



Beware of the five culture gaps
that inhibit ethical leadership.



ETHICAL THINKING ISN'T AUTOMATIC

BY LINDA FISHER THORNTON

When an organization makes ethical culture building a priority, its leaders may still find it difficult to make good choices. During a global crisis like the current pandemic, leaders must deal with major disruptions and handle situations with life-and-death implications, and ethical solutions may not be apparent. Leaders are forced to balance concerns about the organization's financial well-being and solvency with concerns about employees' and customers' safety and personal well-being. The stakes are high, and a solid grounding in ethical values will guide them in weighing what seem like unresolvable competing interests.

To make good decisions, whether during a crisis or regular operations, leaders must consider their impact on many constituents at the same time, including customers, employees, partners, and communities. As described in my book *7 Lenses: Learning the Principles and Practices of Ethical Leadership*, ethical leadership is personal (Am I a character-based leader?), relational (Do I treat others with respect and care?), societal (Do my decisions create a fair and safe society that works for all?), and organizational (Am I building an ethical organization where people can thrive and find meaning?). Ethical thinking isn't automatic, and that increases the challenge for leaders. It needs to be learned, practiced, and demonstrated over time.

Using ethical values in decision making

Part of the problem with ethical decision making is that leaders think they know when they're doing it; they think they're automatically applying ethical values when they're not. Leaders may believe that ethical values are programmed into the thinking process, but research shows that people make decisions with emotions first and then try to justify their decisions using logical reasoning.

In high-stress situations that evoke a fear response, emotions may steer people's decisions to prevent whichever outcome they most fear. What are leaders most afraid of during the pandemic—is it their business losing money or people being harmed while being served? Logical reasoning comes into the process too late to infuse the thinking process with ethical values when an emotional response has already guided the decision.

Ethical leadership requires keeping up with global complexity, staying grounded in positive ethical values, and remaining ready to make intentional ethical decisions. Because ethical leadership is by nature broad and long term, leadership thinking that directs ethical decisions and actions likewise must be broad and long term. Reaching an ethical decision may also require a shared discovery process when issues are particularly complex.

In “A Framework for Ethical Decision Making,” the Markkula Center for Applied Ethics explains, “The more novel and difficult the ethical choice we face, the more we need to rely on discussion and dialogue with others about the dilemma.” An ethics-rich culture will welcome an open ethics dialogue and increase the chances that people will make good individual and collective choices.

The importance of an ethics-rich culture

How can talent development professionals help leaders handle what they're facing and navigate ethical decision making? The best way to support ethical leadership learning is to develop a robust supporting culture steeped in values. But having values isn't nearly enough.

Gallup reports that “Only 23% of U.S. employees strongly agree that they can apply their organization's values to their work every day.” Many organizations have values statements, but if those values aren't applied in every aspect of day-to-day work, they're a hollow message. For ethical leadership to stick, the culture needs an infrastructure that consistently supports acting on stated values.

Companies fall into five common traps on the way to building an ethics-rich culture: no active focus on values, oversimplification of complex issues, lack of behavior boundaries, lack of integration, and ignoring the learning curve. Watch for the warning signs that the culture is not aligned with the company's ethical leadership message.

No active focus on values

It is easy to fall into the trap of thinking that if a company has an ethics code and a values statement, employees will consistently practice the values the company holds dear. Without a strong emphasis

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on acting on values, though, there is empty space where ethical guidance should be. In a worst-case scenario, people may think whatever contributes to the bottom line will be accepted. If we want ethical leadership learning to stick, we need to ensure that the culture actively supports it.

Values and ethics codes are not enough; they must be demonstrated. People need to be engaged in bringing values to life in everyday decisions and actions. Actively keeping values in use helps rein in self-serving choices and provides a needed rubric for responsibility to constituents. The values focus should be positive, including what the organization most values, not just rules for staying out of trouble.

The best way to bring values to day-to-day work is to use them to make even routine decisions. Leaders can ask: How well would this decision honor our values? or How could we change this plan to align more closely with our values?

Oversimplification of complex issues

It is easier to oversimplify decisions than it is to deal with complexity, which is why it is tempting for leaders to move forward without considering the complexity of ethical issues. However, wishing tough challenges were simple doesn't make them less difficult to handle, and it doesn't remove the obligation to make ethical decisions. If leaders isolate one or two factors to focus on and ignore the broader context, they're technically making the decision easier for themselves than it really is. The ease may be short lived, though, because the ripple effect of a bad decision often includes an outcry from customers, employees, and other stakeholders.

In addition to actively focusing on values, ethical cultures dig into the complexity of issues and make decisions only after they understand the ethical issues and risks. Ethical organizations don't pretend that tough decisions will be easy or ignore key factors that they should consider. Rather, they embrace complexity, gathering and interpreting data from multiple impartial sources to get the full picture and thoughtfully discussing what-if scenarios that could put any of their constituent groups at risk. Such practices offer leaders an opportunity to practice ethical decision making and make it safe to talk about ethics openly and often.

Lack of behavior boundaries

It's not enough for leaders to use ethical thinking; their interpersonal behavior must also reflect interpersonal ethical values. Companies that hold everyone responsible for leading with respect, care, inclusion, and trust form boundary lines that help leaders understand their responsibility to build a positive, ethical culture where everyone can thrive.

No matter where someone looks, the ethical message must be consistent.

Leaders need to know that they're expected to consistently apply ethical values in their interactions with others and that they will be held accountable for doing so.

Some leaders may make good decisions most of the time but fail to consider how those values apply to their interpersonal behavior. Interpersonal guidelines should be specific about having no tolerance for negative behaviors such as teasing and name-calling, which some people think are fun but can make others feel disrespected. Having leaders identify in a video clip which behaviors don't meet the guidelines helps them talk about and be sure about where the boundary lines are.

To keep leaders from blazing an innovative but unethical trail, organizations can bring values to life in day-to-day leadership; help leaders understand the scope and complexity of issues before making decisions; and include interpersonal behavior standards in leadership expectations, performance management, and rewards. That combination sends the message that "We act on our values" and "We do it this way," which increases the chances that leaders will uphold ethical practices.

Lack of integration

A healthy ethical culture shows consistency and integration across the employee experience and across performance management processes. No matter where someone looks, the ethical message must be consistent. That includes recruitment, hiring, onboarding, training, salaries, feedback, rewards, promotions, recognition, and other people processes.

In an integrated culture where respect is a requirement, leaders recruit, hire, recognize, and reward respectful people; quickly correct disrespectful behavior; and do not reward or promote disrespectful people. That consistency must carry over to difficult times when leaders must make decisions about job cuts or changes to employee schedules or benefits. And it should be evident throughout all ranks of leadership, with senior leader role models showing newer leaders what it looks like when they lead with values.

Anywhere messages or behaviors differ from the organization's values, that gap drains the life out of attempts to build an ethical culture. If senior leaders don't meet ethical leadership standards, the message people draw from that is "If it's OK for them to do, it must be OK for me to do."

While it may seem easier not to correct an isolated leader problem in the short run, allowing it to continue erodes the culture and lacks integration with what the company has said matters most. Acting on values, taking on complexity, setting

behavior boundaries, and integrating the ethics experience across the organization will go a long way toward building a culture of ethical performance.

Ignoring the learning curve

When we assume employees can immediately absorb, understand, and apply our guidance on ethics, we are making a false assumption. Many companies don't ask people what their ethics questions are—the queries individuals have but are afraid to ask, such as: What do I do if two policies appear to conflict? Which one do I follow? However, if employees make their questions known, leaders find that there are indeed gray areas where they had assumed the message was clear.

It's not just a problem with communicating ethics clearly. When dealing with multiple stakeholders and tight deadlines, there will always be problem areas that crop up. We need to expect gray areas and, in a trustworthy way, help people work through them and come up with legal solutions that honor the organization's values.

To uncover gray areas, have leaders ask their employees:

- What are your challenges as you apply these guidelines?
- What issues have you run into?



- Where do the expectations seem vague or appear to conflict?

Many companies have *respect* in their core values, but simply telling leaders that respect is important doesn't mean they will know what it should look like in a busy workplace. They will need vivid details and examples so that everyone will be able to tell whether what they're seeing is respectful.

Practice scenarios are helpful in uncovering areas of uncertainty. Present tricky operational ethical situations from the news and have leaders evaluate how the decision that was made did or didn't honor each of the company values.

Leaders require consistent messages, role models, opportunities to practice, ongoing dialogue about what values mean, and assistance in figuring out how to apply the values. Ethical cultures intentionally bring values to life, take on complexity, set behavior boundaries, integrate the ethics experience across the company, and support the learning curve.

Culture reinforces (or undoes) ethical learning

The five ethical culture gaps are connected and mutually reinforcing. One can lead to another, increasing the chances that leaders may fail to realize that they aren't making ethical choices.

In a culture with no active focus on values, leader decisions can become tactical. With leaders not applying the organization's ethical values, money issues can take precedence. And tactical decisions that remove values from the decision-making process can lead to oversimplification of complex issues.

Likewise, organizations with no active focus on values may also suffer from a lack of behavior boundaries, which may empower ethically unaware leaders to use toxic interpersonal behaviors as long as they're contributing to the bottom line. If those toxic behaviors go against stated values but are allowed to continue, the company will demonstrate lack of integration.

Finally, companies with no active focus on values won't realize the importance of letting people see values in use and may also ignore the learning curve required for people to apply them successfully.

Ethical cultures reinforce and amplify values learned in ethical leadership development, embrace complexity in decision making, provide clear boundaries that outline expected behavior, demonstrate that leaders at all levels honor those boundaries, integrate ethics across performance systems, and support the learning curve of would-be ethical leaders.

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Learning ethical thinking and leadership

Leaders juggle competing priorities and interests as they sort out the right thing to do in any given situation. They may perform this juggling act under time pressure and in the public eye, and crisis-level urgency and stress can increase the challenge. Even if leaders know they aren't using ethical leadership, they may not see a clear path back to values-based leadership.

Ethical cultures treat ethical thinking as something that must be cultivated, demonstrated, and practiced over time. They provide the infrastructure to support leader success by acting on ethical values, setting clear interpersonal behavior boundaries, digging into complex issues, and seamlessly integrating ethical values across organizational processes. In an ethical culture, there are also ongoing opportunities to learn and practice making decisions based on ethical values, and that increases the chances that ethical leadership development will stick.

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