

# HOW TO BE A POSITIVE LEADER



SMALL ACTIONS, BIG IMPACT

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## Lead an Ethical Organization

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*David M. Mayer*

Consider your own work experience for a moment: Have you ever had a boss that you considered unethical, unfair, rude, or sleazy? Likely most of us have had to deal with the difficulties of working for this type of boss. But equally likely, many bosses have also been people we admire, respect, and view as ethical role models. In this chapter, I focus on what it means to be an ethical leader, why it matters, as well as personal strategies and organizational practices that enable bosses to lead ethically.

What is an ethical leader? We typically describe someone as “ethical” if their behavior is consistent with broader societal values and beliefs regarding desired conduct.<sup>1</sup> Three key aspects of being an ethical leader are (1) role-modeling ethical and appropriate conduct; (2) treating others in a just, caring, and respectful manner; and (3) actively managing the ethical behavior of employees.<sup>2,3</sup> The first two key aspects are reflected in the *moral person* component of ethical leadership, as ethical leaders are fair, trustworthy, and consider their employees’ needs a priority. The last key aspect exemplifies the *moral manager* component, as ethical leaders encourage appropriate and desired ethical behavior. They also discourage unethical em-

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ployee behavior by communicating about ethics and using rewards—and punishments—to encourage ethical conduct.<sup>4</sup> Most people think of the moral person component of ethical leadership when considering leaders who are ethical role models. However, as a leader who wants to influence his/her employees' behavior, the moral manager component is also critical to help lead an ethical organization.<sup>5</sup>

### **What Is the Value of Being an Ethical Leader?**

Do ethical leaders influence their employees' attitudes and behaviors? The answer is a resounding yes.<sup>6</sup> Being an ethical leader is an important end in itself because it is simply the right thing to do to try to live in accordance with one's values. But it also has tangible benefits for both employees and leaders. Research demonstrates that when employees view their leader as ethical, they are more likely to be satisfied with their jobs and report greater commitment to their organization.<sup>7, 8</sup> Employees are also more likely to view their work as important and meaningful.<sup>9</sup> Ethical leaders influence their employees' behavior too. Ethical leaders promote behavior that is desirable, but not required by one's job description, that aims to help others in the organization.<sup>10</sup> Employees who are led by ethical leaders are also less likely to engage in unethical behaviors, ranging from a minor indiscretion such as being late to a serious criminal offense such as stealing large sums of money.<sup>11</sup> Finally, when employees report that their leader is ethical, they actually perform better on the job.<sup>12</sup>

Why are ethical leaders so effective in influencing their employees? One explanation relates to the norm of reciprocity,<sup>13</sup> which governs much of human behavior. It prescribes that when one person is treated well by another, they are obliged to

reciprocate with positive behavior. Another explanation is that when employees are led by ethical leaders, they are more likely to identify with their group and organization, subsequently behaving in ways to help the collective.<sup>14</sup> A final explanation is that employees often look to their work environment to determine the appropriate way to behave. Ethical leaders serve as role models, and employees learn how to act in their group or organization.<sup>15, 16</sup> Because ethical leaders engender reciprocity, an increased sense of identity, and serve as models for appropriate conduct, employees are more likely to feel good about their job and act in ways that serve the leader and the organization.

### **How Can I Improve My Own Ethical Leadership?**

The positive benefits provide adequate motivation for leaders to ask: What can I do to help be seen as an ethical leader by others? This section discusses several tried-and-true tactics that may be employed to improve one's reputation as an ethical leader. You may already be using some of these strategies, and others you can add to your repertoire.

#### **Strategy 1: Make Sure to Walk the Talk**

Many leaders believe that doing the right thing is important, but talking about ethics or values should be relegated to other life domains such as family or religion. They may believe that employees' values are set by the time they start working at their organization. Although values are important drivers of behavior, ethical leaders play a critical role in raising awareness that certain decisions have an ethical component. For example, an ethical leader may highlight that a decision to do business in a certain country may not be illegal, but adhering to the coun-

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try's business norms may violate the company's code of conduct. It is critical for leaders to discuss ethics and values, and how the decisions they make fit with the company's espoused values and mission. Talking about ethics is not enough. Ethical leaders must behave in line with their words.<sup>17</sup> When leaders espouse the importance of being ethical, but then promote individuals who are disrespectful or dishonest high performers, it can damage how much the leaders will be trusted in the future.

### Strategy 2: Find Your Mantra

Being ethical may seem to be natural, but it takes a lot of work. Much like athletes who need to train, ethical leaders must develop tools to keep their moral compass working at all times.<sup>18</sup> Developing a mantra is a way to keep one's values at the top of one's mind. A few examples of a mantra are the following: What would my children/parents think if they saw me engage in this behavior?; Would I be comfortable if this was on the front page of the *Wall Street Journal*?; What would someone I respect or a religious deity think of my actions? It is useful to have a mantra, as well as other reminders, such as regularly reading an inspirational quote about living a good life, decorating office space with reminders of what matters in life, or keeping a journal to reflect on one's actions.

### Strategy 3: Avoid Self-Serving Pitfalls

We have a unique gift for justifying and rationalizing behavior,<sup>19</sup> as we are skilled at interpreting our own actions as not violating ethical principles. It is important to see when we may be falling into these biases. We tend to fall for self-interested reasons, when we really want something such as a promotion, a big account, or meeting performance objectives. When wrestling with an ethical decision, make sure to ask if your ethical

decision was aligned with your self-interest. If it is in line with a personally desired outcome, you may consider revisiting your decision, making sure you are doing what is right—and not just what is best for you. For example, your company decides to move and you, as the leader, decide you are entitled to the largest office. Is it fair, given your seniority, or are you considering if you are using “fairness” to justify your own self-interest? To be clear, falling into these pitfalls does not mean you are a bad person. But being vigilant helps you act more in line with your values.

#### **Strategy 4: Do Not Go at It Alone**

Becoming an ethical leader is not a solo voyage. Developing high-quality relationships with trusted individuals will give you honest feedback about your behavior. An interesting thing happens as you move up in management—employees will be less likely to critique your behavior. As a result, you tend to get an overly rosy view of your own and the organization’s actions.<sup>20</sup> People must be able to tell you when you are not acting in line with your values, and also show pride in you when you do the right thing—especially under difficult circumstances. Having a support group is valuable when you must make difficult ethical decisions. Being an ethical leader is not a solitary road; it should include a community of trusted challengers and advocates.

### **What Practices Can My Organization Implement to Be More Ethical?**

In addition to individual strategies that help you to grow as an ethical leader, it is critical to implement organizational practices creating an ethical environment in your organization.

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These practices provide the foundation for building an ethical culture and, ultimately, an ethical organization.

### **Practice 1: Your Ethics Code Is More Than Window Dressing**

Essentially, all companies have a code of conduct. Interestingly, simply having the code does not ensure ethical behavior. Research demonstrates that a code of conduct must be lived through the practices and policies developed by management.<sup>21</sup> Thus leaders should make sure that the ethical code of conduct is a living, breathing document that is regularly implemented in organizational decisions.

### **Practice 2: Bring in the Right Troops**

Individuals tend to be attracted to organizations where they perceive a cultural fit. And organizations tend to hire applicants they perceive to be a fit.<sup>22</sup> This process creates a workforce of similar, like-minded people, which can be good or bad, depending on whether the company has an ethical culture or not. Therefore, emphasis should be placed on hiring employees who are ethical. Although competence is a basic requirement for new hires, so is a desire to do good and to live by the company's mission and values. Finding ethical employees can be achieved by learning about a person's character and values, asking behavioral interview questions, using integrity tests, requiring and vetting references, and understanding the culture of companies the applicant previously worked for.

### **Practice 3: Do an Ethics Audit**

How can you find out if your organization is ethical? Do an ethics audit by surveying employees about the various practices used by the company. These practices can include recruitment, selection, orientation, training, performance management, and

compensation. It can be difficult for management to get an accurate sense, especially from the ground floor. So performing an ethics audit is a great way to figure out what practices should remain strong, and which ones should be amended to improve the organization's ethical culture. An important caveat is that employees must be "psychologically safe," feeling free to report their true beliefs and attitudes without fear of negative repercussions.

#### **Practice 4: Remind Employees about a Larger Purpose**

For many people, a job is not simply a paycheck, but an opportunity to have a meaningful life.<sup>23</sup> For the millennial generation, making a positive difference in the world holds high value. To connect with employees' desire for fulfillment, organizational leaders need to highlight that employees are not only contributing to financial performance but also having a positive effect on others or their community. Companies can emphasize this higher ambition through the use of employee newsletters, company websites, and awards that demonstrate the exemplary behaviors of employees and celebrate their positive contributions.

#### **Putting It All Together**

To develop your ethical leadership capabilities, engage in several strategies, such as walking the talk, finding your mantra, avoiding self-serving pitfalls, and not going at it alone. At an organizational level, an ethical leader must develop several practices, such as ensuring the code of ethics is more than window dressing, hiring the right employees, doing an ethics audit, and reminding employees about a larger purpose. Being



an ethical leader takes a lot of effort, but working on these personal strategies and developing practices will help you to lead an ethical organization.

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### **A COMPANY AND CEO THAT EXEMPLIFY ETHICS—KELLY SERVICES AND CARL CAMDEN**

Kelly Services, a Fortune 500 company based in Troy, Michigan, has many hallmarks of an ethical organization. It was founded in 1946 by William-Russell Kelly and has emerged as one of the leaders in the staffing industry with over seven thousand employees and annual revenue of over \$5 billion. Kelly Services is the world's largest scientific staffing provider, ranking among the leaders in information technology (IT), engineering, and financial staffing. Listed among *Fortune Magazine's* Most Admired Companies, Kelly Services is often heralded as a beacon of ethical conduct in a competitive industry that is often mired in illegal and unethical behavior.

The CEO and president of Kelly Services, Carl Camden, is a big reason why this company has developed its ethical reputation. He holds a PhD in communications and is a former tenured professor, making him an atypical CEO. Stemming from Camden's leadership, Kelly Services engages in several practices that help to create its ethical organizational culture. The organization has some novel practices, including the following:

#### **Live Your Code of Ethics**

At Kelly Services, the code of ethics is more than just window dressing. Kelly Services is a global company, often making important decisions about working with organizations, governments, countries, or cultures with different views about ethics. Kelly Services has clarity on what it stands for, and even when there is money to be made, they turn down contracts forcing them to violate their ethical business approach. As Camden says, employees do not see the code of ethics as "just words on a paper," but something backed by "actual business decisions."

### **Reward the Good**

Many organizations believe they can legislate behavior by creating a lot of rules and punishing those who do not conform. Although rules are important, and punishment is sometimes necessary, Kelly Services takes a different approach. Camden says, "Our goal is to make believers, disciples who aggressively support doing the right thing. I spend more time trying to praise employees who are emitting good than [I spend trying] to prevent them from doing bad." A prestigious award within the company, the William Russell Kelly Award goes to not only high performers but also ethical people who live the Kelly Services values. Camden explains, "The nomination process yields a good number people who are heroes in terms of expressing the belief system as well as heroes in providing the financial resources we need."

### **Get Information from Employees on the Front Lines**

One challenge for high-level leaders in organizations is getting information about wrongdoing or exemplary behavior from employees. Camden has developed a novel approach to find out what goes on in the front line with his employees by making use of social media sites such as Facebook and LinkedIn. Although some companies' legal departments advise against this approach, Camden believes it is critical to get unbiased information. "I have a very good window as to how our behavior is being seen at the lowest ranks of the company," he says. "Having a sounding board from the lowest rank [employees], who are least willing to make excuses for bad corporate behavior I find to be useful. They often give me things to think about like how can you do 'x' while believing 'y.' Well, I never thought about it, so let's check it out."

### **Engage in Small Acts Speaking Volumes**

Many leaders believe they need to engage in big actions to create the right culture and influence employees. At Kelly Services, small acts of good speak volumes. As Camden states, "Little symbolic actions that become part of the narrative of a corporation are very important to pay attention to." As an example, Camden saw on Facebook that an employee

was upset. As a response, he called this employee, and after he convinced her of his true identity, he comforted her by discussing what was wrong and helping her feel valued. Such individualized behavior from organizational leaders is not always possible, but this story has been shared throughout the organization. Camden realizes, "Every person I do respond to directly is probably worth a hundred people hearing the story." The symbolic value of compassion cannot be overstated.

### **Be about Something Bigger**

In the competitive business environment, bottom-line outcomes are of utmost importance. Although high performance matters, what really inspires employees is doing something that matters to the world. According to Camden, "It is really important that a company believes in something more than just simply making money. Kelly visibly joins a fight as to what is good for the society that we are embedded in or what is good for our workers, and we are aggressive for this fight." Led by their CEO, Carl Camden, Kelly Services is a wonderful example of a Fortune 500 company trying to do good in the world.

### TWEETS

*Ethics codes must be more than window dressing: ethical leaders live the code through their actions and by implementing ethical practices.*

*Doing good leads to doing well: employees of ethical leaders are more loyal, more satisfied, work harder, and perform better.*

*Ethical leaders not only punish the bad but embrace the good: rewarding ethical excellence creates loyal employees.*