

# **2019 SERDI New Directors Training**

## **LEADERSHIP AND ETHICAL BEHAVIOR**

**May 18, 2019  
Hotel Ballast – Hilton  
Wilmington, NC**

**Leadership may be the single  
greatest influencer of culture  
and ethical behavior.**

*The Ethical Enterprise, 2006*  
American Management Association  
Human Resource Institute

# **Ethical Leadership:**

- **Leaders must be ethical in their own decisions and actions.**
- **Leaders also have a responsibility to influence others to make ethically sound decisions and to behave ethically.**
  - **Organizational/governmental policies are not enough**
  - **Good character is not enough**

# Why Good People Do Bad things: What Fails

- **Individual Character:**
  - **Knowledge of Right and Wrong**
  - **Only 1% of population are sociopaths, remember this when you consider why ethical lapses occur so often**
- **Management**
  - **Written Codes of Ethics**
  - **Written Policies and Procedures**

# **Helping Good People Do the Right Thing All The Time: What Works Best**

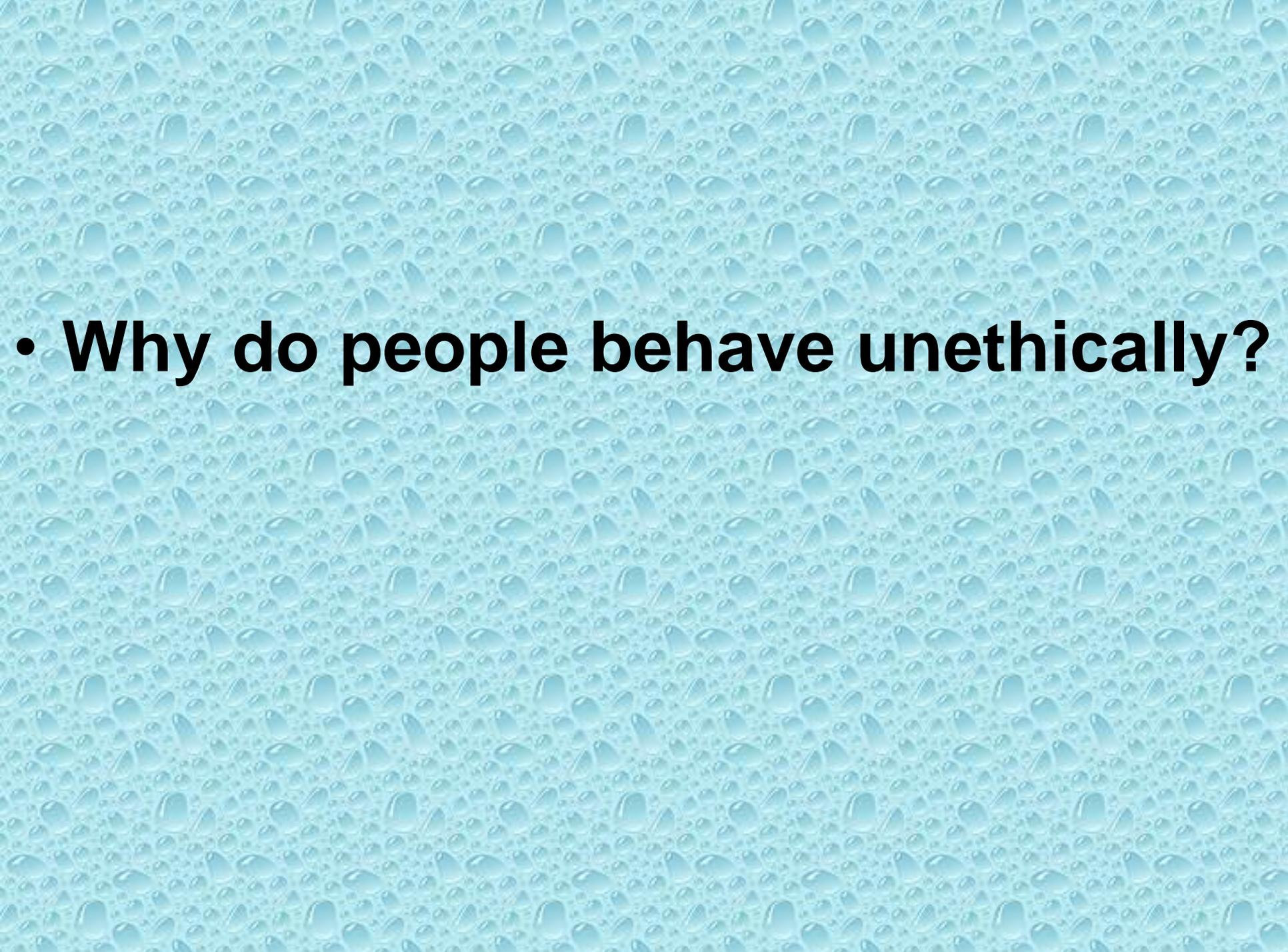
- **Ethical Leadership**
- **Strong Ethical Culture**

# High Risk of Misconduct :

- **Misreporting of hours (19%)**
- **Discrimination (state 19%)**
- **Lying to stakeholders (15%)**
- **Safety violations (14%)**
- **Misuse of confidential information (13%)**
- **Sexual harassment (10%)**
- **Providing low quality goods and services (10%)**
- **Environmental violations (9%)**
- **Stealing (8%)**
- **Alteration of documents (7%)**
- **Alteration of financial records (7%)**
- **Bribes (4%)**

# How Do Leadership And Ethics Become One?

- *What is right and worthwhile?*  
Goals and objectives, purpose and direction
- *How should we reach our goals?*  
The ends-means relationship
- *Leader-Follower Relationships:*  
Trust, respect, dignity, reciprocity
- *How does the leader get others to behave ethically?* **The ethical culture: the leader's influence over the moral choices and actions of others, the way we do things around here**



**• Why do people behave unethically?**

# Why do people behave unethically?

- **The first answer is almost always, “just a few rotten apples.”**
- **They are bad people.**
- **They have weak or bad character.**

***Rotten apples?***

***Or rotten barrel?***

# What other factors might affect whether people behave unethically?

- Excessive competition
- Pressure to perform from leaders or others
- Over emphasis on measuring performance quantitatively
- Experience of high levels of unmanaged stress (e.g., budget cuts, due to uncertainty, ambiguity, poor information, or rapid change)
- Economic dependence
- Opportunity
- Think they can get away with it
- Self-interest and ethical fading
- Hard to detect violations or compliance
- Don't know the standards or expectations
- May perceive that leaders are not always ethical
- Individual values not aligned with organizational or community values
- Feel as though they are mistreated, not valued, or not respected by leaders
- Leaders don't want to hear bad news or dissenting views
- Something in the setting unleashes otherwise controllable impulses or negative traits

# The Ethical Responsibilities of The Leader

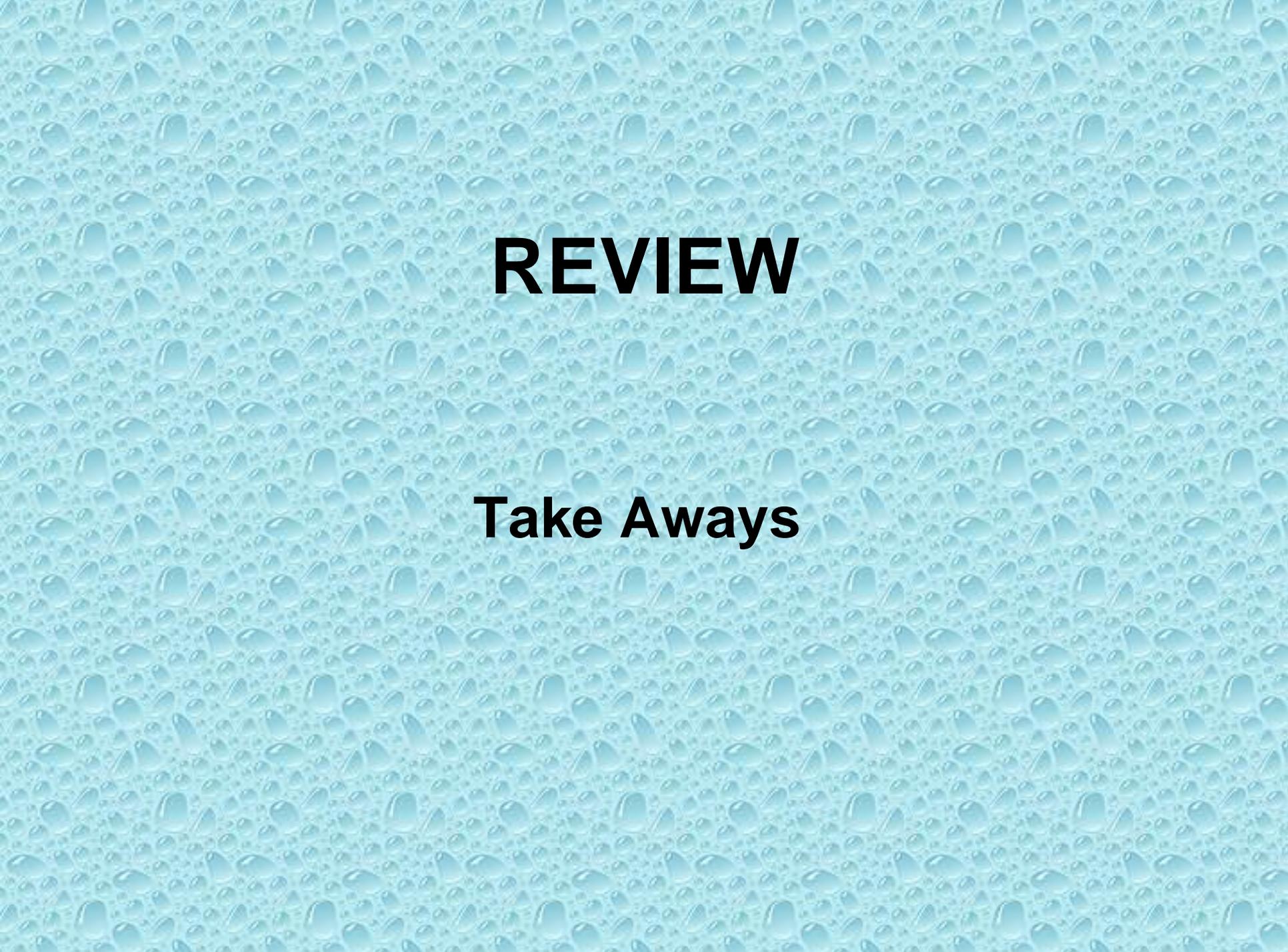
The *distinguishing mark* of leadership and executive responsibility is influencing the moral behavior of others.

Chester Barnard

*The Functions of the Executive, 1938*

# **The Ethical Culture: Influencing The Actions of Others**

- **The example of leaders**
- **Gain support and commitment from everyone to shared values, influence moral development of others**
- **The quality of leader-follower relationships**
- **Set expectations, clear guidelines, norms**
- **Monitor and mitigate competition and stress**
- **Invite and support expressing differences of opinion**
- **Reward ethical behavior**
- **Punish unethical behavior**
- **Neutralize potentially harmful contextual forces such as excessive competition, greed**



**REVIEW**

**Take Aways**

# **Why Good People Do Bad things: What Fails**

- **Individual Character**
- **Knowledge of Right and Wrong**
- **Written Code of Ethics**
- **Written Policies and Procedures**

# **Helping Good People Do the Right Thing All The time: What Works Best**

- **Ethical Leadership**
- **Strong Ethical Culture**

# The **BIG** Idea To Take Away

- There is a recognizable dynamic of human behavior called culture that occurs in all organized human activity which shapes the ethical decisions and actions of good people and can contribute to whether these good people behave ethically or unethically.
- For better or worse, **for most people the culture of the organization exerts a more powerful influence over ethical behavior than individual character and personality.**
- For better or worse, in their role as leaders, leaders create and maintain the culture.
- You are responsible for the ethical culture of your organization.
- Therefore, you share responsibility for ethical failures with the individuals who behave unethically.

# Leadership and Ethics

*Always do right. This will gratify some people and astonish the rest!*

**Mark Twain**

Take care of this during  
your career...and be careful  
not to drop it !



**Thank you for your attention!**

**Questions?**



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