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NPTEL ONLINE
CERTIFICATION COURSE

LEADERSHIP AND TEAM EFFECTIVENESS

LECTURE – 22

Role of Ethics and Values in Organizational Leadership

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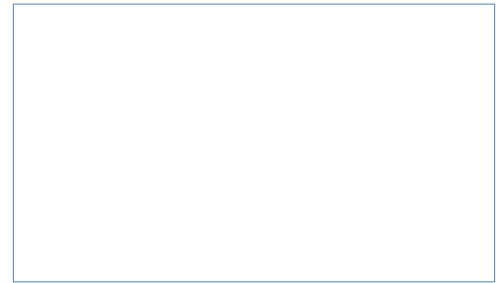


VALUES

- Values are basic and fundamental beliefs that guide or motivate attitudes or actions.
- Basic convictions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.
- Many of the values we hold are established in our early years- by parents, teachers, friends, and others.



Source-http://www.bluestar-adisseo.com/en/webfiles/en/images/culture/value_1.png



DEFINITIONS OF VALUES

Author Name	Definition
R.K. Mukherjee	“Values are socially approved desires and goals that are internalized through the process of conditioning, learning or socialization and that become subjective preferences, standards, and aspirations”.
T. W. Hippie	T. W. Hippie, “Values are conscious or unconscious motivators and justifiers of the actions and judgment”
M. Haralambos	“A value is a belief that something is good and desirable”.



IMPORTANCE OF VALUES

- A powerful force affecting behaviour.
- Values contain a judgement element in that they carry an individual's ideas as to what is right or desirable.
- Provides a way to understand organization.
- Help to differentiation.
- Determine the retention.



SOURCES OF VALUES

- Our homes,
- School,
- Society,
- Friends,
- TV,
- Church,
- Music,
- Books,
- Families,
- Culture,
- Employers,
- Time-period in which you were raised (70's anti-establishment, peace, individuality. 80's money, prestige, don't get caught, etc. 90's earth, green peace, health and fitness), etc.



TYPES OF VALUES

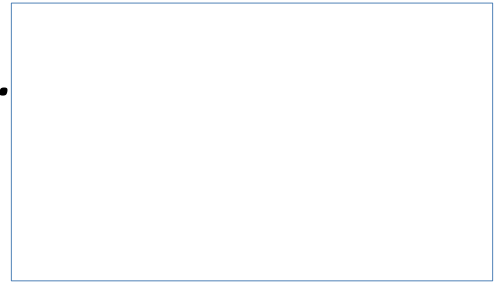
- The values that are important to people tend to affect the types of decisions they make, how they perceive their environment, and their actual behaviors.

There are two types of values;

1. Terminal Values.
2. Instrumental Values.

People Vary in the Relative Importance they place on Values.

Source: Adapted from M. Rokeach, *The Nature of Human Values* (New York: Free Press, 1973).

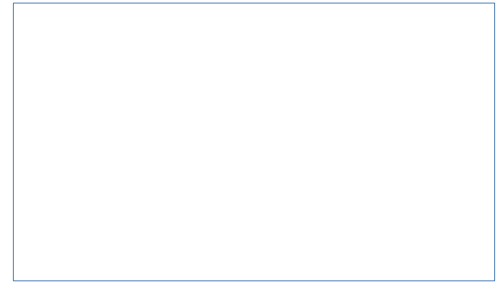


TERMINAL VALUES

Terminal Values

- An exciting life
- A sense of accomplishment
- A world at Peace
- A world of Beauty
- Family security
- Social recognition
- Friendship
- Freedom
- Happiness
- Pleasure
- Wisdom

- **Terminal Values:**
- Desirable End States of existence; the goals that a person would like to achieve during his or her lifetime.

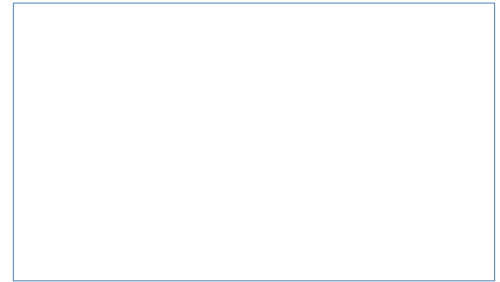


INSTRUMENTAL VALUES

Instrumental Values

- Ambition
- Broad-Mindedness
- Capability
- Cheerfulness
- Cleanliness
- Courage
- Forgiveness
- Helpfulness
- Honesty
- Imagination
- Politeness

- **Instrumental Values:**
- Preferable modes of behaviour or means of achieving one's terminal values

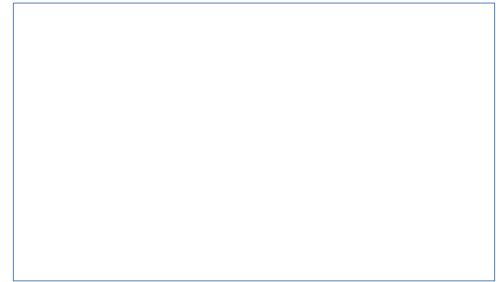


FOUR GENERATIONS

- Zemke is another researcher who has looked at differences in values across generations and how those value differences affect their approaches to work and leadership.



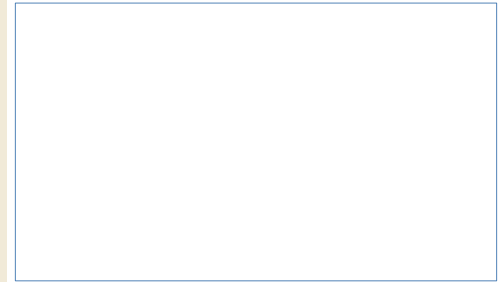
Image Source: https://www.ngc-group.com/uploads/media_resized/5361_primary_image_Generations_2019.jpg



Dominant Work Values in Today's Workplace

Cohort	Entered the Workforce	Approximate Current Age	Dominant Work Values
Veterans	1950s or early 1960s	60+	Hard working, conservative, conforming; loyalty to the organization
Boomers	1965–1985	40–60	Success, achievement, ambition, dislike of authority; loyalty to career
Xers	1985–2000	25–40	Work-life balance, team-oriented, dislike of rules; loyalty to relationships
Nexters	2000 to present	Under 25	Confident, financial success, self-reliant but team-oriented; loyalty to both self and relationships

<https://hillcart.wordpress.com/2014/11/26/values/>



DEFINITIONS OF ETHICS

Author Name	Year	Definition
Philip Wheel Wright	1935	Ethics is a branch of philosophy which is systematic study of selective choice of the standards of right and wrong and by which it may be ultimately directed.
Richard William Paul and Linda Elder	2006	“a set of concepts and principles that guide us in determining what behavior helps or harms sentient creatures”.



ETHICAL LEADERSHIP

- Leaders who treat their followers with fairness, especially by providing honest, frequent, and accurate information, are seen as more effective.
- Leaders rated highly ethical tend to have followers who engage in more organizational citizenship behaviors and who are more willing to bring problems to the leaders' attention.
- Ethical leaders use it in a socially constructive way to serve others



Source-<https://d9g3mju4iidx1.cloudfront.net/wp-content/uploads/2019/08/19014333/framework-copy.png>

DEFINITIONS OF ETHICAL LEADERSHIP

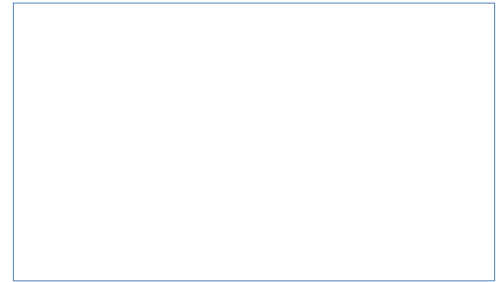
Author Name	Year	Definition
Yukl	2006	Ethical leader as one who promotes honesty, and mirrors his or her actions with their values and beliefs
(Freeman & Stewart	2006	Define ethical leadership as “simply a matter of leaders having good character and the right values or being a person of strong character”



ETHICAL LEADERSHIP CHARACTERISTIC

1. Justice
2. Respect others
3. Honesty
4. Humane
5. Focus on teambuilding
6. Value driven decision-making
7. Encourages initiative
8. Leadership by example
9. Value awareness
10. No tolerance for ethical violations

<https://yscouts.com/10-ethical-leadership-characteristics/>



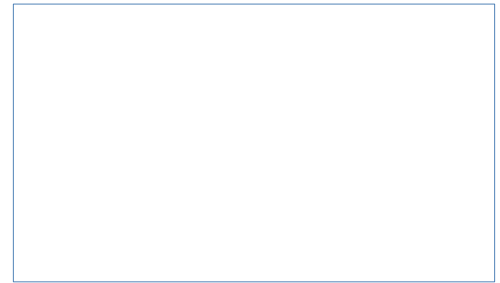
FOUR ETHICAL DILEMMAS

1. **Truth versus loyalty**, such as honestly answering a question when doing so could compromise a real or implied promise of confidentiality to others.
2. **Individual versus community**, such as whether you should protect the confidentiality of someone's medical condition when the condition itself may pose threat to the larger community.
3. **Short-term versus long-term**, such as how a parent chooses to balance spending time with children now as compared with investments in a career that may provide greater benefits for the family in the long run.
4. **Justice versus mercy**, such as deciding whether to excuse a person's misbehaviour because of extenuating circumstances or a conviction that he or she has "learned a lesson."



THREE PRINCIPLES FOR RESOLVING ETHICAL DILEMMAS

- **Ends-based thinking** is often characterized as “do what’s best for the greatest number of people.” It is also known as utilitarianism in philosophy, and it’s premised on the idea that right and wrong are best determined by considering the consequences or results of an action.
- **Rule-based thinking** is consistent with Kantian philosophy and can be colloquially characterized as “following the highest principle or duty.”
- **Care-based thinking** describes what many think of as the Golden Rule of conduct common in some form to many of the world’s religions: “Do what you want others to do to you.” In essence, this approach applies the criterion of reversibility in determining the rightness of actions.



Four sources of Unintentional Unethical Decision Making

1. **Implicit prejudice:**

Bias that emerges from unconscious beliefs

Mental associations may not be true

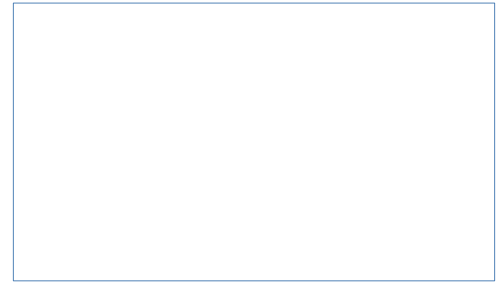
Biases can be costly. They may lead to wrong decisions (e.g., in hiring a firing decisions)

2. **In-group favouritism:**

Bias that favors your group

Results in discrimination against others and the misallocation of resources

It erodes the bottom line and may lead to losses or lower profits



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3. Over claiming credit :

Bias that favors you

People tend to over-estimate their contributions

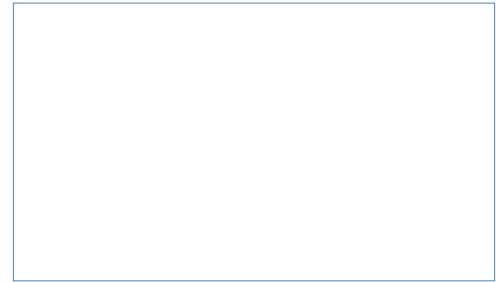
Claiming too much credit can destabilize alliances

May also reduce performance and the longevity of groups

4. Conflicts of interest:

Bias That Favours Those Who Can Benefit You

Conflict of interest can lead to intentionally corrupt behaviour.



ETHICAL VS. UNETHICAL CLIMATE

- **Ethical climates** refer to those in which ethical standards and norms have been consistently, clearly, and pervasively communicated throughout the organization and embraced and enforced by organizational leaders in both word and example.
- **Unethical climates** are those in which questionable or outright unethical behaviour exists with little action taken to correct such behaviour, or (worse) where such misbehaviour is even condoned. It's likely that employees experience some degree of moral distress whenever a manager is perceived to behave unethically, but the distress is usually greater in unethical climates.



CREATING AND SUSTAINING AN ETHICAL CLIMATE

- Formal ethics policies and procedures
- Core ideology
- Integrity
- Structural reinforcement
- Process focus



RESEARCH PAPER



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Linking ethical leadership and ethical climate to employees' ethical behavior: the moderating role of person–organization fit

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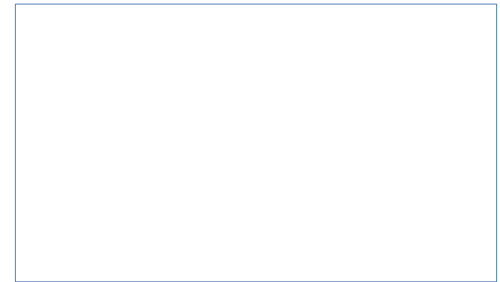
22 November 2019

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Purpose

With the growing demand for ethical standards in the prevailing business environment, ethical leadership has been under increasingly more focus.

Based on the social exchange theory and social learning theory, this study scrutinized the impact of ethical leadership on the presentation of ethical conduct by employees through the ethical climate. Notably, this study scrutinised the moderating function of the person-organisation fit (P-O fit) in relation of ethical climate and the ethical conduct of employees.



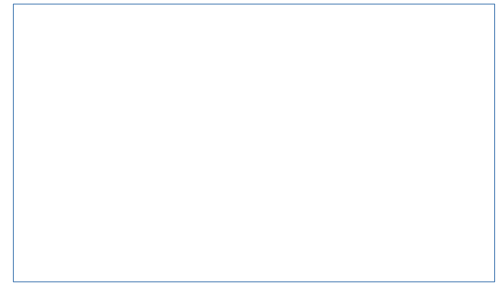
Design/methodology/approach

To evaluate the research hypotheses, two-wave data were collected from 295 individuals who are currently employed in various Iraqi organizations (i.e. manufacturing, medical and insurance industries).

Findings

In line with the hypotheses, the outcomes from a sample of 295 workers working in different Iraqi entities exhibited a positive relation between the ethical behaviour of leaders and the ethical conduct of employees in the ethical climate.

Moreover, it was observed that the P-O fit of employees moderated the relationship between ethical climate and the ethical conduct of employees such that the relationship was more robust for those with a high P-O fit in comparison to those with a low P-O fit.



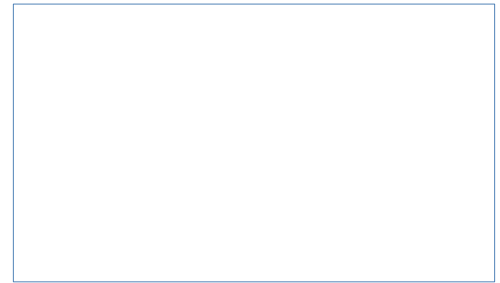
Practical implications

This study has important practical implications. First, this study determined that ethical leadership (here, of the supervisors) positively influences the behaviour of subordinates (refers to the supervisors here); this in turn further improves the ethical behaviour of employees. It is vital that managers or supervisors are motivated to practice ethical leadership because they directly influence the employees. It has been suggested that top managers, especially chief executive officers, have the ability to shape the ethical climate, which also influences the ethical behaviour of employees further.



CASE STUDY: Balancing Priorities at Clif Bar

- Gary Erickson is a man of integrity and avid cyclist. He founded Clif Bar Inc. in 1990 after finishing the 175-mile long ride longing for an alternative to the tasteless energy bars he had brought along. “I couldn’t make the last one go down, and that’s when I had an **epiphany—make a product that actually tasted good.**” He decided he could make better. He called on his experience in his family’s bakery, and after a year in the kitchen, the Clif Bar—named for Erickson’s father—was launched in 1992.
- Within five years sales had skyrocketed to \$20 million. He realized that his vision would be compromised once he lost control, so he walked away from the \$100 million deal (Had an offer from food co. for his Cliff Bar).

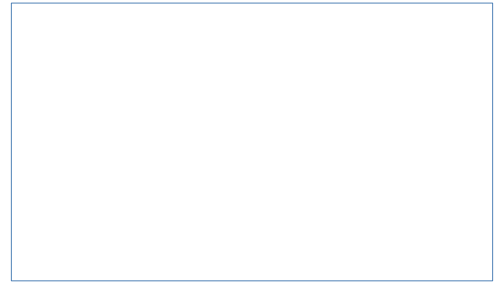


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His commitment to environmental and social issues are evident. His company has a staff ecologist who is charged with reducing Clif Bar's ecological footprint on the planet. 70 percent of the ingredients in Clif Bars are organic. A change in packaging has saved the company (and the planet) 90,000 pounds of shrink-wrap a year.

On the social side, He launched a project called the 2,080 program (2,080 is the total number of hours a full-time employee works in one year). This program encouraged employees to do volunteer work on company time.

Erickson is also committed to his team. He strives to make Clif Bar Inc.'s offices a fun place to be—there are plenty of bikes around; a gym and dance floor; personal trainers; massage and hair salon; an auditorium for meetings, movies, and music; and great parties.



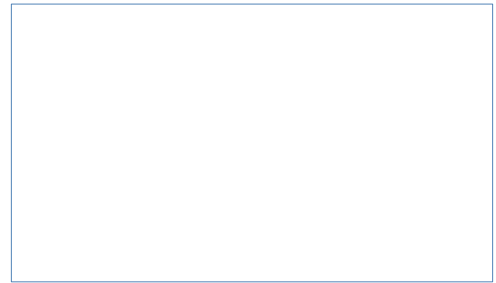
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As the company grows, however, maintaining such values may not be easy. Clif Bar already has 130 employees, and revenue has been rising by more than 30 percent a year since 1998, according to Erickson. “We’re at a point where we have to find a way to maintain this open culture while we may be getting bigger,” says Shelley Martin, director of operations. “It’s a balancing act.

Questions

Q1: Without knowing Gary Erickson’s age where would you guess he falls in the four generations of workers as delineated by Zemke?

Q2: Consider the terminal and instrumental values. Recalling that leaders are motivated to act consistently with their values, what values appear to be most important to Gary Erickson?



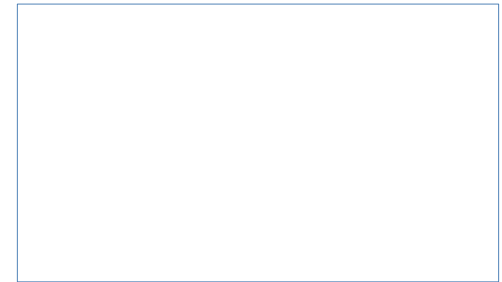
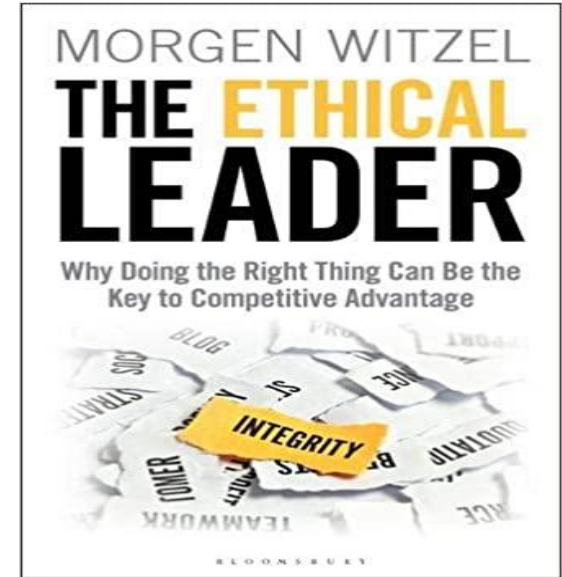
Sources: <http://www.fortune.com/fortune/smallbusiness/managing/articles/0,15114,487527,00.html>; <http://www.clifbar.com>; *The Costco Connection*, “Marathon Man,” July 2004, p. 19.



BOOK RECOMMENDATION:

The Ethical Leader: Why Doing the Right Thing Can Be the Key to Competitive Advantage

- Authors: [Morgen Witzel](#)
- Publisher: [Bloomsbury Publishing](#) (2018)
- Language: English
- Paperback: 240 Pages
- ISBN: 9781472956583, 1472956583

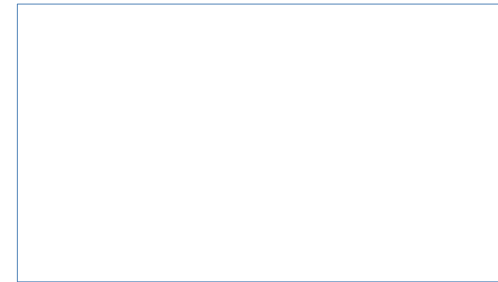
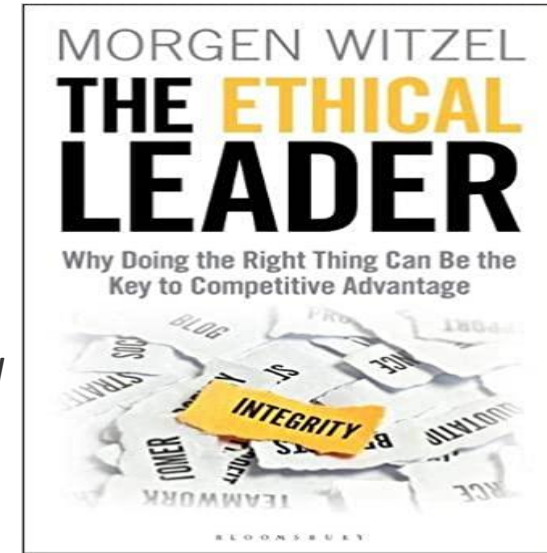


BOOK RECOMMENDATION:

Ethical behavior in and by businesses is often seen as a bolt-on extra--something that is nice-to-do but not must-do.

Trust and respect among key stakeholder groups, especially employees and customers, cannot be overstated in their importance to an organization's success. Trust engenders loyalty and good reputation, which in turn builds brand value. *The Ethical Leader* provides a practical introduction to some key concepts in ethics, including how to deal with ethical paradoxes and how to make ethical decisions.

Ethical behavior is the key to trust-building, but it needs to go deeper than something managers do out of a sense of moral duty. *The Ethical Leader* show why ethics needs to be the platform from which to build a strong and enduring business, and it provides the necessary tools and insights for how to make this happen.



<https://www.amazon.in/Ethical-Leader-Doing-Competitive-Advantage/dp/1472956591>



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Thank You

