

A Call for Ethical Leadership

Marie S. Mitchell

University of Georgia

Scandals that have plagued the popular press (e.g., Volkswagen, Wells Fargo, Enron) have planted a seed of skepticism about leadership and ethics in organizations. Competitive practices and growing market uncertainties stretch employees' capabilities, pressuring them to find ways to enhance performance and contribute to the bottom-line. Seemingly, employees choose to address the pressure by lying, cheating, and deceiving. To be sure, recent reports suggest that unethical behavior in organizations is on the rise. For instance, the 2014 Global Economic Crime Survey by PricewaterhouseCoopers found that more than one in three organizations reported incidents of unethical behavior (e.g., cheating, fraud, bribery); these organizations also reported that unethical acts have risen over the past two years. Estimates suggest that these types of behaviors cost organizations millions of dollars annually and erode at factors needed for effective organizational functioning (e.g., trust in leadership, employee morale). The upward trend of unethical behavior suggests that some leaders give little consideration to how performance demands are met, and some may even engage in and promote unethical behavior themselves. The need for ethical leadership is, therefore, emerging as a critical issue facing organizations.

Leaders are in a position of influence over employee behaviors. Leaders, themselves, do not need to engage in unethical acts to set in motion unethical behavior within organization. The tone of employee behavior is also facilitated in how leaders reward, condone, ignore or otherwise enable employees' unethical behavior. Accordingly, leaders relay to employees the types of behaviors that are valued within organizations, which motivates employees to engage in behavior that is valued—even if those behaviors violate moral standards. In the end, the quest toward the bottom-line efforts blinds employees from recognizing the moral implications of their actions.

An important step in addressing this problem is leading ethically. Employees rely on leaders for direction when facing ethical questions and problems. Leaders are in an important and unique position influence behavior within organizations. Leaders who follow ethical principles in their daily lives and how they manage others display *ethical leadership*. Ethical leadership displays the leader as a moral person (someone who displays honesty and trustworthiness) and a moral manager (someone who uses the position of power and influence to promote ethical conduct). Both types of behaviors are essential, as missing one can mislead employees and inadvertently promote unethical actions. For instance, leaders who fail to follow through in managing others ethically may be viewed as ethically neutral or silent, leaving employees to decide on their own what is the best course of action in ethically questionable situations. Moreover, leaders who fail to practice what they preach are likely to be viewed as hypocritical and unprincipled, which may motivate the best talent to leave the organization.

Ethical leaders, therefore, engage in behaviors that demonstrate a sense of care for their employees and communicate the importance of ethics. These leaders set clear ethical standards and use rewards and punishments to ensure that those standards are followed. Ethical leaders also proactively model ethical conduct, which provides a strong foundation for ethical behavioral norms in organizations. Therefore, ethical leadership requires developing a reputation for the importance of ethics, displayed in leaders' communications of how employees can be productive while also aligning behavior to ethical standards and values, and in leaders' development of ethical infrastructures. From core ethical standards, informal processes and a climate that embraces ethics can further help employees toward ethical performance and behavior.