operate….We are not going down that path." Well, my relationship with him never was the same….When things got tense, which they always do, whatever the stakes were, he wasn't real quick to be supportive of the president (President 10).

As evidenced by the two examples above, when choosing to speak discreetly with someone, it is not always possible to anticipate that person's reaction to the message. While President 08 achieved a resolution with positive outcomes, President 10 found that his conversation created a malaise that lingered well into the future.

Remove the problem. According to Fisher and Koch (1996), "The only way to deal with disloyalty is to discharge the person. To tolerate even the slightest disloyalty from an administrative subordinate is to set a shorter time limit on an effective presidency" (p. 110). President 86 found this to be the case when discovering that the CFO was hiding funds and not sharing that information with the president. After the CFO refused to meet a performance plan established by president 86 during a private meeting, the CFO was fired.

> Well, I sat down with that individual and said, “It is apparent to me that these things continue to happen. After we’ve talked about it, you know my expectations, these things continue to happen.” And to lose confidence or trust at that level…the president has to have the highest confidence and trust in the CFO. (President 86)

Similarly, President 39 discovered that a respected member of his cabinet was operating a private business from his college computer. When this individual took his college-owned laptop to IT for minor repair, not only did the business operation come to light, but there was evidence of possible criminal activity on the computer (President 39). The president offered that individual the choice of immediate termination for cause or immediate resignation. A resignation letter was on his desk before the end of the day.

In order to control a barrage of criticism and untruths about new directions being taken by the college, President 85 forced an influential staff member into retirement, only to have that person retaliate with vicious attacks against the president in the community.   “We are taking the high road and just letting it play out, but it is not easy. It is not pleasant” (President 85). In contrast, in concert with his board chair, President 18 removed a “long-time college fixture” from a position in which that person wielded inappropriate power in an unethical manner. This process was choreographed in several steps that included celebrations and rewards, but no chance of that person’s returning to the college’s employ. “So, we celebrated her. I made no mistakes. I never said anything that would have been an issue in any setting. I did nothing but honor her and celebrate her legacy” (President 18).

President 90 took subtle steps to see that “dead wood” was cut loose from the College’s board of trustees, especially since those individuals were not rowing in the new direction established by the board. This president’s strategy involved finding ways to encourage trustees to leave of their own accord.

> The difficult thing for board chairs and boards is to understand that maybe part of the moving forward and being successful means moving forward without all of the same people who were around the table when the decision was made (President 90).

Fischer & Koch (1996), Schein (2008), and Bennis (2003) all speak to the necessity for a leader to replace individuals whose values and behaviors run contrary to the best interest of the organization. In the examples above removal of the problem, regardless of whether it was accomplished through immediate firing or a retirement improved the situation for the respective president.

The ultimatum. And in a very unique strategy to remove a trustee who was blocking progress, President 49 offered an ultimatum to his board. He demanded, as a condition of his own renewal as president, that the trustee resign from the board. It worked! President 49 said, “I have been at this for (many) years and had never pulled a power play like that before but, in retrospect, I wish I had.”

Indirect approach by the president.

In an indirect approach, the president does not act alone or openly address an issue on his/her own. As a collegial strategy, the president may collaborate with others to explore all sides of the situation. Or, in contrast, and in an almost covert manner, s/he may take steps to isolate the individual who is causing the problem, effectively removing that person’s ability to create further ethical dilemmas.

Use of collaborators.

When faced with an ethical dilemma, a president sometimes appoints groups of people (committees, task forces, or focus groups) to investigate and to make recommendations, leaving the final decision up to the president. For example, faced with financial distress, President 57 utilized teams of key individuals to plan strategies for addressing perceived issues related to the distress. His environment was highly politicized, so he felt that the team approach would remove the target from his back. President 57 said,

> It was very painful for the employees and the students, for that matter, to see those people leave. Some of them were, in terms of being, in non-essential positions (I don't mean to demean them.), and yet they were at the institution for awhile in well-established relationships, and it was very painful for everyone to see them depart.

Similarly, President 71 sought to achieve campus-wide consensus on strategies he proposed to implement to bring the college into recovery:

> A lot of dialogue, analysis of data, and honest reflection on various alternatives led to a consensus about what had to be done. Sadly, we are just in the early stages of implementation, so I would not say the dilemma has been successfully resolved.

Faced with the need to reduce his college's budget, President 22 consulted with his executive cabinet to develop a group decision on the best strategy. They decided to cut faculty benefits rather than cut faculty. President 22 did not act alone; however, he also did not include faculty or staff in the development of the solution to the problem. "In fact, I wish they had been involved in it. Our fiscal year ends June 30th…so the faculty were not here…it was technically a senior staff decision" (President 22). When the faculty learned of the decision, their morale spiraled precipitously. In an effort to re-establish trust, President 22 has included all constituents in subsequent decision-making on similar issues.

In a budget situation similar to that faced by President 22, President 57 left down-sizing decisions to his program directors, some of whom eliminated individuals who had been problematic to them, regardless of the individual's value to the program or students. Considering social justice issues and fairness, President 57 intervened in some cases, but not in all. Because of the pain experienced across campus by the staff reductions, when another round of cuts was ordered, an outcry from all sectors asked that benefits be cut rather than people. President 57 complied with campus-wide sentiment. "I won't say it was thorough, but it was certainly a way to poll the sentiment of the community…which was that we would forego compensation ourselves in order to preserve FTE…" (President 57).

Isolation of the instigator. Fisher and Koch (1996) assert that "If a person cannot be dismissed, then a way should be found to treat him or her openly as an adversary, which after a while will bring his or her resignation, assuming that other subordinates are loyal" (p. 110). This strategy was employed by several presidents whose ethical dilemmas needed an indirect solution. For example, President 18's dilemma involved a maverick board member whose skills were needed by the college, but whose behaviors threatened the president. By surrounding himself with 8 influential board members who supported his presidency, President 18 effectively isolated the maverick from causing potential harm. "And what is the critical link in that is that…the trustee that stirred the pot here…while very much a part of the fabric of (the town) and very much a part of College 18 (is) now on the outside looking in" (President 18).

Similarly, President 85 was faced with vicious attacks from an employee who had been released. By taking the high road and not retaliating either in the press or in the courts, President

85 reported that people in the community and on campus now “see this individual for what she is, and her voice has lost credibility.” Thus, this former employee has become isolated by her own behaviors.

Board confrontation of the Dilemma. In three instances disclosed in this study, the board of trustees stepped in to remedy a situation. In each case, the president was ancillary rather than principal to the solution process. At College 90, revision of the college’s mission in light of its fiscal fragility left a divided board, where some embraced the new mission and others did not. To continue the movement toward hopeful recovery, the board chair replaced the leaders of several board committees anticipating that a change in committee leadership might send a message of “new directions.” “And the difficult thing for …boards is to understand that maybe part of the moving forward and being successful means moving forward without all of the same people who were around the table when the decision was made” (President 90).

President 85 redirected certain services to a new vendor after conducting a bidding process, something which had not previously been done for this specific service to the college. The president then received a written proposal, offering of a “kick-back” to the endowment from a board member if the college would return that business to his company. “And while I have held onto his proposal, I have chosen not to do anything with it” (President 85). However, this president informed the board leadership because it was important for them “to know that that is the kind of situation we have.”

At College 18, the president was the target of guerilla tactics by a board member who provoked community officials and other board members against the new directions in which the president was moving the institution. Notified by the board chair that “We’ve got a little movement going on here," President 18 was told to stand behind the chair while he took action to calm the situation.

> It was the strength of the board chair's reliance on process, relying on governance and appropriate channels, on being disciplined, on politically moving very quickly and getting ahead of it that the tide shifted. What actually happened was that the one sitting board member who had become the instigator became gradually isolated. (President 18)

President Permits Dilemma to Persist. Sometimes a president believes that "the greater good" comes from not addressing an unethical situation. In four instances reported in this study, presidents chose not to address a situation with ethical dimensions.

As discussed previously, College 28 faced a lawsuit from a faculty member who claimed discrimination in employment practices. Although College leaders felt that the college was in the right, trustees felt that a long and expensive trial would not play well in the community and would exacerbate efforts to recover from financial distress. President 28 instructed attorneys to settle the lawsuit out of court, even though he felt that the "settlement implied wrongdoing on the college's part, which was not the case." He felt torn between "risking a large financial loss to stand on principle," and "rewarding the complainant's unfounded allegations" (President 28).

President 73 joined the college following the removal of a president whose deceitful behaviors and unethical activities cast a shadow of mistrust upon the office and thrust the college deeper into financial distress. For more than 18 months, President 73 did nothing to challenge the constant questioning of his own motives and behaviors, believing that evidence of his trustworthiness would be seen in his behaviors and follow-through on promises. "When anything came from the president's office, they were dubious. They had five years of essentially broken promises. That's kind of what I inherited. The question was how long do you tolerate questioning?" (President 73). After 18 months of this persistent situation, President 73 began pointing out what he felt was obvious:

> I have been transparent and absolutely honest and all of that. But the ethical issue really is at what point are you going to call them on it? And, I've started doing that. I've said, "You can watch my actions. You can trust me. I am going to follow through." …I find it really intolerant, because I didn't cause any of this mistrust. It was somebody else's. I am the guy you CAN trust.

As described earlier, President 85 long tolerated a smear campaign by a former employee. Pursuant to a clause in the severance agreement, the college could have brought a lawsuit against that individual for releasing confidential information to the community and the press. However, a conscious decision was made to "take the high road" by not confronting the individual through the court system. "We want to be perceived as taking the high road and let her time play out…as a bitter person. There is a bit of that reputation for her around town, anyway" (President 85). When asked if there were any ramifications or regrets about not taking action, President 85 replied,

> We have a long-standing problem here with financial issues. I was brought in here to address it. It is slow and hard going, and the timing is lousy. If I had terminated (this person) when I came in, the timing would have been better. My only regret is the timing, not the action. I wouldn't change taking the high road.

College 89 simply spends more money than it brings in, and this practice has been permitted to continue through two previous presidents. However, rather than fixing the problem, for years the college has permitted a wealthy benefactor to write a check each year, often in amounts exceeding several hundred thousand dollars, to cover the difference between expenses and revenues, thereby making the college appear to be fiscally sound. Tied to that check, however, is inappropriate authority. "So now, when the president of the board of trustees says one thing, and then the big donor comes in and says, 'I don't agree with that,' everybody has to go back to the drawing board" (President 89). Faced with this dilemma handed down from two previous presidents, President 89 weighs the donor's annual check against the institution's need to remain solvent:

> I guess I knew the situation when I took the job. It is not new to me. So my long range solution is that as long as this donor is willing to give us millions of dollars, we take the time to build a solid foundation, a solid enrollment plan, and get out from needing his money in order to remain solvent. (President 89)

Summary. The second Research Question of this study asked: *How did presidents resolve their ethical dilemmas?* This question was answered in two manners: responses by presidents to Question 4 of the initial survey and comments made by presidents during telephone interviews. This study discovered four principal methods utilized by Presidents to resolve their ethical dilemmas: Direct Approach by the President, Indirect Approach by the President, Board Confrontation of the Issue, and President Permits Dilemma to Persist.

Research Question #3

The third research question of this study asked: *What did presidents consider when resolving their dilemmas?* This question was answered in two manners: responses by presidents to Question 5 on the initial survey and comments made by presidents during telephone interviews. As noted by the presidents who participated in this study, their considerations during ethical dilemmas generally fell into four categories: Gaining Control of the Situation; Making Decisions Ethically; Protecting the Integrity of the Presidency; and Taking Preventive Measures.

Gaining control of the situation. Gaining control of a situation requires immediacy of response, fact finding, and media control. Questions that arise include: who has been harmed, is it legal, and what will be the impact upon the students and the institution? As one president reported, when an ethical issue arises, a string of questions immediately flows through a president's mind: "Is it illegal? Is it immoral? Will it do damage to my reputation? Is this priority promoting or getting us toward the vision of our college? Are the total actions contrary to or supportive of our mission?" (President 89).

Newly appointed to his position, for President 08, acting against the advice of the trustees and the executive cabinet not to tell the employees the full extent of the college's financial plight was not a difficult decision, although it did raise the possibility of angering the board. Yet, President 08 felt that the employees of the institution needed to know the depth of the waters in which the institution was swimming.

> In my years of experience, you have a window where, as a new person, you can come in and literally tell the truth, the whole truth, and nothing but the truth and be able to use that to your advantage. If you wait too long, it almost appears that you haven't done your homework or that you don't have the guts to tell it like it is. (President 08)

President 90 similarly felt that employees needed to know the extent of the financial distress the institution was facing and the strategies that were being considered to initiate recovery, yet there was discomfort with transparency among some faculty and board members:

> And part of being transparent means that you sort of have to address the problems in an open forum, and people don't want to see the bad part in an open forum. They don't want to see the fiscal challenges that need to change in that format. They just want to feel positive about the institution. They just want to do the good stuff. (President 90)

Fact Finding is as important as immediacy of response. Though one wants to act quickly to rein in the damage of an unethical incident, one also does not want to act without having all the details, including who has been harmed and what, if anything, illegal has occurred?

President 61 learned that the recently dismissed CFO had mismanaged funds by covering operational losses from restricted funds. "I reported this fact immediately to both our accrediting association and to the state's office of the attorney general. A forensic accountant was hired to get correct data. Steps were taken to address the raided funds" (President 61).

Similarly, faced with a media event caused by the arrest of a former employee for sexual assault, President 16 hired an outside firm to conduct an investigation. "I was actually up at the new presidents seminar and in the middle of that my cell phone started going off like crazy with text messages and so on because they had just arrested this fellow" (President 16). Not wanting to be in the middle of another Penn State (Jerry Sandusky) or Duke (lacrosse team) incident, President 16 said:

> I wanted to make sure that, number one, we got to the bottom of things, but that we did not in any way add to or inflame or support or refute any allegations that would be made against this former (employee), until all investigations ran their course. What I wanted to make sure we did was that we would condemn the nature of the behavior that was alleged, but very specifically not say that we were condemning this individual. So, trying to walk that line in a carefully calibrated way was, at least from my perspective, an important ethical issue for us to deal with, and I defined it that way for the trustees and the campus community. I think that people actually grasped that fairly readily.

The cost of the investigation quickly reached six figures, but President 16 felt there was no choice, in spite of the fact that the college was making major budget cuts due to financial distress. It was a two-sided issue: "Can we afford to do this, but on the other hand can we afford not to?" (President 16)

Implementing a new era of transparency at College 39, its new president made it known that the college had been borrowing money from its endowment to cover operating expenses. In collaboration with faculty leaders, decisions were made to eliminate some programs. Angry faculty went to the local media "with a lot of internal stories about what was wrong, and it created quite a firestorm in the press" (President 39). The dilemma facing this president was that of being totally transparent versus carefully orchestrating communications to the campus community. Because several faculty were inciting students protests and going to the board of trustees to attempt to repeal the elimination of their positions, "it has become very difficult to be transparent about what we need to do to get back on track while, at the same time, realistically operate the college" (President 39).

As noted above, some situations bring concerns of questionable legality. For example, President 10 shared a situation in which a board member asked him to create a scholarship in a specific amount for a specific student athlete. At first, President 10 explained the questionable ethics, but the board member continued pressing because he wanted the tax deduction. President 10 then explained that both the IRS and the NCAA would have problems with it. "I think it was the NCAA thing that got him to say, 'Okay'… So, you have the legal backing in case you don't have any ethics…you know, the law says you can't do that." (President 10).

Making Decisions Ethically. Mark Twain is credited with having said, "Always do right. This will gratify some people, and astonish the rest" (Twain, n.d.). President 10 agrees. Asked by a trustee to employ a relative for a full-time position, he simply told the trustee, "We are not having this conversation." In retrospect, President 10 noted that,

> Ninety percent of the time when people ask you to do something outside of the lines, they don't realize how far outside of the lines it is. You know, you just have to try to help them understand the reason why.

President 71 wrestled with concerns for the well-being of the college versus the well-being of the employees who were being terminated during downsizing. In a different twist on the same conundrum, President 22 struggled with broader ethical questions. After adding employees at all levels as the size of the college's student body grew, an enrollment downturn in 2008 caused President 22 to consider layoffs. Regarding layoffs, he said,

> You know, you begin to think 'Okay, I am better off, but have I made my world better off by increasing unemployment in my region and nation?' So we decided we were going to try very hard not to do that and we've succeeded. (President 22)

Instead of eliminating positions and redistributing responsibilities, President 22 cut employee benefits and was able to maintain the full cadre of employees.

Similarly, President 57 struggled with the notion of social justice when selecting who should be let go from employment due to financial distress. He said,

> I think well-meaning decision makers try to think about not the impact on the institution but about the impact on the individual that might be affected as well. Is there an alternative, maybe a transition, maybe other sorts of adjustments? (President 57).

President 41 determined that cutting programs was better than cutting faculty benefits in order to remain fiscally solvent. He asked, "Is it right to continue to support a program that in essence took away from faculty and staff matching retirement benefits?" The honors program that he cut was not entirely eliminated but, instead, was transformed into a service learning program at an annual savings of several hundred thousand dollars.

> You know, I think initially there were some people a little bit concerned. You know, "what did you do to such a wonderful program?" But when you looked at it from a financial perspective and you explained it to people, they could see very clearly that it was a much wiser thing to do. We replaced it with a service learning component that will be much more cost effective and more in keeping with our institutional mission. (President 41)

Protecting the Integrity of the Presidency. Andrews (1989) wrote that "Ethical decisions depend on both the decision-making process itself and on the experience, intelligence, and integrity of the decision-maker" (p. 100). Of those three elements, it is the president's integrity that keeps him in firm stead with his board of trustees. Tatum (1992) noted that the culture of integrity flows from the top of an organization. Thus, the president must truthfully keep the board informed of factors which influence the health of the institution and work closely with the board to keep the college moving forward. To ensure that he has the best possible information to share with the board, the president must depend upon the integrity of his staff.

This study discovered interesting situations with ethical dimensions that were related to presidential integrity. For example, since learning that the recently dismissed CFO had mismanaged college funds, President 61 has been constantly concerned with truthfulness of information which he shares with the board of trustees, the accrediting agency, and state regulatory agencies. Similarly, when learning that the CFO was hiding money and not sharing this information, President 86 was concerned about the need for trust and transparency in the relationship between the CFO and the President. "Because of the critical nature of the financial situation, I, as president, needed to have confidence that I was receiving accurate, complete information" (President 86).

When President 85 was offered a "kick-back" for doing business with a firm owned by one of the trustees, that information was immediately shared with the executive committee of the board to protect presidential integrity. "I laughed and told my (spouse) that it reminds me of this little place in (the south) where my mother grew up, where everybody did this with everybody else, and it is like a little Peyton Place" (President 85).

At College 43, opposition to the trustees' enhanced system by the Chief Financial Officer (CFO) led to efforts by the group of trustees to fire him. The ensuing dysfunctional micromanagement caused President 43 to submit his resignation.

> The major questions for me were protecting the integrity of the positions of President and CFO -- both needed freedom from Trustee interference in administrative matters -- and the need to insist upon my own sense of injustice at the attempt to dismiss a staff member because of a disagreement over software (President 43).

In changing the college's mission, President 90 knew that some individuals who had been associated with the college for many years would face difficulty in accepting the change. However, "the survival of the institution should be paramount to individual trustee emotions and behavior" (President 90). This president gave serious thought to how the change process should be managed and how presidential integrity must be ensured:

> I really felt the institution couldn't adopt these kinds of changes without doing it in an open process. If you did it behind closed doors and announced the decision later, there would be loads of pushback and you'd have to deal with all of the mess after the fact…the credibility and trust would be irreparably damaged, and so forth (President 90).

Taking Preventive Measures. Kidder (2009) identifies nine checkpoints which should be visited when engaged in ethical decision-making: recognize that there is a moral issue, determine the actor, gather the relevant facts, test for right-versus-wrong issues, test for right-versus-wrong paradigms, apply the resolution principles, investigate the "trilemma" options, make the decision, and revisit and reflect on the decision (pp. 181-185). It is the last of these nine steps which gives presidents the opportunity to defend themselves and future leaders against similar situations with ethical dimensions. By removing uncertainty from decisions, one may be able to move away from unclear ethical decisions by simply converting them into policy decisions. If policies exist to guide us to an appropriate outcome for any situation, we remove from the leader the exercise of ethical decision-making – he simply adheres to the existing policies in most instances. Thus, when reflecting upon unanticipated situations which have arisen to challenge ethical principles, many presidents and boards move to review, strengthen, or create policies to address those situations in the future.

When asked if any policies existed to help guide his decision, President 08, who shared with faculty and staff the extent of college indebtedness against the advice of his trustees and cabinet staff, said, "No. As a matter of fact, they were probably at odds with my decision."

When asked the same question about existing policies to guide his decision about accepting monies for a scholarship intended for a specific student, President 10 replied, "I don't know if we have a policy that says you can't develop a scholarship and name the recipient. The IRS has a policy that it is not a gift in that case. So, you have the legal backing in case you don't have any ethics…"

President 57 noted that at a previous presidency, institutional policies were so unclear that they "propped open the door for a fair amount of discretion, which also allowed (unethical practices) to come into play."

In contrast, College 41 has very clear policies on behavioral expectations for faculty, staff, and students. "I am basically the final recourse or final arbiter for questions related to conduct or rules at the college. In faculty and staff matters, there are clear lines of administrative policies and procedures that we follow, and I try to act on them in keeping with our policies (President 41).

Because of the recent loss of regional accreditation due to financial mismanagement, College 50 has implemented a variety of efforts to recapture that accreditation, including revisiting all of its policies and procedures, especially those related to accounting and the outsourcing of financial management. President 50 said that implementing these processes is "a moral choice as directed by job description."

And, preparing for the future is on the radar for President 16 who, soon into a new presidency, faced the issue of a former employee being arrested for sexual assault:

> We quickly found that our policies in that area were, I guess you could say, relatively thin. You know, there were general statements about things like sexual harassment that were pretty clear cut, but not much specifically related to any contacts with minors or how anything inappropriate with minors should be reported, and so forth. So we wanted to use it as a teachable moment for us, and worked with our attorneys on a parallel track to develop the appropriate set of policies and procedures to govern us going forward (President 16).

Summary. The third research question of this study asked: What did presidents consider when resolving their dilemmas? This question was answered in two manners: responses by presidents to Question 5 on the initial survey and comments made by presidents during telephone interviews. As identified by the researcher from the responses of the presidents, their considerations during ethical dilemmas generally fell into four categories: Gaining Control of the Situation; Making Ethical Decisions; Protecting the Integrity of the Presidency; and Taking Preventive Measures.

Additional Data Generated by the Interview Questions

During this research study, telephone interviews were conducted with the 14 presidents who agreed to be interviewed. Table 14 displays the eight questions asked during the interview process. The first four questions (a, b, c, and d) were intended to probe for additional information about the ethical dilemmas faced by the individual presidents from the situations which they reported in the initial survey. Responses to questions a, b, c, and d are contained in research question sections above. Additional questions, e, f, g, and h in Table 14, were asked to generate information regarding each president's perspectives and core beliefs about ethics, unethical behaviors, and ethical decision-making. Responses to questions e, f, g, and h generated the following data.

Question e: How do you choose what you will address and what you will not when confronted with unethical behavior? When asked how they choose what they will and will not address when confronted with unethical behavior, the responses of the presidents fell into four categories: Immediacy, Policies and Procedures, Boundaries of Acceptability, and Personal Conscience.

Table 14

Questions Asked of Presidents During Telephone Interviews

Letter	Question
a	Would you please explain in greater detail the considerations which you had to weigh in this situation?
b	In making a decision in this situation, did existing college policies or planning priorities inform your decision making?
c	Were there any ramifications, positive or negative, to the decision that you made?
d	Knowing what you know now, would you make the same decision today?
e	How do you choose what you will address and what you will not when confronted with unethical behavior?
f	What kind of education is provided to the board, the faculty, and the administrators in regard to ethical behavior?
g	In your experience, do presidents face a different variety of ethical dilemmas during financial distress than during non-stressful periods?
h	If you could give advice to another president about ethical decision-making, what would it be?

The Immediacy category assumes immediate and direct action by the president to resolve any ethical dilemma. Presidential comments related to Immediacy included:

- "Well, any time there is unethical behavior, I am going to address it. Why would I let it ride?" (President 49).
- "First of all, if it is purely unethical, if it is either damaging to a student or to the institution, I deal with it as quickly and as decisively as possible without being rash" (President 39).

- “I think we have to address unethical behavior when we see it but, particularly when it places your future at risk. When it places individuals at risk, we have to address those things” (President 86).
- “The first thing that goes through my mind is that the clock starts as soon as I know. What does the president know, and when did he know it? So, I say in my mind, ‘Start the clock.’ It is just that I know it now and I am accountable now” (President 18).

The Policies and Procedures category reflects the comments of two presidents, who refer to college policies to help them solve ethical dilemmas. When asked how he chooses what he will and will not address, President 41 replied, “We have very clear policies here institutionally that help guide us to make those decisions…” And President 22 said,

> I don’t think I do it any differently as a president than I have done it as a person. The difference is, of course, the responsibility to the institution, not just to myself or to my family. I am a lawyer, so I think about what types of norms have been violated. Has someone or something been hurt or injured? (President 22).

The Boundaries of Acceptability category acknowledges that some ethical dilemmas and employee behaviors may actually be unaddressed. Three presidents, in particular, said,

- “I think there are boundaries about what you will and will not address….There is integrity that we have to practice in each institution. We have to be fair about that” (President 90).
- “Over a long period of time, I have come to realize that I must draw a line in the sand on what I will accept or not accept. I refer to it as my moral compass. If anything arises that will cause me to violate my ethical principles, the idea of being a person of

character, I am going to act on the side of character and not on the other" (President 08).

- "Maybe it is because of my law background, maybe is it because of personal perspective…basically, I feel that you have to address in some form or fashion anything that has an unethical element to it. You can't let something go totally unaddressed…there can't be much room for tolerance" (President 16).

And, finally, the Personal Conscience category reflects the personal manner in which some presidents face the responsibilities of their positions. To these presidents, their decisions directly reflect upon who they are:

- "I believe that I have a strong moral compass that comes from the way that I was raised very solidly from my mother and father. I try to think about the big picture in what I am called to do" (President 85).
- "I try to be congruent with myself. I have to say that I rely on my own moral compass and the moral compass of others around me. My inclination, therefore, is that I will typically try to address it in whatever appropriate manner of conscience the situation calls for" (President 57).
- "Well, I don't know that you get choices. You have to empower your colleagues. You have to count on your colleagues. Your senior staff have to feel fully confident that you will stand with them when people are asking them to do improper things" (President 10).

Question f: *What kind of education is provided to the board, the faculty, and the administrators in regard to ethical behavior?* Responses to Question f generated little variation in data. Most presidents reported that their colleges followed policy manuals related to personnel matters, and that those manuals defined expected behaviors, including sexual harassment, discrimination, and confidentiality. New faculty, staff, and trustee orientation programs include sessions in which these materials are discussed. Similarly, student orientation programs include an overview of student behavioral expectations, which are enumerated in the student handbook. And, on an annual basis, many boards of trustees must sign statements acknowledging that they understand their roles and responsibilities and that they will report any instances of conflict of interest, which ensures that they are aware of potential conflicts between their personal/professional lives and their roles and responsibilities as trustees. At only one college, College 90, do faculty, staff, and students sign an honor principle. “I think that (the honor principle) allows us to really talk some about ethical issues” (President 90).

Two presidents indicated that little training with ethical dimensions is provided at their institutions. When asked what types of education is provided, President 16 simply said, “Very, very little. And that is…as various issues have cropped up over the course of my (time) here, I have actively tried to figure out how to address them.”

Similarly, President 10 said,

> There is no formalized education here. I mean, you have your faculty handbook and you have your staff handbook, and you have your bylaws that outline the policies and practices at different levels. We don’t even do an orientation here, and for a variety of reasons. We give everyone the materials and expect them to be held accountable for that, but…I can give you other excuses as well….We don’t even have a director of human resources.

President 90 offered a full range of examples of formal training and education for students, staff, faculty and the trustees. In addition to orientation programs for the all levels of personnel and trustees, President 90 also said,

> We ask faculty to blog and to post and to twitter and to do other things whether it is on Facebook or other mechanisms, and so they need to have a sense, to a certain degree, about what some of the boundaries are. And I think that is a different conversation today…. I think the challenges today are really around the lines between what is ethical and civil, and understanding how we can really--this sounds so bizarre to me, being an academic institution--how we can respect different points of view. That should be the hallmark of being in higher education and being an academic institution. It shouldn't be a challenge today that you should represent different points of view, but you can see in this change process that some people aren't too good about respecting the opinions of others and listening to them. That is a challenge.

Question g: *In your experience, do presidents face a different variety of ethical dilemmas during financial distress than during non-stressful periods?* Not all presidents offered a direct response to interview question g. Presidents 08 and 16 felt unable to respond to this question because neither had served as president during a period when a college was not suffering from financial distress. "I am waiting for the day with a non-stressful period. I have not experienced a non-stressful period yet. I can't answer that question yet" (President 08).

> I guess in my limited experience, I probably do not have a good enough comparator….You do what is the right thing to do, and if that means that it is going to cost you more dollars than you are really in a position to deal with, c'est la vie. You've got to deal with it (President 16).

President 73 wasn't sure, but said, "I think there are plenty of moral and ethical dilemmas to go around, but I don't run into a lot…although the level of unethical decisions will be more prevalent during distress."

However, 10 presidents felt that financial distress does, indeed, bring with it a different variety of ethical dilemmas, and their responses fell into two categories: Desperation for Resources and Behavioral Change. The Desperation for Resources category acknowledges that dilemmas occur in a different context, at a time when presidents are "trying to manage cash," and when many dilemmas are focused upon choices about what will and what will not be funded (President 89, 41, 22, and 39):

- "I guess that that is true. The context is certainly different. The set of decisions that you have to make is definitely different, you know, when you are in a position maybe of abundance rather than in a position of financial crisis of some sort" (President 57).
- "Oh yes, always. It is trying to manage cash, and it is trying to manage income and expenses, and there are always too many expenses and never enough income. I can give you examples and, again, they walk on the edge of ethical and non-ethical" (President 10).
- "Well, I think so. I think anytime you are stressed financially and are making some very critical decisions, most of the time those decisions affect people…and while you want to think about the good of the institution, you want to think about the good of the people you are dealing with, obviously" (President 41).
- "While this is my first presidency, I have seen the inside of a lot of what presidents have to deal with in the way of ethical dilemmas. Even here at College 39, our dilemmas are almost all focused on the financial stress issues and what that does to an

institution. I see unethical issues as an almost unconscionable waste of resources" (President 39).

- "I do, and I think that you might say they do because they face economic choices. You can't fund everything…You have to pick more carefully what you are going to try to fund, and you have to stop funding. Clearly, deciding those things is an ethical dilemma" (President 22).

The Behavioral Change category points to the tendency for financial distress to bring out behaviors which individuals usually keep in check, but which become unleashed during financial distress due to anxiety and self-preservation. This category also notes that some people cross the lines into areas of responsibility which they do not own, perhaps out of desperation:

- "I think so. I think the competition for scarce resources takes people to a whole different place. I think whether it is personal or institutional, you begin to see our carnal nature" (President 86).
- "Well, in a way…There is heightened anxiety…The anxiety, I believe, leads to deeper questions…and that, I think, can lead to the spinning around the ethical things coming into play, where there are questions of administrative integrity" (President 28).
- "Yes. This is my only experience in a really distressed college. But I think it would be true because you are so desperate to have money that you can see how people without a moral compass or without reinforcement or support could do things out of desperation" (President 85).
- "Yes, I think they do…I think that when you are in fiscal distress or a financially stressful situation, people forget their roles, and they want to reach deeper and

manage situations that they should be strategic about as opposed to be operational about" (President 90).

Question h: *If you could give advice to another president about ethical decision-making, what would it be?* When asked what advice they would give to other presidents about ethical decision making, the presidents fell into two camps: those whose responses came from the vantage point of leadership strategy, and those whose vantage points were more personal in nature. Those whose responses came from the leadership vantage point focused upon strategy, In their own words:

- "Don't compromise your ethical principles. If you don't have integrity, you really have nothing. You are what your integrity defines" (President 57).
- "To set limits on what is fair and what is not fair….I think the more boundaries you set up front, the better" (President 90).
- "It would very much be that the dollars will come back around in some other way, in some other form. Don't worry about the dollars that it is going to cost you to do the right thing, and do it as promptly and as thoroughly as possible" (President 16).
- "I think they have to understand that they have responsibilities that are individual and collective. My strength runs through the vice presidents. They have to be in alignment, together and with me. You can't have lapses if everyone is tied together at the hip. And I think that is the real safeguard" (President 18).
- "It would be that the weight of the world does not rest only on your shoulders. We carry it all together. So, when one faces difficult ethical decisions in times of distress, share the issue. Seek advice, seek counsel, seek the ideas of others, be as open as the issue allows you to be, and be as transparent as it allows you to be" (President 22).

- “One piece of advice I would give to all presidents is that if you think something might be an unethical issue, ask for as much information as you can. Here, the very responsible members of the board of trustees who went with us through the financial crisis…had they known that the college was having to borrow from its endowment to pay for its operating expenses on an annual basis, someone could have pulled the alarm bell and it would have been easier to turn this thing around” (President 39).
- “Do it! I don’t know that I could be any more profound than that. You have no choice. That is what we do. We live in that world. We are an education institution, so we want to model what we preach. Of course you have to do things in an ethical fashion!” (President 49).
- Well, I think you have to have a sense of confidence about who you are working with and how you will, as a team, work together. I think one of the things that can be a dangerous thing is when people hire ‘yes’ people rather than hiring people who will challenge them and ask the right questions (President 86).

In contrast, those presidents who replied to question h from a personal vantage point gave answers that showed ownership of the decisions that they have to make:

- “Yes, it would simply be that you have to have your own personalized…what you feel is your…touchstone for ethics. How you are to behave. And once you establish that, never take your hand off of the touchstone. If you do, the first people to recognize it will be the faculty and the staff, but shortly thereafter it will be the students, the alumni, and the board, and when they all recognize it, you have lost” (President 08).

- "It is more often shades of grey, so you have to step back for a moment and say, 'when they are writing a book about this situation, are they going to say that you did a dumb thing, you did a smart thing, or you did a wrong thing?' I can live with a dumb thing and a smart thing, but if they say, 'He did a wrong thing,' it would be hard to live with" (President 10).
- "Your policies can help guide you. Your board and your leadership can advise you, but also you have to have a moral compass internally to help you make the tough decisions. While you have policies to guide you, there is not a policy for every decision" (President 41).
- "Well, I think when you are president, it is okay to have principles, but you have to realize that not everything is a 'principles issue.' People pay attention to what you attend to. So it is important that you pick and choose pretty carefully. One other thing that I would add is that I think it is not just the distress of the institution, but one other kind of ethical decision factor is the tenure of the president. How long has he been president, and has he been a successful president? The ones I know who have gotten into trouble are often near the end of their presidencies...it seems that they think they are somewhat immune from the consequences because they have been in power for so long" (President 73).

Summary

During telephone interviews, all college presidents were asked a series of eight questions. The first four questions were related to the specific situations which they had described on the open-ended portion of the initial survey which they received by mail. Questions five through eight sought information which would help the researcher to understand the core beliefs which influenced the manners in which the presidents handled the situations they described. Those questions included:

- How do you choose what you will address and what you will not when confronted with unethical behavior?
- What kind of education is provided to the board, the faculty, and the administrators in regard to ethical behavior?
- In your experience, do presidents face a different variety of ethical dilemmas during financial distress than during non-stressful periods?
- If you could give advice to another president about ethical decision-making, what would it be?

As much as possible--while still maintaining the confidentiality of the presidents who participated in this study—throughout Chapter 4, the responses to interview questions e, f, g, and h have been presented in their own words.

Chapter 5: Findings, Conclusions, and Recommendations

> We do not doubt that the American college presidency is more demanding today than ever before, and we concur with those who decry the financial stresses imposed on higher education… (Fisher & Koch, 1996, p. 330)

Since the time of Plato, philosophers have expounded on the virtue of living an ethical life. The modern wave of literature urging leaders to practice ethics in decision-making has existed since the end of the Vietnam era in the mid 1970's, when corporate industries became the focus of criticism for unethical practices (De George, 2013). Modern theorists of organizational culture claim that the culture of ethics must begin at the top (Tatum, 1992; Wallin, 2007). Because formal education plays a vital role the development of human beings, especially in introducing students to situations which hold ethical dilemmas and helping them to frame decisions based upon fundamental ethical principles, educational leaders have been called upon to demonstrate ethics in their management styles and, especially, in their decision-making. Newspapers, television, and professional journals provide us anecdotal evidence of the negative, often criminal outcomes of unethical behaviors among educational leaders. Yet, little research has been conducted into quantifying and categorizing the types of ethical dilemmas faced by educators, how they choose to address those dilemmas, and the outcomes of their decisions.

In 2008, Mueller studied the general ethical dilemmas faced by community college presidents. Her study identified the "7/47," seven domains and forty-seven general ethical dilemmas faced by presidents of California community colleges. Piqued both by Mueller's study and by the economic recession of 2008, this researcher sought to explore ethical dilemmas faced by the presidents of small, private colleges, especially during times of financial distress. The formal purpose of this research project, therefore, was to explore the types of ethical dilemmas faced by the presidents of small, private colleges as they attempted to recover from financial distress. The principal research questions addressed by this research included:

1. What kinds of ethical dilemmas did presidents identify as occurring during efforts to recover from financial distress?
2. How did presidents resolve their ethical dilemmas?
3. What did presidents consider when resolving their dilemmas?

Summary of Findings

In conducting this study, the researcher identified 90 small colleges (below 5000 FTE students) with surface indicators suggesting that they could be experiencing financial distress. A survey was sent to the presidents of those institutions. Of those, 51 (56.7%) did not respond in any manner, 39 presidents (43.3%) responded in some manner to the query, and 14 (15.6%) agreed to be interviewed by the researcher. As the result of information provided by 26 college presidents in the initial survey and by 14 presidents in telephone interviews, the researcher found the following:

Research question #1. What kinds of ethical dilemmas did presidents identify as occurring during efforts to recover from financial distress?

Finding #1. This study validated the transferability of Mueller's (2008) findings to small, private colleges, in that 91.5% (43) of her 47 ethical dilemmas were identified by small private college presidents as also occurring at their institutions during financial distress. However, this study identified six additional domains and 35 new ethical dilemmas most of which appear to be specific to private colleges which are experiencing financial distress. The six new domains, which are specific to financial distress include: Transparency, Institutional Integrity, External Pressure, Inherited Circumstances, Organizational/Structural, and Morale. The 35 new situations with ethical dimensions are found in tables 4.8 - 4.13, and correspond to the each of six domains above.

Although Mueller's (2008) findings are transferable to the colleges in this study, the reverse is not true. The findings in this study would not necessarily be transferable to public colleges, due to the differences in funding between private and public colleges, as described in research conclusion #1 below.

Finding #2. Clearly, this study found that micromanagement by trustees was the single greatest source of ethical dilemmas faced by small, private college presidents during periods of financial distress. This is no surprise, as trustees generally are charged with fiduciary responsibility for the institutions they serve, and often they are both embarrassed and angry to learn that the ship is floundering during their watch. It is precisely at this time that boards should become more closely involved with their college's internal affairs. Concomitantly, it is "during times of stress (that) board members have the potential to cross the line from governance into management" (Puglisi, 2011, p. 85). Thus, friction between the board and the president is almost inevitable, and an array of situations may develop which can lead to ethical dilemmas for the president.

Finding #3. All but one of the presidents who were interviewed joined their respective institutions after financial distress had been discovered and after the presidents who were on duty while distress overtook the institution had been removed from their commands, either voluntarily or involuntarily. All but one of these presidents discovered surprises about the depth of institutional distress after they assumed their positions. The sole individual who was not surprised was a former CFO with an accounting degree, who had an opportunity to perform an in-depth analysis of the college's fiscal distress before accepting the presidential appointment.

Another president, who rose through the ranks while her institution spiraled downward, served in several positions, including a cabinet position, during that timeframe. Yet, after assuming the presidency, she, too, was surprised at the depth of the institution's distress.

Finding #4. Social media is a new venue with which presidents must contend. It can be a good thing or a bad thing, depending upon the intent of whomever is using it. Contending with a barrage of attacks from alumni on Facebook, President 90 said,

> There is something about social media that is not face to face, that isn't direct, that allows this lack of civility to perpetuate itself. I think the best strategy for social media is setting boundaries about what is okay and what is not okay. Setting the boundaries helped bring the conversation back to a productive zone.

Similarly, President 39 contended with faculty and staff who, angry with mistrust about the previous administration and current board, went to the local newspaper to vent their anger through blogs. The paper actually printed anonymous blogs. "At that time, they were still allowing anonymous blogging to be posted to the articles that were included in the paper. So, it got really ugly for the college for a while" (President 39). Off the record, the editor admitted that the paper had been unfair to the college. But the damage had been done.

Certainly, many presidents are new to social media, or may not use it at all. This area probably will continue to be fertile ground from which issues bringing ethical dilemmas will emerge.

Research question #2. How did presidents resolve their ethical dilemmas? The researcher categorized four principal methods utilized by participating presidents to resolve their ethical dilemmas: Direct Approach by the President, Indirect Approach by the President, Board Confrontation of the Issue, and President Not Addressing the Issue.

Finding #1. Most presidents attempt to address ethical dilemmas directly and immediately, so that those dilemmas do not grow into something unmanageable. A good example is the approach taken by President 16 to immediately manage the breaking news story about a former employee who had been arrested. Often, presidents converse with individuals privately and address an issue discreetly, as done by President 08 during his "Come to Jesus" meeting with a trustee. However, sometimes they must remove the problem (usually an individual), as President 86 did when firing the college's CFO for not sharing important financial information with executive leadership. Only President 49 resorted to an ultimatum to remove a trustee. He was fortunate to have the majority of the board concur with the need to remove the trustee who was blocking progress.

Finding #2. Presidents who use indirect approaches to address ethical dilemmas usually seek collaborators to assist with weighing all sides of a problem before making a decision. Such was the case when President 71 sought campus-wide consensus on strategies to implement to bring the college onto recovery from financial distress. Likewise, when the removal of an individual who is the source of the dilemma is distasteful or not possible, presidents may work with campus constituents to isolate the individual, thus neutralizing the dilemma. Following such a strategy, President 85, for example, noted that important groups on the campus and within the community "now see her (the source of his ethical dilemma) for what she is, and her voice has lost credibility."

Finding #3. This study also uncovered three instances when the board of trustees stepped in to remedy a situation with ethical dimensions. In each case, the president was, at best, ancillary to the process. In one case, President 18's re-appointment was in jeopardy, and it was only by the quick and decisive action of the board chair that the outcome was positive. Similarly, at College 90, new directions established after a long planning process were able to move forward only because the chair of the trustees changed the leadership of board committees.

Finding #4. Ethical dilemmas are sometimes not addressed by a college president in order that a greater good may be served. To this researcher, college presidents chose not to address situations with ethical dimensions because either (a) the issue had two clear sides, and the side offering greater good outweighed the lesser good, or (b) it appeared that the president's interest was in self-preservation rather than in addressing the situation. In either case, unethical situations have been permitted to persist. Certainly, President 28 settled a lawsuit, not because he wanted to, but because he felt that his college could not withstand the protracted legal battle during a time of financial distress. In another instance, because he inherited an environment of mistrust, President 73 permitted continual questioning of his motives and decisions to occur for approximately 18 months before challenging those who asked the questions. And, President 89 has permitted a donor to continue to have the inappropriate power to make college decisions because his generosity has kept the college financially afloat through two predecessors. However, regarding this donor and his inappropriate power, President 89 also noted, "He fired the previous two presidents." Clearly, the anxiety of a similar fate hangs over this president's head.

Finding #5. Searcy (2010), who studied presidential leadership during transition, notes that "Of paramount importance (to the success of transitional efforts) is that faculty and staff are engaged with the process since they are the levers of implementing change" (p. 60). All but one of the presidents in this study adhered closely to this axiom of change leadership, and the one who deviated from it (President 22) did so with regret, noting that if he were to make the decision today to reduce the college's contribution to faculty retirement program, he would have made the decision earlier in the calendar year, so that faculty could have been involved in the decision making process. In this scenario, the decision was made in June, when faculty were not on campus, and faculty were notified of the decision by letter, which arrived over the course of the summer. The unintended outcome of not involving the faculty was a significant negative impact upon morale at College 22.

Finding #6. A negative byproduct of the ethical decision-making process was presented by President 39, although he perhaps did not see it. In brief, during the course of solving one ethical dilemma, he may have created another one. President 39 fired a high ranking official for using a college-owned computer to run a private business. In addition, during investigation of this issue, it was discovered that this computer also contained evidence of possible criminal activity. In a private meeting, the President gave this individual two letters, one a resignation letter for the individual's signature, and one a termination-for-cause letter. This individual signed the resignation letter and received 3 months of salary as severance pay. This researcher believes that this course of action resolved one ethical issue, but possibly created another, greater ethical issue which was not addressed. Although this individual was a high ranking official and was, perhaps, a colleague of the president, shouldn't the evidence of possible criminal activity have been turned over to the police for investigation? Like Aristotle, this researcher would argue that taking no action is, in fact, unethical (Kraut, 2010). By simply letting the official leave the college’s employ, President 39 may unwittingly have aided and abetted any future activities in which this individual may engage that may affect another institution.

Research question #3. What did presidents consider when resolving their dilemmas?

Finding #1. This research found that individual presidents consider a variety of different factors when struggling with an ethical dilemma. Those considerations have been classified into four categories by the researcher: Gaining Control of the Situation, Making Decisions Ethically; Protecting the Integrity of the Presidency; and Taking Preventive Measures. As President 89 indicated, when an ethical issue arises, a string of questions immediately flows through a president’s mind: “It is illegal? Is it immoral? Will it damage my reputation? Is this priority promoting or getting us toward the vision of our college? Are the total actions contrary to or supportive of our mission?”

Gaining control of a situation requires immediacy of response, fact finding, and media control. As President 89 put it, “If you wait too long, it almost appears that you haven’t done your homework or that you don’t have the guts to tell it like it is.”

President 61 learned that the recently dismissed CFO had mismanaged funds by covering operational losses from restricted funds. “I reported this fact immediately to both our accrediting association and to the state’s office of the attorney general. A forensic accountant was hired to get correct data” (President 61). Similarly, President 16 responded immediately to word of a media frenzy around the arrest of a former employee. Considering possible legal implications for his college, he instructed his staff not to condemn the individual, but “the nature of the behavior.” He also hired a law firm to launch an independent investigation to uncover any possible criminal activity by that individual while employed at College 16.

At least five college presidents in this study noted that making decisions between conflicting values is not enough. Those decisions must be ethical ones. President 71 wrestled with concerns for the well-being of the college versus the well-being of individuals affected by a decision. Expressing the same concerns, President 22 struggled with broader ethical questions, such as "I am better off, but have I made my world better off by increasing unemployment in my region and nation?" Similarly, President 57 wrestled with issues of social justice when determining who should be released when downsizing due to financial distress. He asked, "Is there an alternative, maybe a transition, maybe other sorts of adjustments?" rather than simply handing a pink slip to an employee who may have limited opportunities and access.

This study also discovered that some presidents, when making decisions, were concerned with how those decisions reflected upon the integrity, not of themselves necessarily, but of the presidency. As noted by President 57, "If you don't have integrity, you really have nothing. You are what your integrity defines." For example, since learning that the recently dismissed CFO had mismanaged college funds, President 61 has been constantly concerned with the truthfulness of the information which he shares with the board of trustees. Similarly, when learning that the CFO was hiding money and not sharing this information, President 86 "as president" recognized the need to have confidence that the president "was receiving accurate, complete information." And President 89, who noted that the two previous presidents had been fired by a board member who has been granted inappropriate power, feels a lingering sense that he could do the same as he did to the other two, and this president does not want this anxiety to cloud important executive-level decisions.

Organizational policies and guidelines exist at all institutions and are often cited during the adjudication of issues which rise to the top. In one sense, the existence of these policies and guidelines reduces the emergence of ethical implications within these situations. This study found that some presidents, as a result of having to face ethical dilemmas, reacted by taking steps to prevent similar situations from arising as ethical dilemmas in the future. These steps included establishing policies to move decision-making from the realm of ethics to that of procedural actions. President 41, for example, reported that he relies heavily upon policies to guide his decisions. He is “the final adjudicator” of breeches of policy. And, President 16 had the college attorneys draft new policies because he found existing policies were “relatively thin” when it came to guiding him through an ethical dilemma. However, President 57 noted that in a previous presidency, the institutional policies were so unclear that they “propped open the door for a fair amount of discretion which also permitted (unethical practices) to come into play.” Thus, the existence of policies may be either helpful of harmful, depending upon their clarity, but policies do, indeed, remove ambiguity and help to eliminate ethical dilemmas through procedural guidance.

Finding #2. In almost all colleges studied, formal training programs that contained elements of ethics, did so based upon federal legal interpretations of the Constitution and/or the Bill of Rights (sexual harassment, bias related behavior, discriminatory behavior, FERPA, hazardous materials, etc.). This echoes the comment attributed by Kidder (2009) to Lord Moulton that “When ethics collapses, the law rushes in to fill the void.…The choice is only between unenforceable self-regulation (ethics) and enforceable legal regulation (the law)” (p. 61). In this study only one college required faculty, administrators, staff, and students to sign an Honors Pledge. Arguably, the signing of such a statement places the onus of ethical behavior upon the individual and presumes an internal locus of control based upon a personal moral compass.

Interview questions. The 14 presidents who agreed to be interviewed were asked series of eight questions, four related to the ethical dilemmas which they had described to this researcher, and four related to their core beliefs about ethical decision making. The four questions related to core beliefs help to paint a picture of the ethical side of the college presidency.

When asked how they choose what they will and will not address when confronted with unethical behavior, the responses of the presidents fell into four categories: Immediacy, Policies and Procedures, Boundaries of Acceptability, and Personal Conscience. The Immediacy category assumes immediate and direct action by the president to resolve any ethical dilemma, and is best described by responses from President 49 who said, "Anytime there is unethical behavior, I am going to address it," and by President 18 who said, "The clock starts as soon as I know…I am accountable now." The Policies and Procedures category reflects the comments of two presidents, who refer to college policies to help them solve ethical dilemmas. When asked how he chooses what he will and will not address, President 41 replied, "We have very clear policies here institutionally that help guide us…" and President 22 said, "I think about what kinds of norms have been violated." The Boundaries of Acceptability category acknowledges that some ethical dilemmas and employee behaviors may actually be unaddressed. Two presidents, in particular, said, "There are boundaries about what you will and will not address" (President 90) and "…I have to draw a line in the sand on what I will accept or not accept" (President 08). One other said, "There can't be much room for tolerance" (President 16). And, finally, the Personal Conscience category reflects the personal manner in which some presidents face the responsibilities of their positions. To these presidents, their decisions directly reflect upon who they are. President 85 replied, "…I have a strong moral compass that comes from the way that I was raised," and President 57 replied, "I will typically try to address it in whatever appropriate manner of conscience the situation calls for."

When asked about the types of formal education that are provided to the employees and board members in regard to ethical behavior, most presidents reported that their colleges followed policy manuals related to personnel matters, and that those manuals defined expected behaviors, including sexual harassment, discrimination, and confidentiality. New faculty, staff, trustee, and student orientation programs include sessions in which ethical behaviors are discussed. At only one college, College 90, do faculty, staff, and students sign an honor principle. "I think that (the honor principle) allows us to really talk some about ethical issues" (President 90). And, two presidents indicated that little training with ethical dimensions is provided at their institutions. In fact, President 16 simply said, "Very, very little."

When asked if the ethical dilemmas they faced during financial distress were different from those faced during other periods, not all of the presidents offered an opinion. President 73 replied, "I think there are plenty of ethical dilemmas to go around, but I don't run into a lot." And, Presidents 08 and 16 had never experienced a period when their colleges were not in financial distress. However, ten presidents felt that financial distress does, indeed, bring with it a different variety of ethical dilemmas, and their responses fell into two categories: Desperation for Resources and Behavioral Change. The Desperation for Resources category acknowledges that dilemmas occur in a different context (President 57), at a time when presidents are "trying to manage cash" (President 10), and when many dilemmas are focused upon choices about what will and what will not be funded (President 89, 41, 22, and 39). The Behavioral Change category points to the tendency for financial distress to bring out "our carnal nature" (President

86) due to “heightened anxiety” (President 18). This category also notes that “people forget their roles” (President 90) and that “you could see how people without a moral compass…could do things out of desperation” (President 85).

When asked what advice they would give to other presidents about ethical decision making, the presidents fell into two camps: those whose responses came from the vantage point of leadership strategy, and those whose vantage points were more personal. Those whose responses came from the leadership vantage point focused upon strategy, such as the response of President 22 who said, “Share the issue. Seek advice. Seek counsel. Seek the advice of others,” and President 86, who said not to hire “yes” people. President 90 suggested setting “limits on what is fair and not fair,” and President 73 noted that “People pay attention to what you attend to…” In contrast, those presidents who replied from a personal vantage point said, “Don’t compromise your ethical principles” (President 57); “You have to have your own personalized touchstone for ethics…and once you have that, never take your hand off the touchstone” (President 08); and “…you have to have a moral compass internally to help you make the tough decisions (President 41).

These interview questions, in particular, helped the researcher to see two different approaches by presidents to ethical decision making. Some presidents approach decisions and actions from the side of protocol and symbol and make decisions based upon strategy. And, other presidents so identify with their positions that decisions become personal reflections of their inner beings. The former ask, “What will be the likely outcome of this decision and will it advance the organizational agenda?” The latter ask, “How will I be perceived when I make this decision? Assuming this decision will advance the organizational agenda, is the collateral damage something with which I can live?”

Conclusions

As a result of the analysis of the findings, the researcher reached the following conclusions.

Conclusion #1. For the presidents of small, private colleges, financial distress does, indeed, create a fertile environment, or breeding ground, for ethical dilemmas of a unique variety, different from those which otherwise present themselves. Among the 6 new domains and 35 situations with ethical dilemmas which were shared by presidents and categorized by this researcher, only one situation was not clearly linked to financial distress. In addition, 10 of the 14 presidents of small, private colleges who were interviewed in this study believed that financial distress brings a unique set of ethical dilemmas, most of which were tied to their limited access to additional revenues with which to balance budgets. Thus, they were forced to make fiscal decisions using only existing budgets and revenue streams. Often, it was those decisions which impacted people on their campuses, hurting some and bringing out the "carnal nature" in others – and both outcomes bred ethical dilemmas for presidents.

The difference in funding streams between small private colleges, their larger private sisters, and the public colleges plays a large role in creating this breeding ground for ethical dilemmas. Public colleges enjoy funding from sources other than tuition revenue, including annual and/or emergency appropriations from state, county, and city sponsors which permit public institutions to better withstand unanticipated declines in enrollment or unexpected catastrophic events requiring emergency expenditures. In contrast, private colleges depend, for the most part, upon student tuition revenues and endowment/investment revenues to cover all expenditures, including the development of contingency accounts to protect the institution from unanticipated calamities.

Small colleges, such as those studied in the research project, are more vulnerable to economic downturns and unanticipated calamities than their larger private peers. For example, it costs about the same to teach a course in a small college as it does to teach the same course in a larger college. However, with larger class sizes (larger student to faculty ratios), the larger college generates greater profit for the general operation of the institution from each of its courses than does the smaller college with smaller class sizes. This additional profit translates into a wider margin of protection from economic downturns for the larger college. Although this example may be over-simplified, it illustrates the point. Thus, because they are more vulnerable to economic downturns, small, private colleges are more apt to experience periods of financial distress and, concomitantly, their presidents are more apt to experience the ethical dilemmas which accompany financial distress.

Conclusion #2. The manners in which ethical dilemmas are addressed by presidents appear to be situationally specific. This study discovered that presidents may address an ethical dilemma directly, indirectly, or not at all. Presidents who addressed their dilemmas directly did so through immediate action, discreet conversations, removal of the problem, or by issuing an ultimatum. Presidents who addressed an ethical dilemma indirectly did so through the use of collaborators (creation of special committees and tasks forces) and/or by isolating the instigator. In this study, if presidents did not address their ethical dilemmas, those dilemmas either were addressed by the board of trustees, or the ethical dilemmas were permitted to continue to exist because (1) they served a "greater good" or (2) their remediation might result in a shortened presidential tenure.

Conclusion #3. Presidents think about a range of issues while dealing with ethical dilemmas, including but not limited to gaining control of the situation; ensuring that the decision they make is, indeed, ethical; protecting the integrity of the presidency; and instituting measures to prevent a future occurrence. When facing an ethical dilemma, most presidents in this study thought about the impact of that ethical dilemma upon their respective institutions. Most expressed concern for their own personal integrity and belief systems. A few expressed concern for the integrity of the presidency (One even resigned over this dilemma.). And, one president spoke only of serving as the final adjudicator on ethical issues as they pertain to adherence to college policies and regulations.

Conclusion #4. The resolution of ethical dilemmas requires action, taking action carries with it a measure of risk, and the president is the recipient of reactions to the outcome. Therefore, the president should choose the action which serves the greater good. Knowing what is the greater good is the dilemma.

There is no recipe that will guarantee a positive resolution to an ethical dilemma because of the unknown variables. Although two unethical dilemmas may appear on the surface to be the same or very similar, organizational climates and the personalities and motivations of the players will differ from institution to institution. Hence, an action that results in a positive outcome for one president may result in catastrophe for another. For example, faced with an ethical decision involving a board member, President 49 successfully used a "him or me" ultimatum to remove that individual from his board of trustees. With a different board, such an action might have resulted in the termination of his presidency. In another example, President 08 took action against the advice of his board and his executive cabinet by giving the faculty and staff a full accounting of the level of financial distress the institution was facing. While the morale of most institutions in this study would have collapsed at that revelation, at College 08 the employees rallied around the president with resolve to conquer the crisis.

Truly, a president must know the organizational climate, know the bent of the players, and be a risk taker to take actions such as those taken by Presidents 49 and 08. In both of these examples, each president took action based upon his own moral compass – his own sense of doing what he believed to be the ethically "right thing" in order to solve his moral dilemma.

Conclusion #5. Policies do, indeed, help alleviate ethical dilemmas by providing procedural guidance, but they do not free presidents from ethical dilemmas. This study found that some presidents, as a result of having to face ethical dilemmas, reacted by taking steps to prevent similar situations from arising as ethical dilemmas in the future. These steps included establishing policies to move decision-making from the realm of ethics to that of procedural actions. However, as President 41 cautioned, "You can't have policies for everything." Thus, policies will not free the president entirely from having to face ethical dilemmas. From an overall vantage point, the existence of policies may be either helpful or harmful, depending upon their clarity, but policies do, indeed, help eliminate ethical dilemmas through providing procedural guidance throughout the decision-making process.

Recommendations

As a result of the analysis of the initial surveys and of the transcriptions of interviews with 14 presidents, the researcher offers the following recommendations:

Recommendation #1. Any individual who is interviewing as a candidate for a presidential position at small, private college should thoroughly investigate the institution's fiscal health, including (a) analysis of several consecutive years of its federal tax form 990, looking for changes in its revenue, expenses, and endowment levels; (b) interviews with the CFO and the executive committee of the board of trustees, looking for consistency in information sharing processes, understanding of fiscal health, and checks and balances processes; (c) review of its accrediting agency communications and progress reports; and (d) review local press clippings for the previous two academic years. In spite of the information this investigation provides, if selected for the presidential position, the individual should anticipate surprises, especially in the fiscal arena, within a short time after assuming the presidency.

Recommendation #2. Presidents and their executive cabinets who find that their institutions may be drifting into financial distress should immediately share that information with the trustees and institutional employees, rather than keeping it to themselves in hopes that it will go away. Transparency appears to be the best way both to conquer financial distress and to reduce the incidence of related ethical dilemmas, especially if a structure of strategizing can be established early in the cycle of financial distress that involves employees and trustees in the development of short-range and long-range solutions to the root causes. Transparency may also rally employee support for the solutions to financial distress.

Recommendation #3. Colleges should provide professional development training for all levels of leadership, specific to the handling of ethical dilemmas which individuals at each level may encounter pursuant to their leadership functions. During interviews, 11 of 14 presidents indicated that their institutions provide a variety of professional development training programs related to ethics. However, the examples that they cited were generally related to state and federal mandated training (FERPA, Sexual Harassment, Hazardous Materials, etc.). These examples illustrate Lord Moulton's premise that when individuals do not demonstrate personal and professional ethics, the law steps in to fill the void (Kidder, 2009). This researcher believes that system leaders should promote the growth of ethical future leaders through the provision of introspective professional development which encourages the passage through entheos (Meacham, 2007).

Recommendation #4. Although it did not emerge as a major theme in this study, solvency thorough benefactors -- permitting a donor to pay a college's debts -- did emerge as a significant ethical dilemma faced by one president. This researcher believes that solvency by benefactors should not be considered a short-term solution to financial distress and should not be permitted to continue as an annual event. As noted by President 85, it "is not a good practice in competitive higher education." Certainly it does not heal the root cause of the financial distress and, when the benevolence ends, how does the college balance the bottom line? Presidents in this situation find themselves in an ethical dilemma: On one hand, acceptance of the benefactor's donation is an easy fix to an immediate problem. It alleviates pressure and "buys time" to address the real causes of financial distress. On the other hand, solvency by benefactor creates an unrealistic, illusory state of existence, in which colleges appear to be solvent when they are not. Without the immediacy of a crisis (Bridges, 2009; Kotter & Cohen, 2002; Lewin, 1948/1997; Schein, 2010; Trice & Beyer, 1992), faculty and staff are not likely to perceive the real need for change and will be less willing to accept the fundamental changes necessary to achieve fiscal stability. Thus, presidents may find great difficulty in moving their organizations forward into true recovery. As long as the benefactor provides the needed additional revenue, overspending is likely to continue. When the benevolence ends, faculty, staff, and students will be shocked by the reality of the college's fiscal situation. And, certainly, heads will roll – most likely, the president's will be first among them.

Suggestions for Further Study

Suggestion #1. It is time for someone to study the use of social media as a tool and/or as a weapon for the promotion of agendas. Although this study found no instance where social media was used as a tool for the promotion of the college mission and its associated agendas, at least two college presidents in this study noted the use of social media as a weapon by students, alumni, and faculty to promote personal agendas and vendettas against college leaders. This particular study would be extremely timely and worthy of exploration.

Suggestion #2. This study, like Mueller's (2008) study of community college presidents, did not explore the ethical dilemmas faced by the presidents of large universities, either private or public. Also, this study was based upon some assumptions of the fragility of small, private colleges as compared to larger institutions. Those assumptions may not be valid. A study of the ethical dilemmas faced by presidents of large universities, both those in financial distress and those inherently solvent, would help to round-out the picture of the types of dilemmas that college presidents face, how they address them, and what considerations they ponder during the decision-making process. It would be especially interesting to explore how presidents of large public universities face ethical dilemmas in an arena where board members are political appointees, who often bring with them hidden political agendas or serve as informers for other political entities.

Suggestion #3. Another interesting aspect of this study is the number of interviewees who entered the college presidency from non-traditional routes. Traditionally, the pathway to the presidency is for an individual to rise from the professorial ranks and enter through the academic vice presidency. However, of the fourteen interviewees in this study, all of whom assumed leadership of distressed institutions, five (36%) followed non-traditional pathways: one was a retired military officer; two had been attorneys; one had been an accountant; and one had been a college CFO. An interesting study would be an exploration of the routes taken to the presidency, with specific interest in those who took the helm of institutions in distress. Did boards of trustees lose faith that those from traditional academic backgrounds could lead an institution into recovery? Did trustees purposefully seek recovery leaders with skill sets specific to the needs of their respective institutions?

Suggestion #4. As evidenced by the number of colleges which close each year, many do not survive efforts to recover from financial distress. A comparative study of the ethical dilemmas faced by the presidents of those colleges which closed and those which did not might shed valuable information about decision-making and the impact of board and presidential choices upon institutional outcomes.

Final Notes

This researcher suspects, but cannot verify, that the presidents who agreed to be interviewed were all individuals who believed that their institutions were making progress toward overcoming distress, while those who elected not to be interviewed were individuals who believed that they were losing the battle. All of the presidents who were interviewed, including those whose institutions were under severe distress, felt optimistic that their institutions were, in fact, recovering and would soon emerge into financial stability.

Although the researcher had hoped to compare individual presidents' decisions when faced with an ethical dilemma to their expressed core beliefs about ethics and ethical decision-making, the researcher did not do so. The researcher believed that it would have been unsound to draw conclusions based upon one or two ethical dilemmas shared by each president. To the point, because a president may decide from an organizational perspective when facing one ethical dilemma, it cannot be assumed he/she will not decide from a personal perspective when facing a different ethical dilemma. Much more data would be needed to draw such a conclusion.

And finally, as indicated in Chapter 1, if there is a flaw in the design of this research project, it may rest in the underlying assumption of its research question: that college presidents see and/or recognize that dilemmas have ethical dimensions. As noted in Chapter 3, if presidents as individuals have not evolved through Burns' process of entheos (Meacham, 2007) and have not become ethical beings; if they have not developed an inner moral compass; and if, instead, they act out of self-gratification or self-protection, then they might not perceive any situation to have ethical dimensions. For these types of leaders, there may never be any ethical dilemmas, since few if any of their decisions are based upon the greater good.

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Appendix A

Institutional Review Board Approval

Appendix B

Permission from Dr. Kathryn Mueller

http://www.naspa.org/divctr/ccdiv/roster.cfm

Kathryn Lynne Mueller
12:26 AM (6 hours ago)
to me

Dear Ed,

Hello.

I greatly appreciate your email. Mostly because I still have a passion for this subject, and am love hearing about new research on the matter.

If express permission is needed to utilize my premise, measurements, and topic, you have it. (If not legally or ethically required, it's definitely a professional courtesy. If it is legally or ethically required – that answer I do not have, but it's a good one for us to learn, given our studies.)

I wish you nothing but success in completing the dissertation and your doctoral studies.
My only request: would you be so kind as to send me a final copy of your dissertation, once it is signed off by your dissertation committee? I would very much like to read about your research in its entirety. I'll end up quoting you in future work and presentations!

Best regards,

Dr. Kate

PS – after December 15th (or any time before that if you like), please use my kmuelleredd@gmail.com email, as I'll be back in the States at the end of December.

Kathryn "Kate" Mueller, Ed.D.
[redacted]

Appendix C

Survey Instrument: Ethical Issues Survey

OVERVIEW: This survey is part of a doctoral research project being conducted by Edward Baker, Ed.D. Candidate, The Sage Graduate Schools, Albany, New York.

PURPOSE: The purpose of this research is to elicit from private college presidents the types of ethical issues/dilemmas they have faced during the time periods when their colleges were experiencing and/or recovering from financial distress.

DEFINITIONS:

FINANCIAL DISTRESS: an imminent financial crisis which threatens the survival of the institution as a whole.

ETHICAL DILEMMA: any situation involving an apparent mental conflict between competing moral obligations or between competing claims about wa t is "right.’'

INSTITUTIONAL STATUS: Please put an X on the line corresponding most closely to your college’s current level o ifinancial ds tress:

____Our college has recovered from a period of financial distress.

____Our college is under mild financial distress

____Our college is under moderate financial distress.

____Our college is under severe financial distress.

DIRECTIONS: Please answer questions 1-6, and return the survey to the researcher in the enclosed self-addressed, stamped envelope.

QUESTION #1: Highlighted below are seven general domains under which ethical issues often occur. Please put an X on the line beside each type of ethical issue which you have had to face as president during times of financial distress.

Board Members

____Board Member(s) improper/unethical use of position or influence
____Board Members micromanaging
____Board avoiding conflict/non-action
____Board Member conflict of interest
____Board Members expecting/demanding excessive perks
____Board Member applying pressure through local media
____Board Members requesting inappropriate information
____Board Members communicating inappropriate information
____Board Members making inappropriate commitments
____Board Member expecting preferential treatment for a student
____Board inattentive to community
____Public attack of College President by Board member

Employees

____Faculty/staff making false claims for personal gain
____Sexual Harassment (toward students)
____Illegal behavior on campus
____Illegal behavior off campus
____Pressure from faculty/staff
____Faculty/staff using college resources for personal use/gain
____Faculty making false charges against colleagues
____Faculty member became unable to perform job
____Faculty member sued over ADA compliance
____Faculty competence
____Employee rights

____Student expecting preferential treatment due to Board connection
____Student complaints
____Student athlete appealed dismissal from a college sports team
____Student went to local media with a potential controversial story

Athletic Eligibility

____Student not reporting athletic ineligibility
____Athletic program not reporting athletic ineligibility in a timely manner
____Athletic eligibility (general)

Conflict of Interest

____Conflict of interest in hiring
____Conflict of interest in supervising employees

Community

____Pressure from outside community
____Media controversy

General
____Preferential treatment in hiring
____Unethical allocation of funds /Financial Impropriety
____Unethical reporting of information
____Racism/Prejudice
____Federal policy (FERPA)
____Lack of confidentiality (other than FERPA)
____Negotiating position for collective bargaining
____Prosecution for illegal and unethical activities
____Settling a lawsuit
____Lawsuit

QUESTION #2: Please identify other issues/dilemmas you have experienced during a period of organizational financial distress which are not subsumed under the categories listed above.

QUESTION #3: Please share a brief summary of one or more ethical dilemmas you faced as president during a time of financial distress.

QUESTION #4: How was/were the ethical dilemma(s) in Question #3 resolved?

QUESTION #5: Please describe the ethical considerations you faced when making the decision(s) identified in Question #4.

QUESTION #6: May the researcher interview you briefly about the ethical dilemma(s) that you faced in Question #3?

If YES, Please provide your name: ____

and contact information: email: __________________________________

phone: (____)_____________________________

Please return this survey and the endorsed Informed Consent form in the enclosed envelope to:

Edward Baker

Appendix D

Initial Research Announcement Letter

January 2, 2013

Dr. ___________, President
Small Private College
Anytown, Any State XXXXX

Dear Dr. ___________:

In a few days I will be sending you a brief survey inquiring about the ethical issues that you may have faced as a president while leading your institution through recovery from financial distress. This survey is part of my doctoral research toward the Ed.D. in Educational Leadership at the Sage Graduate School, Albany, New York.

As the former Interim President of Schenectady County Community College (2008-2009), I received and completed several surveys from graduate students who were pursuing doctoral studies. Thus, I understand your time constraints and know that you receive many similar requests for assistance each year.

Although the ethical dimensions of college leadership have been explored by other researchers, I could find none that have explored the types of considerations faced by a president specifically during times of financial distress. Thus, this research should be informative.

It is my hope that you will assist me with this research by finding time in your day to respond to its six questions.

Thank you very much for you time.

Sincerely,

Edward S. Baker

Appendix E

Informed Consent Form

To:

You are being asked to participate in a research project entitled: Ethical Dilemmas faced by Presidents of Small Private Colleges During Organizational Recovery from Financial Distress

This research is being conducted by: Dr. Raymond O'Connell, Principal Investigator, and Edward S. Baker, Ed.D. candidate, Sage Graduate School, Albany, New York.

The researcher is surveying presidents of small, private colleges to elicit from them the general domains and specific instances in which they have experienced ethical dilemmas during recovery from organizational financial distress. Follow-up interviews will be conducted with presidents who indicate a willingness to be interviewed about the situations they faced and how they handled those situations.

Your involvement in this research will include the time necessary to complete a survey consisting of six questions, and requiring approximately 15 - 20 minutes to complete. Four (4) of those questions require an open-ended response. In addition, if you agree to be interviewed by the researcher about your responses to the open-ended questions, up to 30 additional minutes of your time will be required.

Question #6 of the survey asks if you will agree to a brief interview with the researcher. If you DO agree to be interviewed, please sign this Informed Consent form and return it to the researcher with the completed survey in the enclosed envelope. Please make a photocopy of this Informed Consent form for your records. If you DO NOT agree to be interviewed by the researcher, you should not sign or return the Informed Consent form to the researcher. NOTE: completion of the survey will serve as informed consent for the survey portion of this research project.

This research project involves minimal risk, including (1) inadvertent disclosure of confidential information and (2) possible discomfort arising from answering some of the questions. Appropriate steps have been taken to diminish both risks. As detailed in the IRB application, to reduce risk #1, all institutions and their corresponding presidents will be assigned pseudonyms, which will be utilized in the dissertation and in any journal articles, publications, or presentations which may result from the study. All raw data and draft documents will be physically and electronically secured during the study, and will be destroyed within ten days of the researcher's dissertation defense. To reduce risk #2, completion of the initial survey is completely voluntary. In addition, during the interview process, presidents may decline to answer any questions asked by the researcher and may stop the interview at any time. Should that occur, the researcher will destroy all notes and recordings of the interview and not include that individual's responses in the raw data utilized in the research study. This research project is anonymous for those completing only the survey and confidential for those who also agree to an interview. All surveys and return envelopes will be unmarked in any manner that might identify their sources, with the exception of surveys from presidents who express willingness to be interviewed, who will have self-identified. All completed surveys, interview notes, and transcribed interviews will be kept in a locked safe in the researcher's home office. The written and oral presentations of data and information from this research will in no manner identify the participants or their respective institutions. All participants and their colleges will be given pseudonyms for the written and oral presentation of data or for clarification of findings for the intended audiences. At the conclusion of the research all data, digital and hard copies, will be destroyed.

Although some research has been conducted on leadership ethics in general, and some has been conducted on the ethical situations faced by community college presidents in general, there is scant evidence of research on the ethical dilemmas faced by college presidents while orchestrating recovery from financial distress. Your participation in this research should result in a better understanding of what situations with ethical dimensions are encountered by presidents of 4-year colleges during periods of financial distress (rather than in general), how those situations are addressed, and what principles and guidelines of ethical behavior are espoused by those college presidents.

If you agree to be interviewed as part of this research, the researcher will contact you to establish an appointment for that interview. Interviews may be face-to-face, by Skype, or by telephone. Interviews will be digitally recorded (audio) for accuracy of transcription. A transcript of your interview will be forwarded to you for correction prior to its being coded as part of the data analysis process. The recording will be used by the researcher for data analysis only, and your voice will not be made public in any manner.

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Participation is voluntary. I understand that I may at any time during the course of this study revoke my consent from the study without any penalty.

I have been given an opportunity to read and keep a copy of this Agreement and to ask questions concerning the study. Any such questions have been answered to my full and complete satisfaction.

I, _________________, having full capacity to consent, do hereby volunteer to participate in this research study.

Signed: ____ Date: __________________

Research participant

This research has received the approval of The Sage Colleges Institutional Review Board, which functions to insure the protection of the rights of human participants. If you, as a participant, have any complaints about this study, please contact:

Dr. Esther Haskvitz, Dean
Sage Graduate Schools