

Ethics, Culture and Leadership

Prof. Peter Fong

1

Learning outcomes

- **Ethical shaping as a function of leadership**
- **Cultural values of adaptability, achievement, bureaucratic cultures, environmental conditions**
- **Basic philosophy of human nature and approach to leadership**
- **Relationships between values and leadership**
- **Leadership challenge and individual values in an organisational context**

Ethics & Values

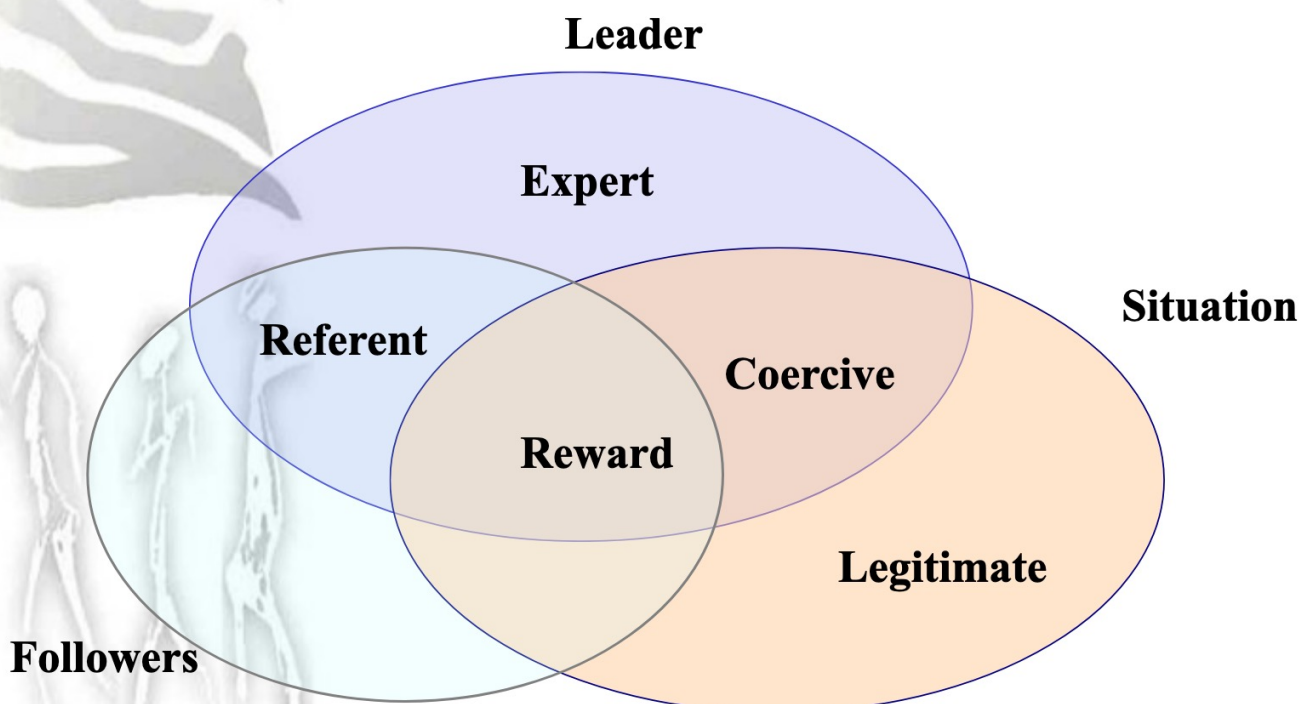
- Leaders face ethical dilemmas
- Doing what is right – moral courage
- Moral example becomes example for followers
- Burns (1978): “Leaders not behaving ethically do not demonstrate true leadership”

What are values?

- Constructs of generalised behaviour considered by the individual to be important
- Patrick Henry’s statement on political freedom: “Give me liberty, or give me death”
- People valuing personal integrity in unethical organisation

4

Power and influence



3

Mr Nelson Mandela's statement

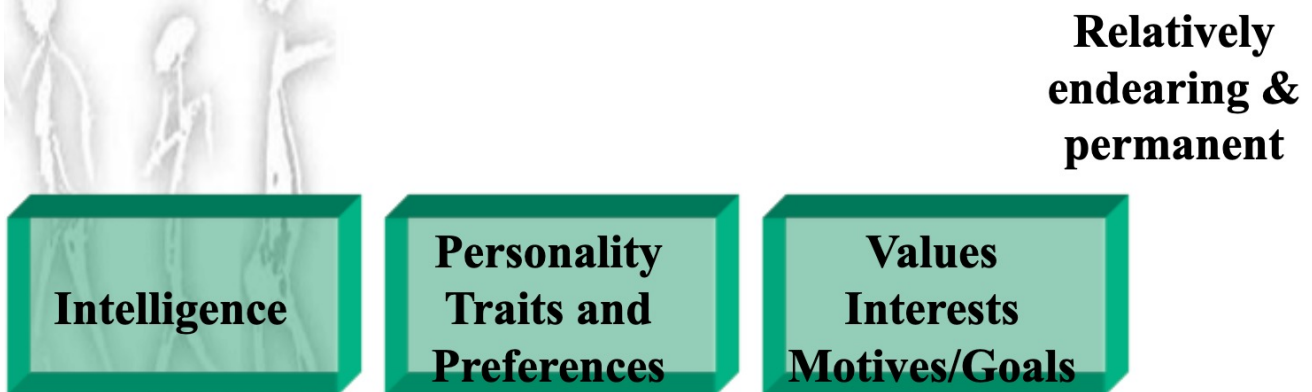
“During my lifetime I have dedicated myself to the struggle of the African people. I have fought against white domination, and I have fought against black domination. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die.”

(Mr Mandela's statement at the opening of the defence case in the Rivonia Trial, Pretoria Supreme Court, 20 April 1964)

Major values considered important by individuals

Terminal values (desired end states)	Instrumental values (modes of behaviour)
An exiting life	Being courageous
A sense of accomplishment	Being helpful
Family security	Being honest
Inner harmony	Being imaginative
Social recognition	Being logical
Friendship	Being responsible
Adapted from: Rokeach, M. 1973. <i>The Nature of Human Values</i>. New York: Free Press	

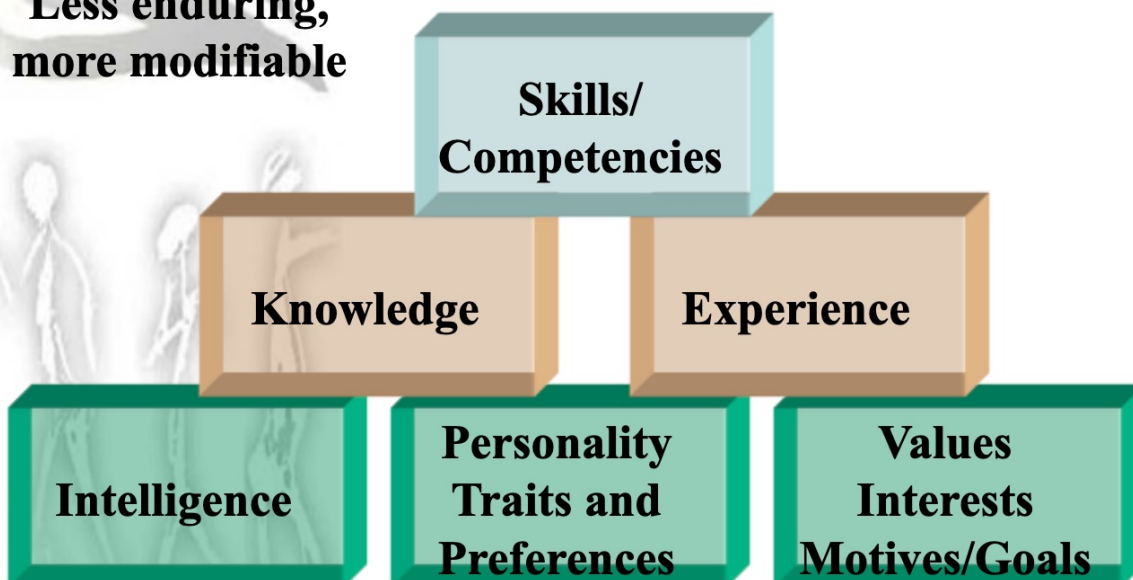
What influences values? Building blocks of leadership skills



8

What influences values? Building blocks of leadership skills

Less enduring,
more modifiable



Value programming

Forces that shape and mold personal values

- **Generation up to 1950s: Accepting authority**
- **Baby-boomers (1950s-1960s)**
- **Generation X (1970s-mid 1990s): Defy authority**
- **Generation Y (Mid 1990s -): Want boundaries to be set**
- **Basic values systems formulated during different social & cultural conditions**
- **However, people from different generations still share many of the same values**
- **Moral reasoning: process leaders use to make decisions about ethical & unethical behaviours**

Values and leadership

How values affect leadership:

- 1. Perceptions of situations and problems at hand**
- 2. Solutions generated and decision taken**
- 3. Interpersonal relationships**
- 4. Organisational & personal successes**
- 5. Differentiating between right & wrong**
- 6. Accepting/rejecting organisational pressures & goals**

How leaders influence ethical values:

Formal systems

- **Code of ethics**
 - **A formal statement of the organisations ethical values; what the organisations stands for; values and behaviour that are expected and those that will not be tolerated**
- **Structure**
 - **Ethical structures/programmes to encourage ethical behaviour; ethics committee; ombudsman**
- **Training**
 - **Leaders often implement raining programmes to augment a written code of ethics**
- **Disclosure mechanisms**
 - **Voicing concerns, whistle-blowing, disclosure of illegal/immoral practices**

11

Four categories of culture

Two dimensions

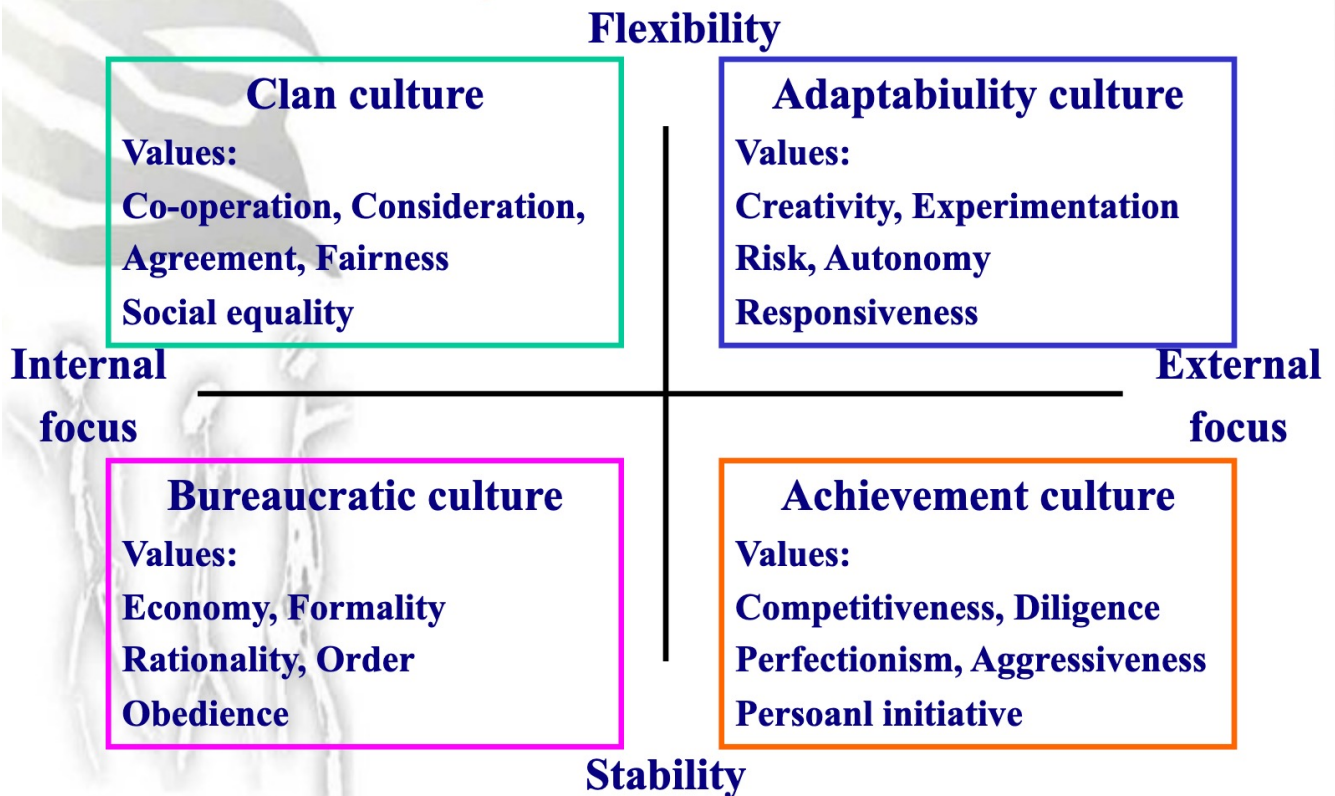
1. The extent to which the external environment requires flexibility or stability
2. The extent to which the strategic focus is internal or external

Together these dimensions forms four quadrants, each representing a cultural category with emphasis on specific values

- Adaptability
- Achievement culture
- Clan culture
- Bureaucratic culture

12

Four categories of culture (cont'd)



13

Levels of moral reasoning

- **Individuals: from different levels into groups**
 - What level does the group manifest?
- **Organisations moving from one level to the next:**
 1. Improve quality of leader-follower relationship
 2. Develop explicit ethical guidelines
 3. Appoint Ombudsman to address ethical conflicts
 4. Formal ethics educational programme
 5. Leaders to have high moral standards of ethical conduct
- **Stephen Covey's Principle-centred leadership:**
Personal, Interpersonal, Managerial, Organisational

Leading across cultures

- **Culture:** behaviours learned which characterise the total way of life of members within a given society
- **E.g.:** distinctive actions, mannerisms, gestures characteristic of that culture
- **Geert Hofstede's 1980 study on the four dimensions of cultural values and beliefs:**
 - Individualism versus collectivism
 - Masculinity versus femininity
 - Tolerance versus tolerance of uncertainty
 - Power distance versus power equalisation

Importance of culture

- **Internal integration:**
 - Helps members to develop a collective identity
 - Know how to work together effectively
 - It guides day-to-day working relationships
 - Determines how people communicate
 - What behaviour is acceptable/unacceptable
 - How power and status are allocated
- **Culture can imprint a set of unwritten rules in minds of employees**
 - **E.g.:** Japanese firms: emphasis on team collaboration, open communication, security, equality

Importance of Culture

External adaptation:

- How organization meets goals
- Dealing with outsiders
- Responding to customers' needs
- Dealing with a competitor
- Encouraging employee commitment to core purpose of organization, specific goals, accomplishing goals

Culture strength & adaptation

- Degree of agreement among employees about importance of specific values and ways of doing things
- Widespread consensus = strong, cohesive culture
- Culture gap: difference between desired & actual values & behaviours (e.g.: merger)

17

Importance of Culture

Techniques to create strong & healthy culture to meet the needs of the external environment

- Ceremonies
- Stories
- Symbols
- Specialized language
- Selection & socialization
- Daily actions

18

7 Dilemmas people of all cultures face

- 1. Source of identity: individual-collective**
 - 2. Goals & means of achievement: tough-tender**
 - 3. Orientation to authority: equal-unequal**
 - 4. Response to ambiguity: dynamic-stable**
 - 5. Means of knowledge acquisition: active-reflective**
 - 6. Perspective on time: scarce-plentiful**
 - 7. Outlook on life: doing-being**
- **Misunderstanding, confusion when people from different cultures work together>**
 - **Examples?**

19

Summary

- **Leaders influence organisational culture & ethical values**
- **Culture is a set of key values, assumptions & ways of thinking, shared by memebtrs and taught to new members**
- **Culture serves two functions:**
 - 1. Integrate organisational members**
 - 2. Help organisation adapt to environment**
- **Culture gap: organisation's culture not aligned with needs of external environment**
- **Cultural values influenced by: ceremonies, stories, symbols, specialised language, selection, socialisation**
- **Four types of culture may exist in organisation**
- **Leaders influence ethical values though: code of ethics; ethics committees or ombudsman; trainig programmes; disclosure mechanisms**

Leadership Ethics

- Has to do with what leaders **do** and who leaders **are**
- It is concerned with the nature of the leaders' **behaviour** and their **virtuousness**
- In any decision-making situation, ethical issues are either **implicitly** or **explicitly** involved
- What **choices** leaders make and how they **respond** in a particular circumstance are **informed** and **directed** by their ethics

Principles of Ethical Leadership

Honest leaders are authentic but also sensitive to the feelings and attitudes of others

❖ Leaders:

- Are not deceptive
- Tell the truth with a **balance** of openness and candor while **monitoring** what is appropriate to disclose in a particular situation

❖ Leader behaviors

- Don't promise what you can't deliver
- Don't suppress obligations
- Don't evade accountability
- Don't accept "survival of the fittest" pressures
- Acknowledge and reward honest behavior in the organization

Application

- Can be applied to individuals at all levels of organization and in all walks of life.
- Because leadership has a moral dimension, being a leader demands awareness on our part of the way our ethics defines our leadership.
- Managers and leaders can use information on ethics to understand themselves and strengthen their own leadership
- Leaders can use ethical principles as benchmarks for their own behavior
- Leaders can learn that leader-follower relationship is central to ethical leadership

Centrality of Ethics to Leadership

- **Influence dimension** of leadership requires the leader to have an impact on the lives of followers
- **Power and control differences** create enormous ethical responsibility for leader's
- **Respect for persons** – sensitive to followers' own interests, and needs
- Leaders help to establish and reinforce organizational values – **an ethical climate**

- **Teleological Theories:** focus on *consequences* of leaders' actions, results
 - Ethical egoism (create greatest good for the leader)
 - Closely related to transactional leadership theories
 - Example: leader takes a political stand on an issue for no other reason than to get re-elected
 - Utilitarianism (create greatest good for greatest number)
 - Example: leader distributes scarce resources so as to maximize benefit to everyone, while hurting the fewest; preventive healthcare vs. catastrophic illnesses
 - Altruism (show concern for best interests of others)
 - Authentic transformational leadership is based on altruistic principles
 - Example: the work of Mother Theresa, who gave her entire life to help the poor

Ethical Theories

CHARACTER

- **Virtue-based Theories:** about leader's *character*
 - Focus on who people are as people
 - Rather than tell people what to do, tell people what to be
 - Help people become more virtuous through training and development
 - Virtues present within person's disposition, and practice makes good values habitual
 - Examples: courage, honesty, fairness, justice, integrity, humility

Pitfalls in Ethical Decision Making

1. The **false-necessity trap** (convincing yourself that no other choice exists)
2. The **doctrine-of-relative-filth trap** (comparing your unethical behaviour with someone else's even more unethical behaviour)
3. The **rationalization trap** (justifying unethical actions with excuses)
4. The **self-deception trap** (persuading yourself, for example, that a lie is not really a lie)
5. The **ends-justify-the-means trap** (using unethical methods to accomplish a desirable goal)

Organizational Ethical Traps

- Performance measurement systems can incentivise unethical behaviour
- Cheating/lying – to protect or advance self
- Cheating/lying – to protect or advance organization (“cooking the books”)
- Sub-optimization - Optimize metrics to detriment of overall organization

Framework for Identifying and Resolving Ethical Issues (source: Dunn & Bradstreet)

1. Why is this bothering me?

- Am I genuinely perplexed?
- Am I afraid to do what I know is right?

1. Who else matters?

- Implications for customers, peers shareholders?
- How does the problem appear from the other side?

1. Is it my responsibility?

- What will happen if I do/ don't act?

4. What is the ethical concern?

- Legal obligation?
- Honesty, fairness, promise-keeping, avoiding harm?

4. Whom can give me advice?

- Supervisor, peers, HR, legal, ethics hot line?

6. Am I being true to myself?

- Consistency with my values and personal commitments? With company values?
- Can I share my decision with family, colleagues, customers?
- Can I see my decision on the front page of the newspaper?

Conclusions

- As a leader (and practitioner!) You will often need to make decisions without someone, 'telling you what to do'.
- On what basis do you make these decisions?
- All decision making is value based or ethical at some level.
- Ethical dilemmas are able to starkly demonstrate these ethical components.
- Identifying the ethical component within 'day to day' decision making can be a more tricky business – perhaps REFLECTION can help?