

## When Values and Ethics Lead the Way in Organizations

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### Abstract

This article discusses the essence of values and ethics in organizations, defines values and ethics and spells out the role of leadership in values and ethics formation. Specific models and strategies for creating change prior to the introducing new values and ethics into an organization are explored. Explicit insights and strategies for implementing codes of values and ethics in today's organizations are discussed.

We find ourselves in a century filled with corporate scandals due to unethical behaviors of corporate executives across the globe. Scandals such as that of Enron, WorldCom, Adelphia, Global Crossing,<sup>1</sup> Tyco, the bankruptcy of Arthur Anderson,<sup>2</sup> Citigroup, and Merrill Lynch<sup>3</sup> have paved the way for the present worldwide discussions on corporate ethics and values. The media's role in making these business scandals visible has led to a degree of consciousness around ethical conduct in organizations today.<sup>4</sup> It is virtually impractical to be quiet about the importance of principles and values that can assist in guiding today's organizational leaders in build ethical organizations. Unfortunately, one of the major evils facing humankind at present is the absence of ethical and value based leadership.<sup>5</sup> The theme of business moral principles and valued-based leadership has become a leading apprehension in the minds of the latter-day observant stakeholder and benefactors of organizational leadership as a result.<sup>6</sup> The importance of expressiveness in business conduct has become more than a slogan amidst the common populace.<sup>7</sup> Self-expression must therefore be infused into all phases of organizations that desire to become ethical and values-based.<sup>8</sup> Thus, ethics and value-based leadership has become conspicuously indispensable topics amongst topical organizational leadership issues across the globe today.<sup>9</sup> Hence, due to the enormous assessment of ethical and value-based actions in leadership, topic is inescapable and crucial and should receive the ultimate attention of all stakeholders.<sup>10</sup>

## The Irrefutable Essence of Values and Ethics-based Leadership

Evidence of shared values within an organization can be a major essential for building physically powerful ties amongst organizational leaders and followers.<sup>11</sup> Values can therefore be defined as a preference that a particular way of action is preferable to another in a business setting.<sup>12</sup> Ethics, on the other hand, can be illustrated as a correct or erroneous way of doing things in an organizational setting.<sup>13</sup> Ethics posits the ensuing questions; is it fair to all concerned, is it right, and is it truthful or deceitful considering the organizational and business settings.<sup>14</sup> Ethics can also be observed as a set of main beliefs considered to be of high-quality or right deeds.<sup>15</sup> Ethics ultimately necessitates accepting accountability; a key expectation for in all leadership circles.<sup>16</sup>

## Ethical Leadership

On a determining note, ethical leadership approves moral behavior, as well as, intentionally manages moral values and holding persons within the organization responsible and accountable.<sup>17</sup> Ethical leadership is the appearance of appropriate conduct through individual actions and interpersonal associations and the endorsement of such behavior among employees through mutual communication, underpinning, and decision-making processes.<sup>18</sup> It can be viewed from different viewpoints. Primarily, ethical leadership can be measured as the role of the ‘honest person’<sup>19</sup> which assumes the leadership of the organization and shows behaviors such as frankness, steadfastness, and dependability. Such leadership is considered fair and just decision makers with ethically principled, caring and altruistic attitudes.<sup>20</sup> The second viewpoint of ethical leadership is one of a ‘moral manager’.<sup>21</sup> This is associated with frankness and empowerment of followers. This characteristic is described as the hands-on hard work of leadership to persuade group achievements and thinking towards moral values.<sup>22</sup> Such leaders speak regularly regarding principles to their workers and hold them accountable for their actions.<sup>23</sup> However, the question still remains; does the leadership of an organization have a role in the values and ethics formation and implementation process?

## The Undeniable Role of Leadership in Organizational Ethics and Values Formation

Leaders convey a major and vital role in the practice of influencing employees towards a preference to act ethically.<sup>24</sup> There is therefore no question regarding the role of leadership in ensuring organizations adopt and implement values and ethics that can lead to superior economic benefits, an enhanced organizational impression, a high level of performance, and a productive labor force.<sup>25</sup> Leadership must be willing to dispense information, develop a sense of community, and make available reward processes and measures that encourage desired values and ethics.<sup>26</sup> Such an environment ultimately leads to the generation of a central tactical unanimity that promotes self-directed entrepreneurial resourcefulness for the benefit of the organization.<sup>27</sup>

Moreover, leaders establish a course of influencing persons and groups in an organization to achieve a purpose.<sup>28</sup> Such leadership frequently comes from senior levels within the organizational structure and from interpersonal relations and individual uniqueness.<sup>29</sup> Leaders often set the moral standard of the organization and stimulate followers to continue in harmony with the standards.<sup>30</sup> The above works because leaders have effortless access to followers due to their positions within the organization. This is so because they can take action as role models towards the pursuit of ethical and value-based work environment.<sup>31</sup> Ultimately, leadership is exclusively in charge of determining the ethical ambience of the organization by eloquently professing and putting into practice ethical and value-based principles.<sup>32</sup> Yet, one may ask, how can leaders lead organizations on this paths to sound values and ethics?

## The Path to Organizational Values and Ethics Formation

The following steps and strategies can assist leaders in introducing new values and ethical standards in organizations.

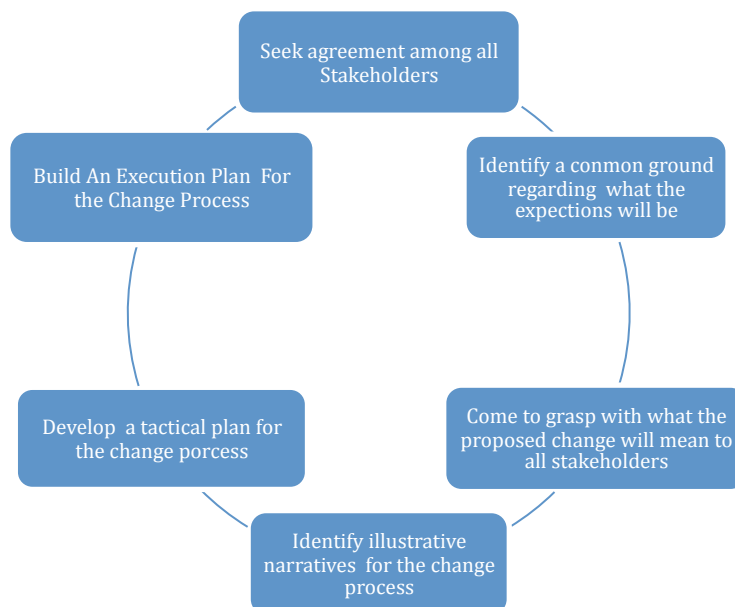
### *The need for change*

First, organizations that do not have values and ethical systems in place must first seek to *change* the current situation. The process of change should be undertaken in a way that promotes participation on the part of all organizational stakeholders and diminishes confrontation to the change process by those affected.<sup>33</sup> Leadership in such organizations must first work towards *seeking agreements for the change process* from all stakeholders.<sup>34</sup> This presupposes that leadership must engage followers in activities and exercises that will promote an environment of consensus building.

Second, leadership must work towards *attaining a common ground* as to what the expectations of stakeholders are regarding the change process and the prospects of the organization. Leadership will be considered *naïve* if they assume the process of introducing new values and ethical standards will be an easy transition, thus, they must anticipate potential obstacles that will be encountered and decide what the proposed changes will mean to the entire organization.<sup>35</sup>

Apart from *identifying illustrative narratives* that will resonate with organizational stakeholders for a success change process, leadership must also develop a *comprehensive tactical and execution plan* for the change process in order to ensure that it is successful. Below is a proposed model for change.

### A Model for Change: Introducing New Values and Ethics in an Organization



## The Actual Values and Ethics Introduction and Implementation Plan

After the change process has taken its course, there actual introduction and implementation of the change process must occur. The following *five strategies* can be of assistance to leader:

a) create a vision for the desired future, b) develop a code of conduct to guide employees' day-to-day operations, c) ensure leaders and followers practice the code of ethics, d) create a supportive environment for values and ethics-based leadership, and e) develop models for decision-making grounded in ethics and values with incentives for rewards for those practice the latter. The above five strategies are elaborated upon below.

### *Build and Present a Vision for the Future*

In order for the process of introducing new values and ethical standards into the organization to be successful, leaders must strive to present *a clear and precise vision* in relation to the change process. The leadership of the must be in the position to effectively communicate vision to all stakeholders within the organization to ensure maximum support.<sup>36</sup> In the course of presenting the new vision, leadership must be great listeners as well as practice and portray the upholding of the proposed values and ethics in high esteem through their choices, deeds, and actions. Their actions must be for the wellbeing of the entire organization and all its stakeholders.<sup>37</sup>

### *Build a Self-motivated Code of Conduct and Compliance Program*

One of the vital tactics leaders of the 21<sup>st</sup> Century organizations can adopt to promote ethics and values-based leadership and behavior in organizations is to guarantee they have an ethic and values code of conduct and program for both leaders and followers.<sup>38</sup> Such programs allow stakeholders to be trained on the values of their organization and how to act (ethics) when dealing with customers and suppliers.<sup>39</sup> Such programs give leaders and followers the aptitude to work jointly and regularly on matters of values and ethics in the organization.<sup>40</sup>

### *Ensure Both Leaders and Followers Practice the Values and Codes of Ethics*

Leaders should take steps to establish an assessment scheme for monitoring and evaluating the usefulness and competence of the organization's codes of ethics and values.<sup>41</sup> They must rely on both internal and external resources to appraise and update the existing set principles for both employees and leaders.<sup>42</sup> To ensure success, leaders must work in association with all organizational stakeholders during the revision and appraisal process to facilitate follower buy-in for a successful implementation the program.<sup>43</sup> Additionally, leaders must take steps to create opportunities for both leaders and followers to report unethical behaviors.<sup>44</sup>

### *Create a Supportive Environment for Values and Ethics-based Practices*

Leaders must introduce and preserve a strong culture of values and ethics and lead with integrity by reinforcing expected behaviors within the organization.<sup>45</sup> Leaders must exhibit the utmost moral standards and ethical conduct in everyday talk, actions, decisions, and behaviors so others in the organization can follow. The workplace must maintain an ambiance that replicates managerial policies, measures, and practices that uphold high moral conduct.<sup>46</sup> Followers should be involved in the formulation and implementation of all vital decisions that affect the long and short-term goals and objectives of the organization.<sup>47</sup>

### *Develop Models Decision Making Models Grounded in Values and Ethics*

Leaders must ensure there is agreement at all levels of the organization with regards to ethically suitable conduct and must endeavor to be transparent and responsive in all organization issues.<sup>48</sup> Organizational stakeholders who strive to uphold set values and ethical standards must be recognized and appreciated for their actions. Leaders who endeavor to ‘walk their talk’ and take followers into consideration during decision-making must be recognized for such actions as well.

### Conclusion and Recommendations

The apparent dislocation of ethics and values-based leadership in today’s organizations is the result of lack of clearly articulated and practiced values and ethical standards. We are experiencing a century of moral decadence and financial crisis across the globe due to emphasis on success and profits for shareholders amidst a lack of financial discipline amongst leaders. Viable businesses and organizations have closed their doors to clients and stakeholders as a result of greed and unsatisfied thirst for instant success instead of a spirit of patience, hard work, endurance and investment. The time has come for leaders of organizations to design, adopt and enforce ethics and values-based programs and systems in organizations to curb these issues of unethical behaviors. True values and ethics are found within leaders<sup>49</sup> not the organizations. A leader’s values convey the need for commitment on the part of followers and extend through the organization reaching customers and suppliers. Without practicing what they preach, the current struggles with corruption and unethical behaviors will continue to over shadow our organizations.

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