DQ2 – Governance and Ethics

Ethical climate refers to the holistic impression that individuals have regarding ethical policies, practices, and procedures within a unit or organization (Mayer, Kuenzi, & Greenbaum, 2010; Victor & Cullen, 1988) whereas ethical leadership is defined as, ‘‘the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making’’ (Brown, Trevino, & Harrison, 2005, p. 120).

Based on the policies and practices leaders emphasize and how they present them to employees, leaders impact employees’ perceptions of climate. Social Learning Theory (SLT) suggests that individuals learn appropriate ways to act through a role-modeling process by seeing the behaviors of others (Bandura, 1977, 1986). SLT further suggests that individuals are likely to pay attention to and emulate behaviors from credible and attractive role models (Mayer et al., 2010).

Therefore, for ethical climates the first mechanism is having role models as suggested by Bandura (1986). Through acting as role-models who are ethical in practice, leaders are able to influence the mindset and practice of those around them. Another mechanism is that of empowering employees in that they are fully responsible in the positions they hold and have the backing of the supervisors and leaders. This adds to the team creativity and promotes innovation (Morgan, 2014).

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