

Values & Ethics for the Leader and the Organization

Catherine Garcia, DBA in Strategic Leadership

Table of Contents

1.	Introduction.....	page 3
2.	Description.....	page 4
3.	Analysis.....	page 8
4.	Case Study.....	page 12
5.	Recommendations & Conclusion.....	page 13
6.	References.....	Page 16

Values & Ethics for the Leader and the Organization

Introduction:

“ There’s a misconception that ethics is something we only have in our heart, that we learn from our parents or from our church, and that businesses don’t need to concern themselves with it, “ says Majorie Kelly, Founder and Editor of Business Ethics magazine.

“We are very aggressive as a business culture at creating institutional forms that encourage the kind of behavior that we want, but we have not done that with ethics. In fact, business have done quite the opposite by setting overly aggressive growth and sales goals and then sending the message that you better hit the mark no matter what, “ she adds. In such a precarious environment, falling short is not tolerated. “That’s a set-up for unethical behavior,” Kelly explains.

Despite the Sarbanes – Oxley Act of 2002, which sets a standard for corporate accountability and penalties for wrongdoing in response to the increasing number of corporate and accounting scandals, some experts believe that the responsibility for maintaining an ethical environment is up to management. “Business ethics is never going to be successfully regulated. There are bad people who are always going to want to do bad things.” Says Martin Taylor., Vice President of Organizational Services for the Institute for Global Ethics.

On a Local, National, Regional or Global front, ethical standards are being seen as increasingly important, whether the situation involves bribery, and corruption, executive pay, treatment of employees or suppliers, human rights, intellectual property, or misappropriation of funds. Reputation of Global corporations has been shredded by the scandal of unethical behavior.

Doing business in today's global market place places new demands on companies, their employees, governments, the financials community, regulators assessing corporate performance and communicators. There is now greater pressure for regulators to act on corporate malpractice.

In his book, *The 6 principles of managing with Integrity* (Spiro Press), Kaptein outlines the multitude of "ethical dilemmas that confront business executives and their communicators. When does keeping silent constitute lying? When does an intimate relationship become intimidation? When does the private use of company property constitute theft? How does one achieve balance between generating profits and jobs, between sales and safety, between self-interest and organizational interest, and between economics and ecology?

In Kapteins view, how managers and communicators resolve such dilemmas determine their personal integrity, as well as that of the organization.

Martin Taylor, Vice President of Organizational Services for the Institute for Global Ethics says that you can set a standard for good behavior. He offers the following advice on creating a climate of integrity:

1. Set an example through strong leadership. “Ethics programs are generally aimed at employees when it’s management who are the ones in trouble.” Says Taylor. Employees expect supervisors and managers to set an example.
2. Set Realistic goals. “Set your goals in conjunction with your team members, urges Kelly. Don’t sit in your office with a calculator and a spreadsheet and think about what’s going to make your stakeholders happy. Get down in the field with the people who are talking to the customers and find out what goals are realistic.”
3. Provide Training. 71% of those polled believed serious commitment by management to address ethical issues would help with the problem.
4. Distinguish between compliance and ethics. “You can pass all the laws, all the reforms, all the structural changes, but when it comes right down to it,” offers Marianne Jennings, Professor of Legal and Ethical studies at the college of Business of Arizona State University, “ethics is about being forthright even when the law allows you to be less than forthright.”

Credibility and competition can go hand in hand without compromising ethics. Conditions that lend themselves in the workplace to allow an employee to display a competitive spirit are varied.

A competitive spirit is likely to be displayed when an individual in the workplace perceives their leadership to have high credibility.

Credibility:

When an individual in the workplace perceives their leaders as highly credible, they are significantly more willing to increase their effort since they perceive their leaders as knowledgeable and having character. On the other hand, when individuals in the workplace perceive their leadership to have low credibility, they are more likely to believe that leadership is incompetent and lacks the character necessary to fulfill their commitments. Low credibility contributes to a sense among workers that leadership is not quite telling the truth, and leadership is motivated more by greed than by genuine commitment to workers, and even customers.

Values:

Without a strong culture to guide them in the decision making process, workers will often initiate ways to devise solutions, which may be capriciously discarded at a later point in time. In this way, shared values affect worker effort. Workers are cognizant of what leaders and co-workers

in the organization value those are the actions that gain the preponderance of attention.

Actions stressed by leadership will become organizational values. However, if the stated or published values are not practiced by leadership, workers will perceive an inconsistency between what is stated and what is practiced. This inconsistency is likely to effect workers competitive spirit.

Leaders lead by example, where they spend the majority of their time is a true indicator of their values. Leaders publish their values and should be committed to those values. Their actions should be consistent with their published values. Perceived inconsistencies by workers will be noticed and in many cases will be magnified out of proportion. In creating values, leadership is expected to honor those values in all situations (Dean and Kennedy, 1982, p.33).

Ethics:

One of the most difficult situations for workers is to decide what is the right decision, the right thing to do when faced with making ethical choices.

Organizational leadership may articulate that decision should be made on the basis of the greatest good for the greatest number, respecting and protecting the basic rights of individuals, and to impose and enforce rules fairly.

However, in reality, leadership expects workers to withhold corrections or report actions they perceive to be unethical or illegal practices, especially to outsiders when workers perceive situations they judge to be unethical, they often enter into a stage of ethical ambivalence.

Mission:

Consensus and clarity has long been suggested as a key ingredient for organization success. However, mission clarity, like decision making in an organization is more of a desired state than a reality state. Mission consensus and clarity are indeed a desirable state. Most often in reality most workers are often confused regarding the organizational mission and therefore, lose their competitive spirit. This makes it difficult for workers to display excitement and make a commitment to the organization.

Absence of mission consensus and clarity forecasts a situation where workers are often forced to choose behaviors that are in their self interests. For example, Grover (1991) suggests that workers may even deceive others to achieve personal power and control. Although workers may achieve success in gaining more power and control, we suggest that his or her success will not produce a competitive spirit outcome within the individual.

In the book, *Jesus, CEO* by Laurie Beth Jones, she writes that Jesus came with a "Mission." Jesus knew his mission statement, and he did not deviate from it. He declared that his mission was, in essence, to teach people about a better way of life. He saw himself as a teacher and a healer.

The story goes that when Jesus was in the wilderness he was given several "business opportunities" that did not relate to his mission.

Each of these opportunities was related to talents that Jesus had, and used, in some form or another during his tenure. But, he resisted them because they did not fit his mission statement.

Leaders must be able to rise above controversies, jealousies, petty personal attacks, and ego slights, real or imagined, in order to accomplish anything of worth.

It is easy to look at people occupying powerful seats and forget the many attacks, vilifications, insults, and opposition they endured in order to attain their powerful status. Influence doesn't come easily.

Jesus rose above it all by keeping a heavenly perspective. To be "in the world, but not of it" means rising above it all.

Jesus walked up to the Fishermen and said, "Follow me, and I will make you fishers of men." They dropped their nets and followed him. He met a woman at a well and said, "follow me and you will never be thirsty again." She dropped her bucket and ran to get all of her friends.

History repeatedly has shown that people hunger for something larger than themselves. Leaders who offer that will have no shortage of followers. In fact, higher purpose is such a vital ingredient to the human psyche that a scripture say "where there is no vision, the people perish."

Studies show that people will work harder and longer on projects when they understand the overall significance of their individual contributions.

The Study most often quoted is that of airplane workers who were divided into two groups. Members of one group simply did what they were told to do, while the other group's members were taken to the engineering lab and shown how their particular pieces were part of a magnificent jet that would fly higher and faster than any jet had ever flown before. Without any additional incentive, the second group's productivity soared. They knew how important their contribution was to a larger plan.

Jesus is an amazing model of staying committed to his mission. He clearly and consistently conveyed to his staff the significance of what they were doing. He spoke long and often about the calling and they could feel and see the long lasting benefits of their work with him. They were changing people's lives for the good. They were working for something beyond themselves.

Developing a mission statement is the best way to keep the end or the destination in mind. Leaders who cast light have a clear sense of what they hope to accomplish and seek to achieve worthwhile goals. For example, Abraham Lincoln was out to preserve the union, Nelson Mandela wanted to abolish apartheid, and Mother Teresa devoted her whole life to reducing suffering.

Author of Jesus, CEO, Laurie Beth Jones believes that useful mission statements are short, easily understood and communicated, and committed to memory. Developing a personal mission statement according to Jones begins with personal assessment. Juana Bordas, Leadership Consultant agrees. Bordas identifies nine cairns for creating personal purpose.

1. Call your purpose, listen for guidance
2. Find a sacred place
3. See time as continuous begin with the child and move with the present.
4. Identify special skills and talents; accept imperfections
5. Trust your intuition
6. Open the door when opportunity knocks
7. Find your passion and make it happen
8. Write your life story
9. Honor your legacy, one step at a time

A mission statement is not complete without a set of values to serve as a moral compass to guide us on our journey. Values most notably ethical values provide a frame of reference, helping us set priorities and determine right or wrong.

Leaders sometimes make values the end-all of ethical decision making. Values to be effective have to be translated into action. Having an ultimate destination will encourage leaders as well as followers to stay on the correct ethical track. Developing a personal mission statement that reflects your strengths or the strength of your organization will release true passion.

Case Study:

Multiply Abuse Children

Save the Children is a non-profit group that pushes for tougher laws against those who sexually abuse children. Currently, Save the Kids is in its biggest lobbying effort ever in an attempt to get the state legislature to pass a law that requires convicted sex offenders to register their whereabouts with local police departments.

The organizations founder, Steve Hansen, is convinced that such a law can significantly reduce the number of child abuse cases in the state.

Unfortunately, contributions aren't keeping up with expenses and Save the Kids may have to drastically reduce its lobbying efforts just as the sex offender registration bill comes before the legislature. Chances are, this law will pass only if Save the Kids keeps up its lobbying campaign. Mr. Hanson is now raising money for Save the Kids through a series of speeches. To encourage contributions, Hanson knowingly exaggerates both the number of convicted sex offenders in the state as well as the number of children who are abused every year.

Does it matter that Hanson knowingly exaggerates the numbers? Does the degree to which he exaggerates matter? These are all ethical dilemmas.

Hanson rationalizes that his actions are for a good cause. Is he right? This behavior happens all the time, but is it ok?

Recommendations & Conclusions:

“Ethics, “Values” – how do we integrate these into our organization? How do we endeavor to ask our employees to adopt our values? These are challenges every leader faces.

Ethics has everything to do with management. Rarely do the character flaws of a lone actor fully explain corporate misconduct. More typically, unethical business practice involves the cooperation of others and reflects the values, attitudes, beliefs, language, and behavioral patterns that define an organization’s operating culture. Ethics, then, is as much an organizational as a person issue. Managers who fail to provide proper leadership and to institute systems that facilitate ethical conduct share responsibility with those who conceive, execute, and knowingly benefit from corporate misdeeds. (Harvard business professor Lynn Sharp Paine)

Forming and maintaining a positive ethical climate is one of the most important responsibilities we assume when we take on a leadership role in an organization. All members help share the collective ethical atmosphere, but leaders exert the most influence. Followers will look to leaders for moral guidance. They’ll want answers to such questions as these: “What happens to those who break the rules?” “What’s most important, making a profit or doing the right thing?”

Assuming that shaping the climate is easy is a falsity. Leaders are just as likely to be corrupted by the existing moral atmosphere as followers, turning

a blind eye to questionable practices because “it has always been done that way.”

Highly ethical organizations act with integrity (ethical soundness, wholeness, consistency). All units and organizational levels share a commitment to high moral standards, backing up their ethical “talk” with their ethical “walk.” According to business ethicist Lynn Sharp Paine, managers who act with integrity see ethics as a driving force of an enterprise.” These leaders recognize that ethical values largely define what an organization is and what it hopes to accomplish. They keep these values in mind when making routine decisions.

Paine believes that any effort to improve organizational integrity must include the following elements:

- Sensible, clearly communicated values and commitments
- Company leaders who are committed to and act on their values
- The values are part of the routine decision-making process and are factored into every important organizational activity
- Systems and structures support and reinforce organizational commitments
- Leaders throughout the organization have the knowledge and skills they need to make ethical decisions

As we review the subject of Values & Ethics within an organization, my paper clearly points out and has proven that an organizations values do come from the leaders and the leadership that the organization has set in place.

Policy guidelines are the written code of behavior as well as procedures for the organization. But, it is the leaders and managers that model the true values and ethics of the organization for their staff and followers.

References

1. Deal, T. E., & Kennedy, A.A. (1982). *Corporate culture: the rites and rituals of corporate life*. Reading, MA: Addison-Wesley Publishing.
2. Maslow, A. (1970). *Motivation and Personality*. New York.
3. Grover, S.L. (1993). "Lying, Deceit, and subterfuge: A model of dishonesty in the work place". *Organization Science*, 4, 478-795
4. Herxburg, F. (1982). *The Managerial Choice: To be efficient and to be human*. Salt Lake, UT: Olympus
5. Kakar, S. (1970). *Fredrick Taylor: A study in Personality and innovation*. Cambridge, MA MIT Press.
6. Kouzes, J.M., & Posner, B.Z. (1993). *Credibility*. San Francisco: Jossey- Bass
7. Thibautr, J.W & Kelly, H.H. (1959) *The Social Psychology of Groups*. New York.
8. Jansen, E., & Von Gilnow, M.A. (1985). "Ethical ambivalence and organizational reward systems" *Academy of Management Review*, 10, 814-822.