

AARON FEUERSTEIN: A CASE STUDY IN MORAL INTELLIGENCE

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ABSTRACT

Newspapers, business magazines, television programs, even ethics text books feature example after example of ethics and morals gone awry in organizational leaders. Looking ahead into prospects for more ethical leaders to emerge because of a recent emphasis on ethics in MBA programs, a study found that 56% of MBA students surveyed acknowledged cheating, the highest percentage among various majors in the study (Sachar, 2006). As more emphasis is placed upon ethics in leadership, it seems imperative that moral intelligence be added to the list of necessary intelligences for leaders and that role models be identified who exemplify moral leadership. This paper explores the literature regarding moral intelligence in leadership and presents a case study of Aaron Feuerstein, owner of Malden Mills, who when faced with an organizational crisis acted with moral intelligence. The case research is constructed from numerous interviews conducted with Feuerstein over a period of nearly a decade and gleaned from a variety of sources including news and journal articles that explore his leadership. His actions are compared to scholarly research defining a group of moral values considered universal. This case study presents an unusual opportunity to examine the actions of a leader widely heralded at one point and disparaged at others. The research concludes that regardless of the final outcome for his organization, Feuerstein acted in alignment with a man of moral intelligence.

When Gardner's (1983) multiple intelligences made their way into the lexicon of psychology and leadership theory, they covered the gamut from the familiar cognitive intelligence to intra-psychic capacities and personal intelligences that would coincide with Mayer and Salovey's (1990) emotional intelligence and later Albrecht's (2006) social intelligence. While these intelligences help individuals gain new perspectives about leadership and how to become better leaders, there has been little discussion of a type of intelligence that would guide leaders to make ethical and/or moral decisions as moral leaders.

The necessity of a study of moral leadership is telling in organizational life today. From the often discussed Enron's and Madoff's of the world to everyday situations such as poor lending practices in bank loans or dealing with harassment on the job, leaders are increasingly faced with sharp contrasts in ethical choices. Looking ahead into prospects for more ethical leaders to emerge because of a recent emphasis on ethics in MBA programs, it was unsettling to find that 56% of MBA students surveyed acknowledged cheating, the highest percentage among various majors in the study (Sachar, 2006). As more emphasis is placed upon ethics in leadership, it seems imperative that moral intelligence be added to the list of necessary intelligences for leaders and that role models be identified who exemplify moral leadership. Lennick and Kiel (2011) state, "Moral intelligence is not just important to effective leadership – it is also the 'central intelligence' for all humans. ...It's because moral intelligence directs our other forms of intelligence to do something worthwhile" (p. 24).

The purpose of this paper is to explore the literature regarding moral intelligence in leadership in order to further define tenets of moral intelligence and to compare qualitative data regarding universal moral concepts. Then the moral themes developed from the literature review of moral intelligence were applied to a case study of Aaron Feuerstein, owner of Malden Mills, to determine the alignment of Feuerstein with the values of moral intelligence when faced with an organizational crisis that unfolded over a decade. The case research was constructed from numerous interviews conducted with Feuerstein over a period of nearly a decade and utilizes Feuerstein's own words in order to communicate his personal experience whenever possible in the story. Other information was gleaned from a variety of sources including news and journal articles as well as television broadcasts spanning a decade.

What is moral leadership? What differentiates leaders who have moral intelligence from ethical leadership or the concept of business ethics? Business ethics are divided into three perspectives according to De George (2005): Business ethics as an academic field, business ethics as a corporate movement, and business ethics focusing upon "the moral or ethical actions of individuals" (para 12). Most of us hear the term "business ethics" and think of it within the perspective of individual values of the leader.

In general, in the United States this focuses on the moral or ethical actions of individuals.... Many business persons are strongly influenced by their religious beliefs and the ethical norms that they have been taught as part of their religion, and apply these norms in their business activities (para. 12).

Keeping the focus on the individual, *awakened leaders*, "lead from the heart and soul" (Marques, 2010, p. 308), and are leaders who have faced issues that challenged their morals and caused them to determine how to align their principles with their actions. King and Down (2001) suggest that moral intelligence is not necessarily finding the truth, but pursuing the truth (p. 434). "There's a profound difference between the two and only the latter exemplifies moral intelligence" (p. 434).

Sama and Shoaf (2008) state that ethical leadership springs from "transformational leadership wherein the vision is one of achieving moral good, and the core values are those of integrity, trust, and moral rectitude" (p. 41). In this light, the authors suggest that moral intelligence is the precursor to ethical leadership. Legislation may lay the foundation for what is lawful, but what is morally intelligent and ethical behavior goes beyond the boundaries of the law. Moral intelligence "is our mental capacity to determine how universal human principles – like those embodied by the 'golden rule' – should be applied to our personal values, goals, and actions" (Lennick and Kiel, 2011, p. 21).

Development of moral reasoning can be examined through Kohlberg's (1969) theory of moral development which suggested a continuum that illustrated moral intelligence is not simply an attempt to avoid punishment or create alignment with law. Briefly, stages one and two are focused upon self rather than others such as a child's obedience because of a fear of punishment to himself. Stage three shows an orientation to relationships through mutual interpersonal expectations and stage four reveals a law and order orientation; stage five, orientation to community-defined principles of justice and welfare; and, stage six, orientation to universal principles of justice and welfare (Snell, 1996).

While individuals in Stage V recognize the relativistic nature of values and norms, they are willing to reach consensus through democratic discussion and due process. Individuals in Stage VI choose carefully those ethical principles which are logically

comprehensive, universal and internally consistent. Few individuals are to be found in Stage VI (Sridhar & Camburn, 1992, p. 730).

It is in the sixth stage, a stage Kohlberg felt that few attained, similarities appear with the previously given definitions of moral intelligence.

In stage six, the word *universal* is applied to moral reasoning, “Orientation to universal principles of justice and welfare” (Snell, 1996, p. 25) and the definition of *right* is given as “guidance by universal ethical principles that all humanity should follow” (p. 25). While scores of books and articles purport moral relativism, there is no objective right or wrong, moral universalism “holds that there are objective right or wrong actions, independently of the social or personal values or opinions” (Mele & Sanchez-Runde, 2013, p. 684.) Kinnier, Kernes and Dautheribes (2000) conclude that a majority of people can accept a “limited number of moral values” (para 18). “Objectivity with respect to ethical standards means that some standards do not change when societal consensus shifts” (Cooper, 2007, p. 177).

What then are these universal principles? Both Kinnier et al. (2000) and Mele and Sanchez-Runde (2013) provide evidence of core values shared among religions revealing a “convergence across time, place and intellectual tradition about certain core virtues: wisdom, justice, courage, temperance, humanity, and transcendence” (Mele & Sanchez-Runde, p. 684). The connection between business ethics and moral judgment is strengthened by Weber’s (1996) research indicating that “...the type of harm, that is, the nature or kind of harm, and the magnitude of the consequences, that is the degree or extent of the harm affecting the victim, influence the moral reasoning criteria evoked to resolve the dilemmas...”(Abstract). “...True ethical courage and integrity are inextricably tied to one’s epistemic certainty that some courses of action are intrinsically wrong and others are intrinsically right” (Cooper, 2007, p. 178).

The principles of moral intelligence appear in the literature under various labels: universal moral values (Kinnier et al., 2000; Schwartz, 2005), shared virtue (Dahlsgaard, Peterson, & Seligman, 2005), principles of moral intelligence (Lennick & Keil, 2011), a professional ethical leadership model (Sama & Shoaf, 2008), universal ethics (Mele & Sanchez-Runde, 2013), and shared moral standards (Bird & Waters, 1987) among others. The list of traits presented is not intended to be an exhaustive review of the literature. Instead these values are included because they specifically referred to universal ethical or moral values and form a point of reference to develop a narrow group of universal moral values for application to this case study.

Kinnier et al. (2000) utilized ethnographic content analysis with content from both religious and secular documents to determine universal moral values including:

- Commitment to something greater than oneself
- Seek the truth
- Seek justice
- Self-respect, with humility, self-discipline, and acceptance of personal responsibility
- Respect and care for oneself
- To not exalt oneself or overindulge-to show humility and avoid forms of selfishness or self-centeredness
- Act in accordance with one’s conscience and to accept responsibility for one’s behavior
- Respect and caring for others (i.e. the Golden Rule)
- Recognize the connectedness between all people
- Serve humankind and to be helpful to individuals

- To be caring, respectful, compassionate, tolerant and forgiving of others
- To not hurt others
- Caring for other living things and the environment. (“Results and Discussion, para. 29)

Schwartz’s (2005) list of universal moral values was developed through an analysis of three sources: business ethics literature, global codes of ethics, and companies’ codes of ethics (p. 31) that yielded six values including:

- Trustworthiness (honesty, integrity, transparency, reliability and loyalty)
- Respect (respect for human rights)
- Responsibility (accountability, excellence, and self-restraint)
- Fairness (process, impartiality, and equity)
- Caring (avoiding unnecessary harm)
- Citizenship (obeying laws and protecting the environment)

(p. 39)

An examination of Confucianism, Taoism, Buddhism, Hinduism, Athenian philosophy, Christianity, Judaism, and Islam provided six core virtues (Dahlsgaard et al., 2005):

- Courage (bravery, perseverance, and authenticity, honesty)
- Justice (fairness, leadership, and citizenship or teamwork)
- Humanity (love and kindness)
- Temperance (forgiveness, humility, prudence, and self-control)
- Wisdom (cognitive strengths including creativity, curiosity, judgment, and perspective)
- Transcendence (strengths that forge connections to the larger universe including gratitude, hope, and spirituality) (p. 205).

The competencies of integrity, responsibility, compassion, and forgiveness as the principles of moral intelligence emerged through interviews and the self-assessments of over 70 CEO’s and senior organizational leaders (Lennick & Kiel, 2011). Described briefly, they included the principles of:

- Integrity, doing what we know is right, acting in line with principles and beliefs
- Responsibility, taking responsibility for one’s own actions and accepting responsibility for serving others
- Compassion, communicates respect for others
- Forgiveness, demonstrating a tolerance for mistakes of others and our own (p. 21)

Bird and Waters (1987) derived a list of normative moral standards from interviews with managers and described them as:

- Honesty in communication (between all stakeholders)
- Fair treatment (acting with impartial standards for all)
- Special consideration (consideration of unique circumstances and/or contributions)
- Fair competition (equivalent services and open, fair competition)
- Organizational responsibility (acting in a manner that promotes efficiency and effectiveness of the organization)
- Corporate social responsibility (responsibilities of the organization to the community and larger spheres of corporate influence)
- Respect for law (p. 3)

Bird and Waters note that these standards were not compared with moral philosophies directly but rather “attempted to draw out the moral assumptions” (p. 2) of the managers in the managers’ own words.

Sama and Shoaf (2008) offered a professional ethical leadership model which listed five concepts upon which professions are based:

- Trust
- Integrity
- Reciprocity
- Self-regulation
- Public service

Utilizing descriptions provided by the authors in their research, alignment of themes in moral values is illustrated in Table 1. Only themes with multiple matches from other studies are presented. For the purposes of this paper, the case study will be examined through the lens of the three areas consistent in research of moral intelligence that include responsibility, caring, and integrity. Trust and honesty are combined with integrity because of the frequency with which the terms are used interchangeably or as part of the descriptors in defining terms. For example, Random House Webster’s College Dictionary (2000) defines trust as “reliance on integrity” and integrity as “honesty”.

Table 1

Moral Themes

Theme	Shared Moral Values	Universal Moral Values	Shared Virtue	Universal Moral Values	Professional Ethical Leadership Model	Principles of Moral Intelligence
Integrity	Honesty in Communication	Act in accordance with conscience	Courage (Authenticity)	Trust-worthiness	Integrity Trust	Integrity
	Respect for Law			Respect		
Responsibility	Organizational Responsibility Corporate Social Responsibility	Accept responsibility for behavior		Responsibility		Responsibility
	Fair Treatment; Fair Competition		Justice	Fairness		
Compassion	Special Consideration	Respect & Caring for others	Humanity (Love & kindness)	Caring		Compassion
	Bird & Waters (1987)	Kinnier, Kernes, Dautheribes (2000)	Dahlsgaard, Peterson, Seligman (2005)	Schwartz (2005)	Sama & Shoaf (2008)	Lennick & Kiel (2011)

On the night of December 11, 1995 Malden Mills in Lawrence, Massachusetts burned to the ground. The destruction of the mill would have been a horrific event in and of itself but falling just days before Christmas in an area hard-hit by a declining textile industry and rated 24th among America's poorest cities (Farnham, 2000), it created a blow that could bring the town to its knees.

Malden Mills was a third-generation company owned by the Feuerstein family, a family with a reputation for its corporate social responsibility to its nearly 3,000 workers and to the community they called home, Lawrence, Massachusetts.

From the time he took over the company in 1957, Feuerstein became an active player in the community. He extended credit to struggling local businesses, sponsored English classes for immigrant employees, and offered training for textile workers. He took special care of his own workers, making sure they had a safe and comfortable work environment and paying higher wages than most of his competitors. Even union leaders praised him, calling him 'a man of his word' and 'extremely compassionate'. One union official said, 'He believes in the process of collective bargaining and he believes that if you pay people a fair amount of money, and give them good benefits to take care of their families, they will produce for you (Mass Moments, 2005, para 5).

Although the Feuerstein family had demonstrated corporate social responsibility for decades, the business world was nonetheless shocked by his actions following the fire. As *Forbes Great Success Stories* (Farnham, 2000) describes the unfolding events, Feuerstein gathered workers who showed up at the still smoldering site on December 12th and told them that he would rebuild. When an ad appeared in the local newspaper to gather for a meeting at the local high school gym on December 14th, rumors were rampant that the 70 year old had realized the enormity of the task of rebuilding and would say the handwriting was on the wall - the mill was finished. He would take the \$300 million in insurance money and move on with his life either retiring or possibly rebuilding a mill where labor was cheaper. At this point in the story, Feuerstein's moral intelligence became clear, not just in words but in actions.

Responsibility appears in the literature regarding moral intelligence with many nuances. Schwarz (2005) describes responsibility as "including notions of accountability, excellence, and self-restraint (p. 39). "In concrete terms, organizational responsibility is associated with making decisions that reduce waste, increase efficiency, and enhance the interests of the organization as a whole. That means that any particular objective, no matter how worthy it is by itself, has to be considered in relation to how pursuing this end will benefit the organization as a whole" (Bird & Waters, 2003, p. 9). Lennick and Kiel (2011) approach responsibility from two perspectives - responsibility in terms of serving others and accepting responsibility for personal choices through admitting mistakes. "If we do not work to serve others, we fail to act as morally intelligent leaders. Serving others is a great way to show integrity and to encourage others to model it – in other words, to lead by example" (Lennick & Kiel, p. 121).

In a *CBS 60 Minutes* (2009) interview, Feuerstein is shown at the December 14th meeting telling his workers that "for the next 30 days, all our employees will be paid their full salaries". That gesture alone would have represented responsibility in the context of all three definitions: accountability, benefiting the organization as a whole and, serving both the employees and the community. However, at the end of the 30 days, he extended the salaries for another 30 days....and then another 30 days at a cost of millions. In the end, Feuerstein continued to pay his employees until almost all of them could be returned to work at Malden Mills (Farnham, 2000). He also kept his word to rebuild in Lawrence rather than seek lower labor and building costs in other areas of the country or abroad. He stated, "I was proud of the family business and I wanted to keep that alive, and I wanted that to survive. But I also felt the

responsibility for all my employees, to take care of them, to give them jobs” (Leung, 2009). In another interview, Feuerstein stated,

I have a responsibility to the worker... I have an equal responsibility to the community. It would have been unconscionable to put 3,000 people on the streets and deliver a death blow to the cities of Lawrence and Mathuen. Maybe on paper our company is worth less to Wall Street, but I can tell you it's worth more (Boulay, 1996, para. 3).

In order to understand his choice, perhaps it is best to further place him in context. Feuerstein, an observant Jew, relied upon the direction of the Torah and when asked by Morley Safer of *60 Minutes* why he made the choices he did, he responded “You are not permitted to oppress the working man, because he's poor and he's needy, amongst your brethren and amongst the non-Jew in your community” (Leung, 2009). According to Rabbi Shafran (n.d.), Feuerstein also followed the teaching of Talmudic scholar Hillel, “In a situation where there is no righteous person, try to be a righteous person. ...Not all who increase their wealth are wise” (para. 6 & 7). Moral intelligence for a man of Feuerstein's faith meant more than weighing options based only upon business principles; it was a holistic approach of the mind, body, soul and spirit (Rev. Dr. Patricia Riggs, personal communication, October 26, 2013). This resembles the experiential triangle of Lennick and Kiel (2011), described as “thoughts, emotions, and behavior, all of which mutually influence one another” (p. 91). Behavior as a distinguishing factor in moral intelligence was supported in an interview with Rabbi Arthur Steinberg (personal communication, October 31, 2013), who stated that Feuerstein's actions go deeper than religious convictions and laws defined by the community; he acted in a pattern reinforced by his upbringing combined with his beliefs.

“I think it was a wise business decision, but that isn't why I did it. I did it because it was the right thing to do” (Feuerstein on *60 Minutes*, Leung, 2009).

Context also requires an understanding of Feuerstein's family history. In his words,

Fifty years ago it was normal to have this kind of attitude. Where we're now situated the first mill was built in 1866, and it was a beautiful structure. In 1867 it was totally destroyed in a devastating fire, exactly what happened to us. Do you think they rebuilt? Of course they rebuilt. That was the value system of the time. I wonder if the proprietors of that mill received the type of publicity I received. I'm sure [they did] not. What happened is that the ethics and value systems we used to have no longer exist, so today the media [are] giving me all kinds of credit for it. But I haven't changed. I only did what I thought was right” (Feuerstein as quoted in Kehoe, 1997, p. 4).

There are also numerous articles challenging whether Feuerstein's decision demonstrated responsibility in a different context, that of sustaining the Mill itself. By February, 1996 the team at Malden Mills had 70% of the workers back in place and were producing its famed Polartec fabric at 25% of the pre-fire rate. Yet when Feuerstein continued to pay the remaining workers still out of work at full pay, the questions from the business community regarding the prudence of such actions began. Farnham (2000) summarized the types of questions that were heard, “It was all very well for him to behave responsibly, but wasn't he carrying things a bit too far? Wasn't he, in fact, jeopardizing Malden's ability to come back by spending money from which he was getting no practical return?” (p. 15). “No one will question Feuerstein's good intentions, but there's no line on the balance sheet for ‘loyalty’ or ‘ethics’” (Sledzik, 2010, para. 11).

An accounting balance sheet may not have those line items but the employees of Malden Mills appeared determined to repay the kindness and compassion demonstrated to the workers of the Mill, illustrating one of the suppositions of Lennick and Kiel (2011) that acting with moral intelligence makes good business sense. According to Farnham (2000), productivity rose 25% and was continuing to climb

(p. 16). Additionally, retention of customers and employees was placed at 95% with quality issues dropping from 6-7% pre-fire to 2% (Sledzick, 2010). Then other factors began to enter the picture such as how much to automate the new factory, the cost of replacing equipment, tension between Feuerstein and directors regarding how to proceed and challenges from the insurance company. Feuerstein ultimately had to borrow another \$100 million to keep the mill operational (Farnham).

In July 1996 Feuerstein demonstrated the second aspect of responsibility, that of responsibility for personal actions. “Responsibility is a radical competency because it requires that we accept personal responsibility for everything that we do...” (Lennick & Kiel, 2011, p. 115). Feuerstein admitted a “profound mistake” (Farnham, 2000, p. 20) in attempting to do too much too soon in rebuilding which led to 400 workers learning that their jobs would not likely return. He also took responsibility for failing along with his management team in not recognizing the threat from less expensive fleece imported from other countries while Polartec production facilities were being rebuilt. “We weren’t creative and aggressive enough” said Feuerstein (as quoted in Browning, 2001).

Warm winters cut the demand for Polartec products producing another layoff of 400 jobs in early 1998. Earnings fell and by 2000 Feuerstein was in debt for \$140 million in loans. The company needed cash to continue operating. The request to borrow more money was met with an unexpected demand from his creditors to file for bankruptcy protection essentially guaranteeing them to be first in line for repayment if Malden Mills buckled under the weight of its debt (Seglin, 2002). “I begged them on my knees not to go into this chapter” said Feuerstein (Seglin, para. 3) who was apparently willing to accept the personal responsibility of paying creditors. Feuerstein possessed self efficacy for the task as he had led the company from bankruptcy once before in 1981.

In light of Malden Mills bankruptcy filing in November, 2001, six years following the fire, new voices were heard disparaging the previous decisions and level of responsibility of Malden Mills’ owner. “It may have been that the desire to take principled action somehow blinded him to thinking long term” (Toffler, as cited in Browning, 2001). Gini and Marcoux (2006) stated “However admirable Feuerstein’s intentions, his actions were ultimately destructive of Malden Mills as an engine of sustainable and flourishing economic community” (p. 6). Some writers suggested that keeping the workers on the payroll eventually cost them their jobs along with the future economic health of the company. These statements do not include the perspective of the workers living in an area with high unemployment and limited options for work as over 100 textile plants closed in New England within a year (Leung, 2009). Hindsight allows us to see the consequences as they unfolded over time yet the question remains, would moral leadership have had Feuerstein make any other choice than to rebuild the mill?

Alternatives would have included revamping undamaged buildings in the mill with the insurance money to increase production of other products, but as research uncovered, many types of fabric that Malden Mills was producing were already bottoming out in their markets (Gant, 2000). Feuerstein could also simply have retired and taken no further action at the mill. Perhaps as he acknowledged, he tried to do too much too soon before all insurance claims were settled, but his actions were based upon a desire to return the mill to a working state which supported the community, put employees back to work, and avoided losing contracts to competitors; his business decisions were backed by moral intelligence.

Defenders suggested his original motives were “enlightened self-interest” (Kehoe, 1997, para. 21) because Polartec production required skilled labor – keeping the workers was as important to him as having a job was to the workers. Other analysts point out that Feuerstein and Malden Mills were pounded by events beyond his control. For example, foot-and-mouth disease impacted the British market for Polarfleece, a popular product among hikers, cutting demand by one-third. Coupled with a weakening economy and increased competition, options had been limited for saving Malden Mills and the jobs of thousands (Browning, 2001).

Compassion is outlined in Kinnier et al. (2000) in several ways: respect and caring for others, serving others, being caring and compassionate for others. Schwartz (2005) included the virtue of caring and Bird and Waters (1987) listed special consideration as well as aspects of corporate social responsibility. Lennick and Kiel (2011) state that when we fully embrace responsibility in serving others, the leader naturally moves into compassion.

It would be impossible to read any of the news articles surrounding the fire or subsequent events and not see both compassion/caring and corporate social responsibility embodied as outlined in the previous section on responsibility. “Although moral intelligence involves *knowing* what to do, moral competence is the skill of actually *doing* the right thing” (Lennick & Kiel, 2011, p. 83). Browning (2001) pointed out that Feuerstein did not have to take the actions he did including paying out around \$25 million in salaries to workers displaced by the fire. However, he reacted with concern not only for his workers but the surrounding community in making his choices.

Integrity is the third principle of moral leadership consistent among a majority of studies on universal values. Integrity includes a variety of synonyms: authenticity (Lennick & Kiel, 2011); honesty (Kouzes & Posner, 2010); courage, authenticity and honesty (Dahlsgaard et al., 2005); honesty in communication and fair treatment (Bird & Waters, 1987); and, trustworthiness including honesty and integrity (Schwartz (2005). Integrity is “doing the right thing, always” (Verhezen, 2010). Sankar (2003) proposes that “a leader’s character cannot become whole and integrated unless it is grounded in a solid infrastructure of moral values” (p. 48). Lennick and Kiel provide a four-part framework for examining this case that encompasses the many aspects of integrity described in the research. The framework included acting consistently with principles, values, and beliefs; telling the truth; standing up for what is right; and keeping promises (pp. 98-111).

While Feuerstein’s actions at the time of the fire and during the next year revealed alignment with his moral and ethical principles rooted in his heritage, and authenticity and honesty in every interaction with those around him from displaced workers to insurance companies, perhaps what is most telling of his integrity were his actions after Malden Mills declared bankruptcy in 2001. When interviewed after the bankruptcy filing and asked if he would have handled the situation in the same manner he replied, “Yes, it was the right thing to do” (Shafran, n.d. , para. 9). Considering Feuerstein in the light of his faith, Rabbi Shafran said “we are charged with acting not for the moment but rather for the Moment, for the larger goal, for what is right” (para. 10). Even when many in the business world charged that his actions did not meet accepted business practices, Feuerstein never questioned alignment with his principles and values in his actions. In standing before his employees time after time to keep them informed of the company’s progress or the plans for filing for bankruptcy, he consistently spoke truthfully and honestly about the status of the company while never wavering in his optimism that they could turn the fortunes of Malden Mills around together.

After the bankruptcy petition was filed, Feuerstein’s plan was to regain full control of his family’s business and successfully return it to profitability. A series of articles in *The New York Times* highlights the roller coaster the now 76 year old Feuerstein encountered. Beginning in August 2002, Feuerstein announced Malden Mills would file a plan to emerge from bankruptcy (“Company News: Malden Mills To,” 2002) and he remained at the helm as chairman while the company was restructured (Morgenson, 2004). In March 2003 Feuerstein gave up control of Malden Mills to GE Capital (“A Change”, 2003) while he worked to put together a bid to buy back the company. Feuerstein said,

We insist the business must be profitable. Otherwise we have nothing. But we also insist a business must have responsibility for its workers, for the community and the environment. It has a social obligation to figure out a strategy that will permit workers to make a living wage. There’s a responsibility to the work force, to this community. The only way that can be sustained is if I get control (Klineman, 2003)

Returning Malden Mills to family ownership may have seemed parochial to many in the business world yet his actions also represented standing up for what was right for the community, one of the tenets of integrity. Like any CEO, Feuerstein had the bottom line clearly in sight with his purchase bid. As Sama and Shoaf (2007) point out, recognizing that there are moral consequences to decisions requires more than consideration of the bottom-line. His buy-back plan retained hundreds of jobs in New Hampshire and Massachusetts (Morgenson). The deal proposed by Feuerstein also involved a partnership that would turn “a million square feet of historic mills at its 28-acre site into 600 low-and moderately priced rental apartments” (Diesenhouse, 2003, para. 4). Certainly at 78, Feuerstein did not need the overwhelming task of once again, raising Malden Mills from ashes. His courage was summed up during the *60 Minutes* interview by a Malden employee, Bob Fawcett, “If anybody can pull it off, he can. Some people would walk away. I don’t need this aggravation. But he just steps up to the plate, time and time again. I don’t know how he does it” (Leung, 2009). For strength, Feuerstein returned to the Torah and the story of Joshua adding, “Moses gives advice to Joshua...Be strong and be courageous. ...God doesn’t prescribe a certain course of action. ...God doesn’t tell him anything except to be strong and be courageous” Farnham, 2000, p. 22). Mayor Michael Sullivan put the bid in perspective for Lawrence, “The community needs the jobs, the affordable housing and the Feuersteins, who support many local charities they don’t take credit for” (Diesenhouse, 2003, para. 7). However, in October 2004 GE Capital rejected Feuerstein’s re-purchase bid (“Company News: Malden Mills Rejects”, 2004). The rejection of the carefully crafted offer that would have returned control of Malden Mills to Feuerstein was a surprise to many in the banking industry, the local Congressional representatives as well as the community.

Only the bottom line appeared to be the main consideration of the new management of Malden Mills after rejecting Feuerstein’s offer. The CFO, David Orlofsky, indicated a plan to move “a substantial part of Malden’s operations overseas over the next several years” (Morgenson, 2004, para. 16). “We’d like to do more business in Asia. We’ll do something with the real estate; maybe a sale lease-back” (Orlofsky as cited in Diesenhouse, 2003, para. 11).

Unfortunately, there is no magical end to this story. Once Feuerstein’s offer was rejected, he faded from the news. Those who credited the downfall of Malden Mills to his compassion and responsibility for his employees following the fire rather than to emerging global competition and environmental factors were probably surprised to see that the tight reins of GE Capital and sending jobs overseas resulted in another bankruptcy in 2007. Malden Mills no longer exists as Malden Mills, but under Versa Capital Management, Inc. the company continues to produce Polartec fabrics as Polartec, LLC (Bloomberg BusinessWeek, n.d., “Company Overview”). By 2012, it appeared that Polartec too would be on the sales block (Bloomberg BusinessWeek, 2012, “Versa May Seek”)

Findings: The story of Aaron Feuerstein’s moral intelligence is an example of a nested or layered case study (Patton, 2002). The first case study could be examined solely in light of his actions following the fire; a second case study could be comprised of the fire and the 2001 bankruptcy; and yet a third case study is presented here, a longitudinal look at a person whose organizational challenges changed over time, but whose moral leadership held fast. Patton suggests the “‘vicarious experience’ that comes from reading a rich case account can contribute to the social construction of knowledge that, in a cumulative sense, builds general, if not necessarily generalizable, knowledge” (p. 583). This case offers a teaching opportunity in the classroom to explore true moral intelligence and the results.

While one case study is obviously not generalizable, this article offers integration of various terms used in studies of moral leadership. The analysis discovered three moral themes consistent across much of the literature focused on moral leadership: responsibility, integrity, and compassion. This research on these virtues may serve as a springboard to examine cases of other leaders to develop consistency in what is meant by moral intelligence and moral leadership and how responsibility, integrity, and compassion are applied.

This case supports the contention of Lennick and Kiel (2011) that leading with moral intelligence is good business and opens the door to the need for more exploration in this area. As the story unfolded, multiple examples of positive outcomes were found even in the midst of the 2001 bankruptcy such as

...None of his customers-manufacturers like L. L. Bean, Patagonia and North Face that use Polartec in their high-end garments – have left him. His union workers have agreed to a salary freeze until 2003 and are giving up paid personal days this year. He estimated that those and other concessions would save Malden Mills around \$2 million. (Seglin, 2002, para. 3)

Feuerstein retained 95% of his skilled labor, production increased, and quality improved, all positive outcomes based upon his moral leadership.

Finally, the case study revealed the need for study of leaders becoming transformative in their organizations because of their moral intelligence and leading their organizations to higher levels of performance. There was obviously a strong connection between the culture of Malden Mills and the moral leadership of Aaron Feuerstein. In considering the GE Capital takeover, the words of Cesar Aguilar, Malden Mills' former executive VP for sales and marketing said, "Every company has a DNA. But when you mess with the DNA, it's not the same" (Morgenson, 2004, para. 19).

Conclusion: "Moral intelligence is not just important to effective leadership – it is also the 'central intelligence' for all humans. ...It directs our other forms of intelligence to do something worthwhile" (Lennick & Kiel, 2011, p. 24). This case study demonstrates that a leader with strong moral intelligence does not waiver in making the right decisions even at great personal cost. Under the most trying of circumstances, Feuerstein responded with responsibility, compassion, and integrity. His people were always at the forefront of his decisions and even when the results achieved were less than anticipated and hoped for, his actions were always consistent with his moral compass. While emotional and social intelligence are widely studied in the field of leadership today, a glance at the headlines reveals the need for a type of intelligence that would guide leaders to make more ethical decisions as moral leaders.

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