Charles O. Rossotti

A Model of Public Sector Moral Leadership

Pearl Richardson Smith, Ph.D.

Contact Information
9529 Fernandina Dr.
Douglasville, GA 30135
678-838-7471 (home)
770-289-1151 (cell)
pearl@pearlofwisdom.org
Abstract

In 2012 and 2013, inappropriate behavior of top leaders at two federal agencies became public. Moral laxity of public leaders exacerbates the decline in public trust that started in 1960. Authors advocate Servant Leadership as a leadership style for public officials because it embodies moral behavior that engenders trust. Former IRS Commissioner, Charles O. Rossotti, displayed servant leadership characteristics leading the agency from 1997-2002 and was highly regarded for his integrity in guiding and transforming the agency.
Charles O. Rossotti

A Model of Public Sector Moral Leadership

In 2012 and 2013, the press publicized instances of immoral actions by executives at two federal government agencies. In August 2012, the public learned over the years GSA had spent thousands of taxpayer dollars on lavish conferences and employees awards. McElhatton (2012) reported 77 conferences were in question; the tip off coming from a conference in Las Vegas were over “$800,000 was spent on clowns, a mind reader and a red-carpet party” (para. 3). High-level GSA officials not only knew of these expenditures but also attended these conferences.

In May 2013, the press revealed IRS agents improperly targeted Tea Party groups for extra scrutiny when they applied for tax-exempt status from 2010 to 2012. A Christian group asked for the investigation of the unwarranted probe as a violation of the Tea Party’s first amendment rights (Murashko, 2013). Lois Lerner, who headed the division that approves the applications and directed the unethical probe, pleaded the fifth when forced to attend a congressional hearing on the issue, and she resigned from the position in September 2013. Later, IRS senior officials conceded then Deputy Commissioner, Steven Miller, knew of the misconduct toward conservative groups in May 2012. However, despite being questioned about the issue, he did not tell Congress about it when he testified before an oversight committee in July 2012. Miller became Acting Commissioner in November 2012, and resigned on May 16, 2013. In his resignation letter to IRS employees he wrote, “This has been an incredibly difficult
time for the IRS given the events of the past few days, and there is a strong and immediate need to restore public trust in the nation's tax agency" (Hicks, 2013, para. 3).

The decline of public trust in government that dates back to 1960 (Perry & Wise, 1990; Thomas, 1998), and moral laxity by federal leaders exacerbates the problem (Thomas, 19998). The scandalous behavior of IRS leaders does not emulate the example of moral leadership by former IRS Commissioner, Charles O. Rossotti. Rossotti, who led the IRS from 1997-2002 and implemented the most sweeping transformation of the agency in over 40 years, was regarded by internal and external stakeholders as a leader with integrity. He changed the image and operation of the IRS by practicing servant leadership, which embodies moral behavior (Feldheim & Johnson, 2004; Graham, 1991) and builds trust (Greenleaf, 1977). An account of Commissioner Rossotti’s leadership follows an overview of moral leadership and servant leadership.

**Moral Leadership**

“Moral leadership is about distinguishing right from wrong and doing right, seeking the just, the honest, the good, and the right conduct in its practice” (Daft, 2005, p. 222). To Maak and Pless (2006) personal morality and good character are fundamental to moral leadership, which requires safeguarding, promoting, and practicing moral values. The authors explained moral leaders safeguard free speech, whistle blowing, ethical conduct, and customer care.

External motivation drives moral leadership rather than prompted by externally imposed behavioral standards (Maguad & Krone, 2009; Daft, 2005). Maguad and Krone (2009) explicated moral leadership reflects what one is as opposed to what one does and conforms to the highest standards of ethical behavior built on fairness, justice, respect for rights and due process.
Further, it entails forthright, sincere, and honest communications to promote an ethical organizational climate.

Krishnan (2003) found moral leadership positively influences the satisfaction and extra effort of followers as well as the effectiveness and power of leaders. Malcolm and Hartley (2010) shared ideas from Chester Barnard’s (1938) classical writings on the interdependency between leadership competency and morality. The authors wrote, “Barnard emphasizes that individual moral codes and the importance of morality cannot be ignored when examining the role of an executive whom, among other duties, must be able to create morals for others (p. 461), an idea Ryan (2000) also proffers.

To Thompson (2004) morality addresses what is right and just, and leadership is fundamentally a moral endeavor. Nevertheless, the author discerned a chasm between moral purpose and moral performance, which thwarts the moral solidarity required for organizational success. Her moral compass depicts the areas of focus for moral leadership: (a) the individual and society, (b) moral identity and agency, (c) the physical and the metaphysical (thoughts and feelings), and (d) spiritual and rationality (vision, values, practice, & performance).

**Moral Leadership of Public Servants**

A dearth of public sector leadership literature exists, to include the topic of ethics and morals (Van Mart, 2003). Exploring moral responsibility of public officials (Thompson, 1980), detected inadequacies with the models used in the government to determine who is morally responsible for political outcomes. The hierarchical and the collective models both distort the nature of responsibility in public officials. The author concluded personal responsibility plays a fundamental role in assessing the quality of government operations.
Thomas (1998) argued a lapse of morals is one of several ways trust can be lost and posited three types of morals-based trust to restore public trust: fiduciary trust, mutual trust, and social trust. In fiduciary trust, one person trusts another to act on his or her behalf and does not require a relationship between the parties. Such trust requires the trustee to serve as a steward and to behave according to established ethical standards. Unlike fiduciary trust, mutual trust is interpersonal and based on a personal relationship between the parties. Social trust is based on commonly shared cultural, social, regulatory, and professional norms and supports the sense of moral obligation that undergirds fiduciary trust.

Denhardt and Vinzant (2000) introduced the “new public service” (NPS) movement, which evolved from Old Publication Administration and New Public Management. NPS fosters a shift from public service based on self-centered interest to public servants practicing other-centered behavior. The movement comprises democratic decision-making, inclusion, accountability, and value-based performance that build, “a moral bond” (p. 552) with stakeholders.

Individuals most often cited traits associated with personal morals when asked what the most desirable characteristics of government leaders are. In an informal Government Executive survey (Fiel, 2004), the leadership traits most desired in government leaders were honesty and integrity. The author provided the following definition of integrity from the American Heritage Dictionary, “Steadfast adherence to a strict moral or ethical code.” He opined, such adherence can be difficult for government leaders whose decisions are often influenced by bureaucracy, crisis, and political decisions. Nevertheless, respondents stressed the importance of leaders “keeping their integrity.” Friel explained responded regarded integrity as an admirable trait because the loss of it is permanent.
In addition, ethical behavior is one of the seven characteristics of highly successful government leaders identified by Kamensky (2013). The author explained leaders must determine if coworkers up and down the chain of command can trust them to do the right thing. He advocated soliciting their feedback as a way to build trusting relationships and ethical standards for the organization.

Perry and Wise (1990) examined public service motivation (PSM) to ascertain why individuals choose to work in the public sector. They identified three motives: rational, normative, and affective. The rational motive promotes fulfillment of self-interests. Normative motive is “a desire to serve the public interest, loyalty to duty and to the government as a whole, and social equity” (p. 369). The affective motive reflects one’s commitment to a specific public program. The authors posited public servants might reflect a mixture of the three motives over their careers. However, the motivation most often associated with public servants is normative. Two decades later Perry, Hondeghem, and Wise (2010) concluded from examining empirical research on PSM across disciplines public servants share a normative motive—a desire to work in the best interest of others.

Drawing on Perry and Wise (1990), Feldheim and Johnson (2004) determined servant leadership principles embody the normative model. The authors asserted servant leadership promotes authenticity as well as moral thinking and decision-making. They advocated servant leadership be taught to and practiced by public servants to promote normative ideas of “stewardship, honest, integrity, social equity, and democratic participation in all aspects of administration” (p. 11).
Servant Leadership

Robert Greenleaf, the recognized father of servant leadership, opined the level of consensus of what constitutes morality has dropped, hence he advised leaders of the need to build a new morality map based on traditional ethical principles. He declared, “Every strong moral person has always had to choose the ground upon which he or she would stand” (Spears, 1998, p. 100). Greenleaf (1977) characterizes the servant leader one who naturally is inclined to meet the highest priority needs of other, and consequently leads by serving. The 10 characteristics of servant leadership distilled by Spears (1998) respond to the need for a new morality.

- Listening – Identifying the will and being receptive to their voice
- Empathy – Understanding and assuming the good intentions of others
- Healing – Mending broken spirits
- Awareness – Maintaining general and self-awareness
- Persuasion – Convincing others through persuasion rather than control
- Conceptualization - Seeing beyond current realities
- Foresight – Foreseeing likely outcome of situations
- Stewardship – Holding the organization in trust
- Commitment to the growth of people – nurturing the personal, professional, and spiritual growth of other
- Building community – addressing lack of community in localities by building community within organizations
Many authors discussed the link between servant leadership and moral leadership (Graham, 1991; McCuddy & Cavin, 2008; Burkhardt & Spears, 2002; De Pree, 1994; Ryan, 2000; and Hardin-Baylor, 2012). Graham (1991) concluded servant leadership is inspirational and contains moral safeguards. The author explicated the moral aspect of servant leadership is seen in the leader’s focusing on the needs of the followers and facilitating sound leader follower relations by engaging in moral dialogue. Further, the author explicated servant leaders recognize a moral obligation to serve all organizational stakeholders (internal and external) and to strive for their best interest. Maak and Pless (2006) expressed a similar thought, explicating ensuring stakeholder well-being is an ethical phenomenon required to “(re)build public trust” (p. 99).

Per McCuddy and Cavin (2008), servant leaders are guided by their moral orientation, which is selfless. Their propensity toward otherness promotes the common good and enhances their leaderships. Similarly, Maguad and Krone (2009) regard servant leadership as moral leadership, and they posited a link between moral leadership and quality in organizations.

Servant leadership proponent, Max De Pree, described leadership as a merger of competence and moral purpose committed to a common good (De Pree, 1994). He explained leaders with moral purpose engage in the following practices.

- Authenticity. They accept everyone’s authenticity.
- Inclusiveness. They include all organizational members.
- Truth. They look at truth a number of ways to act morally.
- Access. They allow an appropriate distribution of access.
- Personal Restraint. They control their personal lifestyle; use of talent, resources, and access. They understand and practice simplicity. They assess individual liberty and license as it relates to the common good.
To De Pree, serving followers legitimates leadership.

Ryan (2000) expressed the need for heightened morality among executive leadership. Drawing on Greenleaf’s writings, Ryan advocated for spiritual leadership that she likened to servant leadership, in which the leader’s aim was to enable follower success by fulfilling their needs.

Although the practice of servant leadership within the federal government has been advocated (Feldheim & Johnson, 2004; Rusaw, 1998; Chung, Jung, Kyle & Petrick, 2010), Greenleaf (1977) believed the environment was not conducive to this self-less, other-centered style of leadership. He regarded government as indispensible yet opined, “Governments rely too much on coercion and too little on persuasion, leadership, and example” (p. 53). He also commented Americans lack confidence in the morality of elected officials and called the United States tax structure a “perversion” (p. 53).

Twenty years after Greenleaf’s (1977) dismal assessment of federal leadership and the United States tax structure, Charles O. Rossotti demonstrated how a leader and a government institution could operate with integrity. His exemplary, moral leadership that embodied of servant leadership, is captured in Smith’s (2003) case study involving Rossotti and 22 IRS employees who worked with him and in Rossotti’s (2006) account his experience leading the world’s most hated agency.
Charles O. Rossotti: Public Servant - Servant Leader

Former IRS Commissioner, Charles O. Rossotti, Official Portrait
Used with permission

Motivated by a Desire to Serve

According to Greenleaf (1977), “the great leader is seen as servant first” (p. 7). Rossotti had no career or financial aspirations in accepting leadership of the IRS. The desire to serve the IRS and American taxpayers prompted him to accept the position of IRS Commissioner. When asked to assume leadership of the IRS, Rossotti was semi-retired from his position as CEO of American Management Systems (AMS), an IT company he co-founded. He was looking forward to spending more time with his wife, Barbara on their farm on Maryland’s eastern shore. Under Rossotti’s leadership AMS was a successful company, ranking 74th on Forbes 100 best companies to work for in America, and his compensation was substantial. The position of IRS Commissioner would bring considerably less prestige and pay, and far more challenges.

Rossotti (2006) explained that at the time of his appointment the IRS had the largest customer base and the lowest approval rating of any American institution (p. 1). IRS employees believed Rossotti, “was moved by the opportunity to serve the public after achieving such
enormous success in the private section” (p. 77). Rossotti explained accepting the job was about the people; he had a desire to improve conditions for IRS employees and the taxpaying public (Smith, 2003).

Rossotti assumed leadership of the IRS when it had the reputation as the most hated agency in America. During his 5-year tenure as IRS Commissioner, Rossotti transformed the IRS by changing its culture, heightening its integrity, regaining the trust of many Americans, and bolstering morale of its employees. His ground rules were: (a) no special interest representatives, (b) share information widely, and (c) fact-based, open decision-making (Rossotti, 2006). His practice of servant leadership reflected the morals that guided his leadership.

Moral Leadership through Servant Leadership

Listening

“Only a true natural servant automatically responds to any problem by listening first” (Greenleaf, 1977, p. 17). Listening was a fundamental aspect of Rossotti’s leadership. He said he spent half of his time listening (Smith, 2003), and he told Rossenfield (1999) listening was the best use of his time at the IRS (cited in Smith, 2003, p. 85). Rossotti was the first IRS Commissioner who was not a tax attorney. Hence, he said as an outsider when he came to the IRS he listened “out of pure necessity” (Smith, 2003, p. 84), and he listened to employees at every level and at numerous IRS locations. Such interaction between the Commissioner and employees was unprecedented at the IRS, and Rossotti (2006)
described encountering opposition by administration when he informed them of his intent to meet with employees prior to his confirmation.

Rossotti said he was in an “intake mode” (Smith, 2003, p. 84) the 6 months leading to his confirmation and the next several afterward. While awaiting confirmation, he periodically visited employees in the headquarters (Washington, DC) office and asked them to share, “just what it was they were doing and what they thought the real problems were and what they thought about whatever they thought (p. 84). Rossotti (2006) said employees did not know what to think when he met with them. However, employees loved the attention and opportunity to share their views.

Rossotti explained after confirmation he expanded his employee visits to IRS field locations (Smith, 2003). To meet with as many employees as possible he held brown bag sessions and town hall meetings at various locations. He also went on taxpayer visits with Revenue Officers, and he listened on calls between customer service representatives and taxpayers. Employees described Rossotti as a active listener who appeared to, “focus solely on the individual and block out everything else” (p. 86). Another called him an excellent listener who listened for facts, and he listened to any employee regardless of rank who had credible information, even when it countered his ideas. In meetings, Rossotti would ensure everyone regardless of rank had an opportunity to speak. He also responded to body language and intervened if he thought senior members were ignoring junior employees. “He would actually hold out his hand in front of the team leader, signaling stop, and ask the team member to speak” (p. 89).

Arguably, one of Rossotti’s most admirable means to obtain input from IRS employees was publishing his email address. Soon the amount of email became
voluminous, and he assigned a unit responsibility for fielding the email and ensuring correspondence was addressed.
Empathy

To Greenleaf (1998) empathy entails recognizing the special traits and unique talents of others and assuming the best of coworkers. Rossotti quickly assessed workers level of performance and placed them where they could maximize their strengths. He also paired employees according to strengths so together they could achieve more. An employee gave an example of Rossotti pairing a technically strong employee with one who had excellent people skills.

Another employee described how Rossotti used the Director of Internal Communications as a “weather vane, confidant, and leader” (Smith, 2003, p. 113). Rossotti had little experience communicating with Capitol Hill and used the director to help him create appropriate messaging. Another employee described how Rossotti used the director as his “conscience” in deciding to freeze the account of 9/11 victims who owed taxes so no additional interest would accrue.

“The true servant always accepts and empathizes, never rejects. The servant as leader always empathizes, always accepts the person but sometimes refuses to accept some of the person’s effort or performance as good enough” (Greenleaf, 1977, p. 20). As the IRS Commissioner, one of Rossotti’s basic tenets was to assume the good intentions of taxpayers and employees. An employee said Rossotti remained objective and did not disclose whatever “dark thoughts” he may have about people. Another commented, “Rarely does [Rossotti] criticize or in any way devalue even people I know who are trying his patience greatly” (Smith, 2003, p. 114).

A prime example of Rossotti’s empathy was his handling of employees charged with committing one of the “10 deadly sins” (10 Deadly Sins, 1999) and those who had not filed their
taxes timely. To ensure IRS operatives who mistreated taxpayers received appropriate punishment Congress created and enacted legislation describing 10 acts that drew immediate termination. Employees found guilty of committing one of the sins were to be charged with misconduct and terminated. Employees were panic stricken, fearing they could lose their job by committing an honest mistake. Rossotti, who had sole discretion to decide if an action warranted discipline other than termination, established a review board to review cases and recommend whether to grant clemency. To quell the fear among employees, he also used internal media to ensure employees they would not lose their job for doing their job.

Rossotti personally reviewed the case of employees who were late filing their tax returns, most of whom held low pay positions. An employee commented the amount of time Rossotti agonizing over each case, given his other responsibility, was inordinate. However, Rossotti considered the employee’s personal circumstances (i.e., grade, salary, family situation, employability, and tax code knowledge) in making his decision. In addition, he reviewed some past cases and determined the sanction was too severe in some cases.

Employees regarded Rossotti as a gentle person who had difficulty dealing with poor performance. One surmised, “[Rossotti] accepts people as people. He knows they have lows and seasons, that they go up and down, and that they’re not always going to be at their peak” (p. 116). Rossotti explained,

It may be true, as some observed, that I tolerate poor performers longer than most people. However, it is also true that I have tried over the years to find ways to replace or reassign poor performers with the least disruption possible but still to get it done. Sometimes
this approach takes a little longer, but I find that it often pays off if people can be removed smoothly. (Smith, 2003, p. 116)

One employee commented Rossotti taught him to use prudence in penalizing people.

**Healing**

Many people have broken spirits and have suffered from a variety of emotional hurts. Although this is a part of being human, servant-leaders recognize that they have an opportunity to “help make whole’ those with whom they come in contact” (Spears, 1998, p. 5)

The IRS was demoralized upon Rossotti’s arrival (Smith, 2003). Employee morale was at an unprecedented low as the agency faced criticism from Congress and taxpayers. More hurtful was criticism from IRS’ Chief Information Officer (CIO) that jobs would be outsourced because employees “lacked the intellectual capital to succeed at modernization” (Smith, 2003, p. 117). Dislike of the agency grew among employees.

Rossotti was sensitive the employees’ pain, yet acknowledged before Congress problems existed within the agency. His public admonishment of the IRS for the alleged mistreatment of taxpayers disturbed some employees. However, they realized Rossotti had to acknowledge the problem existed to gain the budget needed to transform the agency. Thereafter, Rossotti routinely conveyed internally and publicly his pride in the IRS workforce. An employee concluded,

Rossotti brought healing to the agency because after his initial comments he demonstrated by his direction and leadership that he cared about seeing that these things
did not have a forever kind of damage or soil the morale of the agency. (Smith, 2003, p. 118)

The press noticed Rossotti’s high regard for the IRS workforce. Miller (2000) wrote of Rossotti’s esteem for his frontline employees.

Rossotti also brought healing to the IRS in his handling of the Year 2000 (Y2K) project, which required keen technical expertise to ensure IRS computer systems functioned properly at the start of 2000. He assured the computer specialists their support was vital to the success of project despite, the CIO’s comment that they lacked “intellectual capital.” To show his appreciation he gave them a 10% pay increase. The unprecedented gesture raised the employees’ morale.

**Awareness**

“Awareness also aids one in understanding issues involving ethics and values” (Spears, 1998, p. 7). Rossotti (2006) wrote, I made only one commitment at my confirmation hearing to promise open and honest communication inside and outside the IRS. It was a commitment he stated repeatedly (Smith, 2003; Rossotti, 2006). An employee gave the following account of Rossotti.

He [Charles O. Rossotti] has a moral compass unlike anybody I’ve ever known in my life. He just simply has a strongly held belief in what’s right and what’s not right. And what’s right is things like telling the truth and being open and honest, and valuing people (Smith, 2003, p. 96).

In addition, Rossotti (2006) declared his intention to reverse “a downward spiral of unkept promises” (p. 55).
Rossotti (2006) wrote he soon discovered distrust was rampant internally between management and employees, and between field and headquarters offices as well as externally between IRS and Department of Treasury. He determined lack of trust exacerbated every problem in the agency. Rossotti wrote such distrust was not the example he saw in his parents’ business relationships neither during his years with AMS “where relationships of trust were the cornerstone of success (Rossotti, 2006, p. 83). He saw rebuilding trust as one of his primary responsibilities as head of the IRS. He pursued relationship building one at a time, understanding the key to restoring trust throughout the IRS was to fortify good relationships and restore broken ones. Rossotti (2006) said he knew he had made progress rebuilding trust when congressional staffers wrote a song about him to the tune of That’s Amore.

When the Code is so thick
That it just makes you sick
Ring Rossotti.

When the public is mad
Cause the service is bad
Call Rossotti.

When morale is so low
There’s no lower to go
Please call Chuckie

Tax reform, we don’t need
It’s a new IRS
With Rossotti!!” (Rossotti, 2006, 98-99)
Employees’ opinions differed whether Rossotti’s leadership values were a reflection of his faith, but there was agreement he had high moral and ethical standards. When asked to address the topic, Rossotti responded,

As for the influence of Christianity on my way of doing business, I’m sure it has an influence and probably an important one because such matters of faith and upbringing naturally influence anyone in how they work and behave. (Smith, 2003, p. 127)

As for Rossotti’s awareness of his influence on the IRS, he wrote, “I’m sure the beliefs and principles I applied to the IRS enabled me to help the IRS change for the better (Rossotti, 2006, p. 299).

**Persuasion**

Greenleaf believed servant leaders are consensus builders who use the power of persuasion rather than positional power in decision-making. An employee explained rather than being coercive, Rossotti was a team player and persuader. He followed the adage, seek first to understand, and then he would take the time to guide individuals through his rationale until they understood his position. Employees described Rossotti as “scary smart” but always willing to listen to other perspectives. He believed listening fostered relationship building and sound decision-making. Further, he believed fooling people was impossible (Rossotti, 2006). When unable to persuade another to see his view, he did not become angry or frustrated. Instead, he would respond, “O.k. we have a problem; let’s use our best thinking to come up with a solution” (Smith, 2003, p. 94). Ultimately, Rossotti would be able to make people feel comfortable with their ability achieve his goal.

**Conceptualization**
“Why would anybody accept the leadership of another except that the other sees more clearly where it is best to go (Greenleaf, 1977, p. 15)? Rossotti conceptualized an IRS that better served employees and citizens. He documented his vision in, “Modernizing America’s Tax Agency.” This document depicted the most massive changes in the IRS in 50 years. A member of Rossotti’s leadership team opined, “I think he came in and summed up what we were, and then I think he saw that we could be so much more, and took us to that height” (Smith, 2003, p. 80).

Instrumental in the change was modifying the IRS Mission Statement, which Rossotti believed was a fundamental flaw in the agency. He believed the statement with its focus on enforcement caused much of the mistreatment of taxpayers. The former statement read:

The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least cost, serve the public by continually improving the quality of our products and services, and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency, and fairness.

In contrast, Rossotti believed the purpose of the IRS is to help taxpayers comply with tax laws. He led the agency in writing the following mission statement:

The mission of the IRS is to provide America’s taxpayers with top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

This statement aligned with Rossotti’s (2006) observation, “The IRS had to do a better job of serving taxpayers, treating them right, and collecting the taxes that were due (p.163).
In addition to conceptualizing the new vision for the IRS, Rossotti ensured all IRS process and systems were change to support the customer service focus. Several employees saw these accomplishments as the hallmark of Rossotti’s leadership and the outcome of servant leadership. One said, “[Rossotti] didn’t just have the concept – I mean most people have got a concept – he had a concept for how to get there. And it was a practical one that used these techniques that you’ve elaborated on” (Smith, 2003, p. 80). Another declared IRS employees are experts at stalling, and Rossotti would not have been able to move the 100,000 workforce without “brining these things to the table” (p. 84).

**Foresight**

Greenleaf explained the servant leader understands, “the lessons from the past, the realities of the present, and the likely consequences of a decision for the future” (Spears, 1998, p. 7). Rossotti’s conceptualization of the new IRS displayed his foresight. He recognized IRS had a technical dilemma because its computer systems were antiquated; however, he understood the agency had to fix the fundamental problem first: revising its mission (Rossotti, 2006). In addition, he realized there was no silver bullet to solve the problems at the IRS and provided a realistic assessment of the nature of the required changes and time required to accomplish them (Rossotti, 2006). Rossotti’s efforts to include internal and external stakeholders in decision-making also demonstrated his foresight. An inclusive decision-making process would enhance buy-in and foster relationship building, which would be essential for success.

He also displayed foresight in dealing with demands from Congress. He described a situation in which he said no to a congressional request he knew would confuse taxpayers and negatively influence filing season. Despite threats from congressional staffers, Rossotti stood his ground. He wrote, “Just saying yes was not a responsible option, regardless of who was demanding it”
(Rossotti, 2006, p. 232). Further, he said this situation affirmed the value in honest communication in all circumstances.

**Stewardship**

“Robert Greenleaf’s view of all institutions was one in which CEOs, staffs, and trustees all played significant roles in holding their institutions in trust for the greater good of society” (Spears, 1998, p. 7). Rossotti clearly understood the IRS, like all government agencies, exists for the betterment of society. He saw IRS’ mission as assisting taxpayers meet their tax obligation, and successfully stewarded the agency.

To perform his role as steward of the IRS, Rossotti became a student of the agency, learning all he could about it. He did not want to make decisions based on his experiences. Some employees believed he knew more about the IRS than anyone, including career IRS employees. One long-time IRS executive stated, “Charles never personally stopped learning.”

In addition, employees noted running the IRS was not a 9 to 5 endeavor for Rossotti but a 24/7 obligation. Employees recognized he spent much of his personal time engaged in IRS business. He often spent this time writing “white papers” to bring clarity to issues, which became standard documents within the agency.

Rossotti also recognized caring for employees was part of his stewardship responsibilities. Results from an employee survey revealed employees did not trust their managers (Rossotti, 2006). He stressed to senior executives the importance building trusting relationships by meeting employees’ needs. He also included the Director of
Strategic Human Resources as a member of his executive leadership team, which ensured employee well-being would be a factor in decision-making.

To improve the image and operation of the IRS, Rossotti vowed to maintain open, honest communication inside and outside the agency. He broke the command and control model that characterized the agency. When faced with opposition, he would assign the problem to employees, tell them his desired outcome, and let them decide how to get there. Rossotti explained,

> It’s a balance between laying out in somewhat clear terms the basic thing you’re trying to achieve, because if you leave everything open ended there is no guidance and nobody knows that to do. Then you obtain the participation of those who are willing to contribute their knowledge and experience” (Smith, 2003, p. 93).

Rossotti believed seriously engaging stakeholders in decision-making enhanced product quality, implementation, and relationships. To that end, he included outside organizations, including the National Treasury Employees in decision-making. His unprecedented inclusion of NTEU in executive decision-making was praised by NTEU officials and IRS employees alike, and demonstrated the high value he placed on people. Rossotti (2006) said he learned how to value people by his parents who were both business owners.

**Commitment to the Growth of Others.**

Greenleaf’s servant-leader is a servant of the organization’s learning process. About that, the servant-leader is tough-minded and unflinching” (Spears, 1999, xiv). To Greenleaf a commitment to the growth of other entails recognizing the intrinsic value of people, including them in decision-making, and making funds available for their personal and
professional development. IRS employees described Rossotti as compassionate, gentle, and a gentleman. Employees remarked, “[Rossotti] is probably as fine and decent a human being as I’ve ever seen,” and “[Rossotti’s] sense of decency and civility with people is legion” (Smith, 2003. 96). Employees said although Rossotti showed great tolerance for employees who had performance and some conduct issues, he had absolutely no tolerance for those who mistreated of taxpayers or IRS employees. For example, he dealt with 12 employees, including managers who abused taxpayers by reprimanding, admonishing, or reassignment them. In addition, he included employee satisfaction in IRS’ balanced measures to ensure appropriate treatment of employees. In a “white paper” on the topic he wrote,

   Employee satisfaction is included in the balanced measures because we know that employees who are provided the right working environment, tools and support will not only get more satisfaction from their work, they will be more successful in satisfying customers and achieving quality and productivity. (p. 96)

To Rossotti employee satisfaction entailed ensuring workers had appropriate guidance, support, tools, and recognition. Further, he believed employee satisfaction was equally important as the other two measures: customer satisfaction, and business results. Employees regarded him as a people person and said he demonstrated it in the countless ways by showing appreciation, celebrating milestones, having fun, and expressing sympathy.

   Rossotti routinely expressed his thanks to employees for their efforts. On one occasion, he granted everyone 59 minutes of administrative leave as a tangible expression of thanks for a successful filing season. One employee said Rossotti would say thanks even if the work product
did not meet the prescribed standard. Rather than criticizing the work, he would say progress was made and he appreciated the effort. Rossotti recognized milestone by holding celebrations, such as informal luncheons and receptions, during which he mingled with employees. One employee said although Rossotti was intense and sincere, he had a witty side and was fun to be around, and had a “sense of humor and levity - irony and humor about some of the crazy, nutty, irrational things that you’ve got to deal with” (Smith, 2003, p. 99). Employees also felt he was good-natured and able to laugh at himself.

Rossotti was commissioner during two crises that made national attention and proved to be a leader who valued the workers. An IRS employee was a victim of the 2011 terrorists attack, and Rossotti flew to New York to visit him and his family. The employee later died, and Rossotti honored him by erecting a memorial at the headquarters office. He demonstrated concern and compassion when the “Beltway Sniper” shot the son of an IRS employee. He assiduously kept abreast of the child’s condition and expressed his desire to visit him. Rossotti showed the same compassion for employees who experienced personal crisis that was not as publicized. When a senior staff member lost his daughter in a car accident, Rossotti attended the viewing. A co-worker said he debated whether to attend because his relationship with the employee was purely business; however, he decided to go and Rossotti was the first person he saw. He was impressed that Rossotti would give up some of his weekend to support an employee in this way.

Rossotti demonstrated the same regard for employees by including them in decision-making. One long-time IRS executive said Rossotti was “the most inclusive leader I’ve ever experienced” (Smith, 2003, p. 100). To facilitate restructuring the agency, Rossotti used 16
design teams comprising executives, managers, bargaining unit employees, and consultants. This was a first for employees covered by the National Treasury Employees’ Union (NTEU) who management excluded from decision-making in the past, and including them was costly for the agency in both time and money. In addition, approximately 10,000 employees participated in task forces and focus groups (Thompson, 2000; cited in Smith, 2003). Employees believed the design team experience enhanced the skills set and confidence. One said, “I learned that I could work harder than I have ever worked in my life” (p. 102).

Rossotti determined IRS suffered from a training deficit and provided funds for employees to receive formal training to enhance their skills to support the restructured IRS. He also provided funds for thousands of employees to take training that was mission-related but not necessarily job related. Further, he told managers their job was to coach and mentor employees, and he set the example by working one-on-one with individuals to enhance the quality of their work. Employees said Rossotti had a low tolerance for poorly thought-out or emotional appeals and helped individuals to improve the quality of their analytical skills. Rossotti (2006) maintained the job of agency leaders was to help employees develop the skills to meet the needs of taxpayers while also achieving the agency’s business goals (p. 116). He was one of two federal agency leaders recognized for establishing exemplary training programs (Thompson, 2007).

One outcome of restructuring was the closing of some IRS field offices. However, Rossotti declared no employee would lose his or her job, and he kept that promise. Some employees did accept a buy out or early retirement, and those who remained were given temporary assignments until a permanent position became available. Rossotti said, “We did
those things because it was the practical thing to do and it was something consistent with what we came to do, which primary was to retain people” (Smith, 2003, p. 107).

**Building Community**

To Greenleaf (1998) building community entails fostering stakeholder ownership and participation in a common cause. Rossotti saw determining how to make the IRS work better for taxpayers as the common purpose to facilitate employee ownership and participation. His use of design teams comprising bargaining unit and management representatives and the sub-Executive Steering Committee (ESC) to enable joint ownership of identifying and implementing the solution. Employees believed key to the success of the design teams was the openness with which they operated, advocated by Rossotti. Unlike past efforts conducted behind closed doors, design team members sought feedback from employees throughout the agency. NTEU President, Colleen Kelley told Thompson (2000) in the past the union was involved only in implementing decisions; however, Rossotti gave them a role in decision-making. Employees said NTEU involvement gave them greater buy-in and ownership of the changes.

Similarly, the ESC comprised all levels of management, and Rossotti ensured each member had an opportunity to share his or her perspective. In addition, Rossotti allowed ESC members to bring their staff to the meetings to provide input. One employee commented Rossotti believed “the more the merrier” (Smith, 2003, p. 110). In addition, he encouraged his senior leadership team to socialize more to enhance their relationship, and held gatherings at his home to promote teambuilding. He recognized building relationships and listening to employees aided in making sound decisions. Rossotti (2006) wrote successful change requires open and honest communication inside and outside the organization.
Rossotti helped build community with outside constituents by including them in decision-making (Rossotti, 2006). He believed external stakeholders such as groups representing taxpayers, congressional committees, and oversight bodies had valuable insight. He included them in decision-making using the strategy “engage, and then decide” rather than “decide, and then explain” (p. 296). To Rossotti this approach was worth the costs and risks.

Rossotti’s Legacy

Rossotti assumed what former Treasury Secretary Robert Rubin called, “the most important management job in the civilian government” (Rossotti, 2006, p. 38) as service to his country and at personal sacrifice. He led the agency with integrity and concluded, “I’m sure the beliefs and principles I applied at the IRS enabled me to help the IRS change for the better” (p. 299). Although Rossotti denied patterning his leadership on a particular style, employees believed his leadership reflected values associated with servant leadership (Smith, 2003).

Because of his moral leadership embodied in servant leadership practices, Rossotti had a profound influence on IRS employees, American taxpayers, and Congress. One employee commented,

I think in terms of a leader’s primary job is to take an organization consisting of mere mortals and getting them to perform better than they ever thought they could by engaging them, by listening to them, by understanding what the limitations were and things like that, I think that’s what [Rossotti] had to do here. (Smith, 2003, p. 123)

Rossotti cited a USA Today article written in 2001 that revealed respondents in a survey were more satisfied with service from the IRS than with service from McDonald’s (Rossotti, 2006). Similarly, on Rossotti’s retirement from federal service, Max Stier, President and CEO of Partnership for Public Service wrote,
Rossotti has helped put a human face on the IRS, instilling in his employees the belief that their work can have a real and positive impact on the Americans they serve. His philosophy of inclusiveness and respect for others has truly made a difference. We commend Mr. Rossotti for so successfully harnessing the energy and expertise of IRS employees to make customer service a cornerstone of the IRS. [Stier, 2002, para.2, cited in Smith, 2003]

Former IRS Commissioner, Charles O. Rossotti, led the agency in the most massive transformation in 50 years. At great personal sacrifice, he assumed the position when public scandal and internal strife marred the image of the agency. Using servant leadership practices, he changed the focus of the agency from enforcement to customer service and restored its credibility. He served the agency and American taxpayers as the embodiment of moral leadership.
References


principles to transform one of America’s least popular institutions. (Doctoral Dissertation). Available from ProQuest Dissertations and Theses database. (UMI No. 3090432)


Author’s Bio

Pearl Smith, Ph.D. serves as adjunct faculty for University of Phoenix, Mercer University, and Shorter University. In addition, she operates Pearl of Wisdom Solutions, a coaching, consulting, and training practice. Dr. Smith earned a Ph.D. in Organizational Leadership from Regent University and obtained her undergraduate and graduate degrees from George Mason University. She resides in Atlanta, Ga.