Can Leadership Ethics Be Learned?

A moral compass is fundamental. But much of what leaders need to know, say, and do is based on what they have learned over the course of their career. **BY ROSS TARTELL**

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Society clearly has seen that bad ethical decisions have enormous business implications. We all know the stories of Enron, the WorldCom accounting scandal, and the 2008 meltdown in the financial markets. These are but three of a growing number of examples of how ethical violations have led to enormous costs to society. The accumulation of research in regard to the impact of ethical reputation on companies, across a wide set of industries, is growing deeper and more robust. The difficulty of recovering from bad news and documented unethical behavior is becoming ever more difficult. Just look at the multibillion-dollar impact on Bank America from the Countrywide Financial mortgage business acquisition or ask the world's largest pharmaceutical company, Pfizer, which agreed to pay a $2.3 billion fine and plead guilty to a crime to settle state and federal charges. Ethical violations hurt individuals, businesses, stockholders, and society.

These examples did not happen by accident. They reflect actions, decisions, and a culture created by companies' senior leaders. These ethically based issues demonstrate the importance of leadership and illustrate how its impact is greatest when modeled from the top, with the weight of organizational or political authority behind it.

But why do leaders stray from the ethical path? Contamination by the proverbial bad apple? Greed? A character flaw? Each of these is a common explanation, but they miss the complexity of the world and how it influences a leader's behavior. Leaders behave not only because of their character and personal compass but because of the world around them. Think about the leaders in the Enron or WorldCom examples. Were they reacting to compressed time lines, competitive market forces, or personal pressures? Were they ill-informed, or did they rely on faulty business analysis? Did they equate technical legality with ethics?

There is a great deal of discussion about a person's ethical stance and what it means for business performance and setting the direction for an organization. Parts of the world are known for their corruption and different ethical views—how are we to compete in those arenas? An ethical approach to the market enables the start of a discussion that cuts across geographies and cultures. The focus on ethics then enables the establishment of trust—which is fundamental to business. In a recent article about corporate boards of directors, "Why Ethics Are Not Optional," published by Boyden Executive Search, John Levy notes, "Returning to ethical behavior rebuilds trust. And right now, rebuilding trust is the most important thing we need to do to survive. Trust in each other. Trust in our businesses. Trust in our institutions. Trust in our government."

WHAT CAN LEADERS LEARN ABOUT ETHICS?

Wendell Nekoranec studied ethical leaders as part of his research at the University of St. Thomas in St. Paul, MN. He identified three overarching themes that characterized an effective ethical leader:

1. "Personifies Espoused Values"
2. "Builds Relationships for Harmony and Purpose"
3. "Works for Mutually Beneficial Solutions"

When these three themes are examined more closely, it quickly becomes apparent that the knowledge and skills critical to effective ethical leadership can be learned. Certainly a moral compass—a desire to behave ethically—is fundamental. But much of what leaders need to know, say, and do is based on what they have learned over the course of their career.

So, the question is, what are the knowledge and skill areas for ethical leadership and how can they be learned?

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Let's start with Wendell Nekoranec's framework to understand the fundamental characteristics for ethical leadership and then use it to further explore how individuals become ethical leaders.

When a leader **Personifies Espoused Values,** he or she models and lives the values, speaks honestly, and frankly about issues, shows and explains his or her emotions, and incorporates reflective intuition. These skills resemble those learned as the individual develops a leadership point of view similar to Noel Tichy's "Teachable Point of View." Capabilities like these can be taught in the classroom, or learned through multi-rater feedback coupled with executive coaching. Leaders often become competent in these skills on the job, through a combination of mentoring discussions, timely feedback, and personal reflection.

To **Build Relationships for Harmony and Purpose,** a leader supports people to bring out their

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best, shares information to build understanding, and maintains a visible profile. Other relevant characteristics of this theme are respecting others and instilling a sense of trust to guide and lead. Again, these are areas of knowledge and skill that can be learned through the use of a wide range of models and methodologies. For example, the Situational Leadership model clearly outlines the behaviors used to build the competence and confidence critical to successful performance. Listening, goal setting, and teaching—all of these skills enable leaders to bring out the best in

people. The Center for Creative Leadership in its book, "The Lessons of Experience: How Successful Executives Develop on the Job," depicted the importance of job assignments and emphasized the developmental impact of line and staff role switches to build the ability to understand diverse organizational viewpoints. A third example, more focused on methodology, is the use of Action Learning or special projects to provide unique opportunities to enhance strategic thinking, teach the importance of being visible and approachable, and enable the leader to understand people representing diverse perspectives and cultures.

Ethical leaders must **Work for Mutually Beneficial Solutions**. This theme emphasizes the power of understanding the situation, its legal ramifications, the necessity to follow a thoughtful problem-solving and decision-making process, and addressing the reality of the situation with facts and honesty. Again, many of the models and skills necessary to demonstrate this theme effectively for ethical action are learned over the course of a leader's career. The ability to differentiate between issues that are legal and ethical, to know when to seek counsel, listen to opposing points of view and challenge self and others to find more effective solutions are content areas often addressed through the use of simulations, mentoring, and skill-building learning activities.

THE LEARNING PROFESSIONAL'S RESPONSIBILITY

Ethical leadership sets a tone and an expectation for performance that underpins an organization's success or failure. Clearly much of what the leader needs to know in order to lead can be learned or shaped through learning. Learning professionals have a responsibility to their organizations to ensure these three themes, so critical to successful ethical leadership, are built into curricula, incorporated into developmental plans, and programmed into tracking systems so they then can be included in the talent discussions that shape the future leaders of the organization.

We have all seen the impact of unethical behavior on society. Building developmental approaches to teach the knowledge and skills necessary to create ethical leaders can change the course of business to benefit individuals, businesses, stakeholders, and society. ▮