



Ethical Leadership in the Workplace – A Discussion



3 April 2019

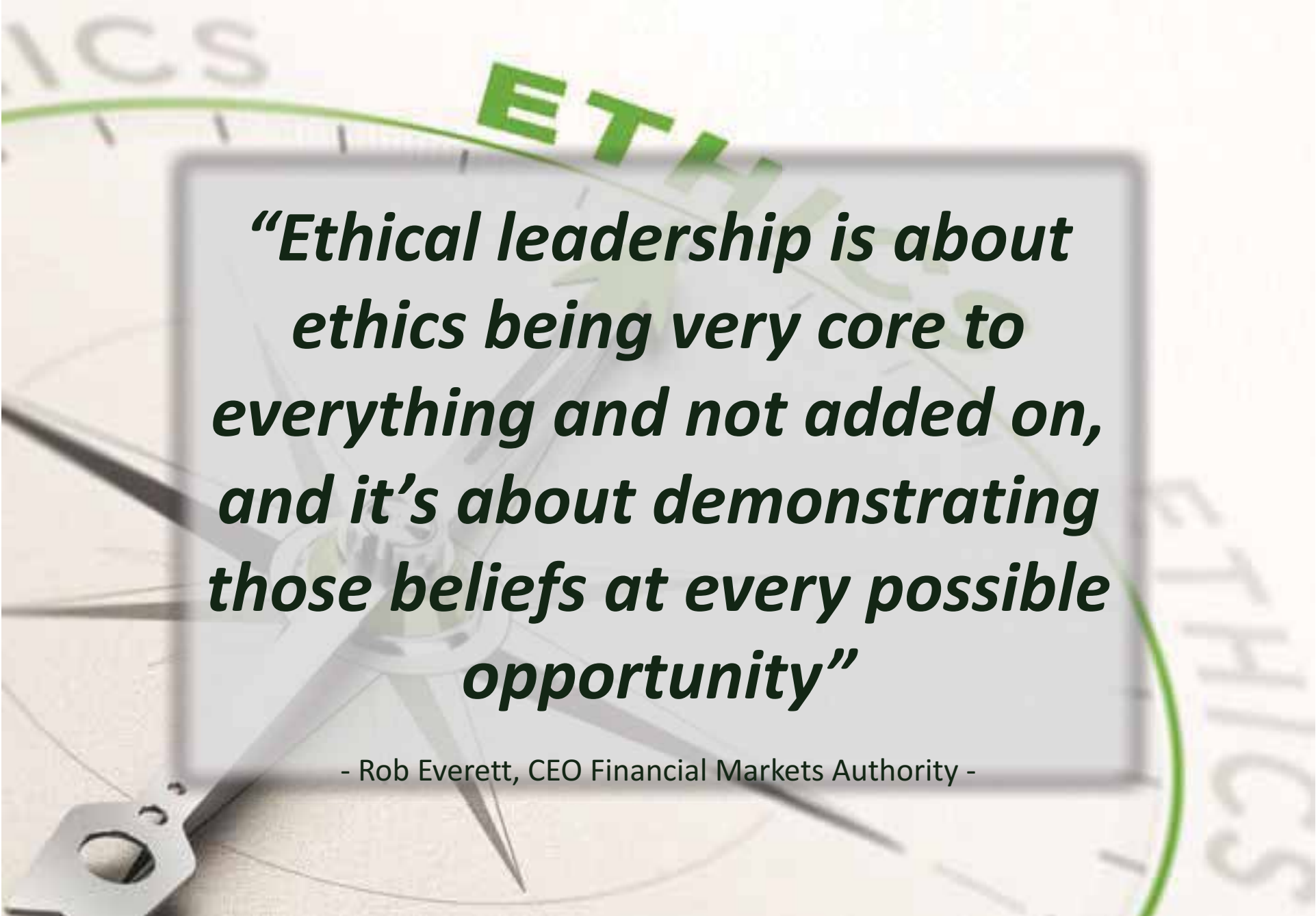
Professor Karin Lasthuizen

Brian Picot Chair in Ethical Leadership

www.victoria.ac.nz/ethical-leadership

Capital thinking. Globally minded.





“Ethical leadership is about ethics being very core to everything and not added on, and it’s about demonstrating those beliefs at every possible opportunity”

- Rob Everett, CEO Financial Markets Authority -

**“What is the first key risk for New Zealand?
That ethics is not a priority; it should be number one.”**

- Suzanne Snively, Chair Transparency International New Zealand –



**“The main ethical issue is; are we doing enough
to talk about it and are we doing enough
to reinforce the right behaviour to ensure
that we are not becoming complacent?”**

*– Kirsten Patterson,
Chief Executive Institute of Directors in New Zealand –*

**“In life, like in business, there are lots of things that you could be
allowed to do. But when the law doesn’t say that you can’t;
it doesn’t mean you should do them.”** *- Peter Stevens, Chief Executive GS1 –*

“Ethics starts where the law ends”

- Emmanuel Lulin, Global Senior Vice President and Chief Ethics Officer at L’Oréal –



Brian Picot
Chair in Ethical Leadership

Ethical risks - the 'slippery slope' hypothesis

Serious corruption cases have started with minor offences, often within an organisational culture without clear norms.

“We often see with people get themselves into trouble by trying to cover up a mistake or problem, and then the hole just gets deeper and deeper and deeper.” - Julie Read, Chief Executive and Director Serious Fraud Office -



“But the second time, and the third time, and the fifth time, and the twentieth time, it’s a lot easier to step across that line. People who go over that line, and say ‘oh, the world hasn’t collapsed. I thought it might but it hasn’t’. So the pattern of fraud just goes up.”

- Barry Jordan, (Former) Lead Partner Forensics at Deloitte -



Brian Picot
Chair in Ethical Leadership

Organisational Unethical Behaviour

TYOLOGY

1. Corruption: bribing
2. Corruption: favouritism
3. Fraud and theft
4. Conflict of interest through gifts
5. Conflict of interest through side line activities
6. Improper use of authority (for - sometimes - noble causes)
7. Misuse and manipulation of information
8. Indecent treatment, discrimination and sexual harassment
9. Waste and abuse of organisational resources
10. Private time misconduct



Ethics at Work – IBE global survey



PURPOSE

- **UNDERSTAND** employees' attitudes to ethics at work
- **TRACK** developments over time
- **COMPARE** how business ethics is viewed in different countries

METHODOLOGY

- **TRIENNIAL** survey started in 2005 in Britain
- **ONLINE** survey conducted by ComRes on behalf of IBE
- **Change of methodology** for the UK in 2015 from face-to-face to online

RESPONDENTS

- Total of 2,268 respondents across **Australia, NZ & UK**
- Representative sample of about **750** working adults in each country

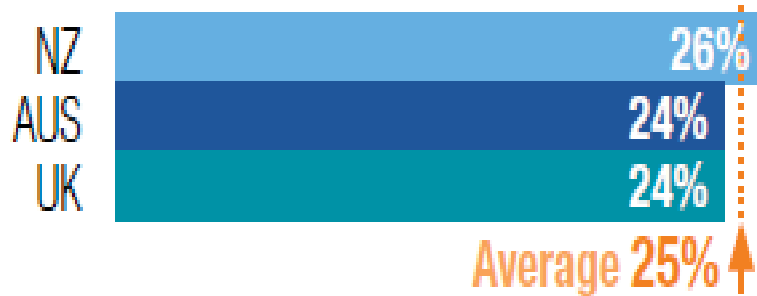
See: www.ibe.org.uk



The 'apple' - unethical behaviours

MISCONDUCT AT WORK

Awareness of ethical violations



What type?

Bullying/harassment	38%
Stealing	27%
Improper hiring practices	19%
Fraud	9%

IS IT REPORTED?

A significant percentage of it is not reported:



Why?

I did not believe that corrective action would be taken	35%
I felt I might jeopardise my job	33%
I felt it was none of my business	16%
I thought it was common practice	9%

The 'barrel' – ethical climate

“If you hear someone say any of these, you can expect something unethical is about to happen!”

- Emmanuel Lulin, Global Senior Vice President and Chief Ethics Officer at L'Oréal -

- “It doesn't matter how it gets done as long as it gets done.”
- “It sounds too good to be true.”
- “Well, maybe just this once.”
- “No one will ever know.”
- “Don't worry, it's part of the culture here.”
- “Everyone does it.”
- “Shred that document.”
- “We can hide it.”
- “No one will get hurt.”
- “What's in it for me?”
- “This will destroy the competition.”
- “We didn't have this conversation.”
- “I don't want to know.”



Ethical culture – NZ specific

“We have created a society where you can’t make a mistake. We have a punish culture, we are looking for someone to say a wrong word so that we can jump on you.” - *Bishop Justin Duckworth, Anglican Church* -

“Ethical leaders give honest feedback. Unfortunately, that avoidance of honest feedback is probably one of our ethical issues.”

- *Lyn Provost (on personal title)* -

“It is important to talk about how we deal with things when they go wrong – that is also part of having an open conversation on ethics.”

- *Stephen Walker, Executive Director Audit New Zealand* –



Brian Picot
Chair in Ethical Leadership



***“Ethical leadership
is ensuring that
the right thing is done
in the right way
for the right reason.”***

– Al Morrison, State Services Commission –

Ethical leadership - concept

Karin Lasthuizen, PhD

MORAL PERSON

- Moral Character
- Ethical behaviours
- Ethical decision-making

“In a leadership role, ethical leadership is about demonstrating the highest standards of integrity. It’s doing the right things all the time.”

- Stephen Walker, Executive Director Audit New Zealand -

“Ethical leadership is about the impact of the decisions you make in the business that you operate and how does that impact the people, communities and environment.” - Abbie Reynolds, Executive Director Sustainable Business Council -

PURPOSE



“Ethical leadership is how we role model, live the values of the organisation.” - Mike Bush, Commissioner, New Zealand Police -

“You can be quite robust in your interactions, but you can also work together towards a shared outcome.”
- Clare Kearney, NZ Business woman -

MEANINGFUL LEADER-STAKEHOLDER RELATIONSHIP

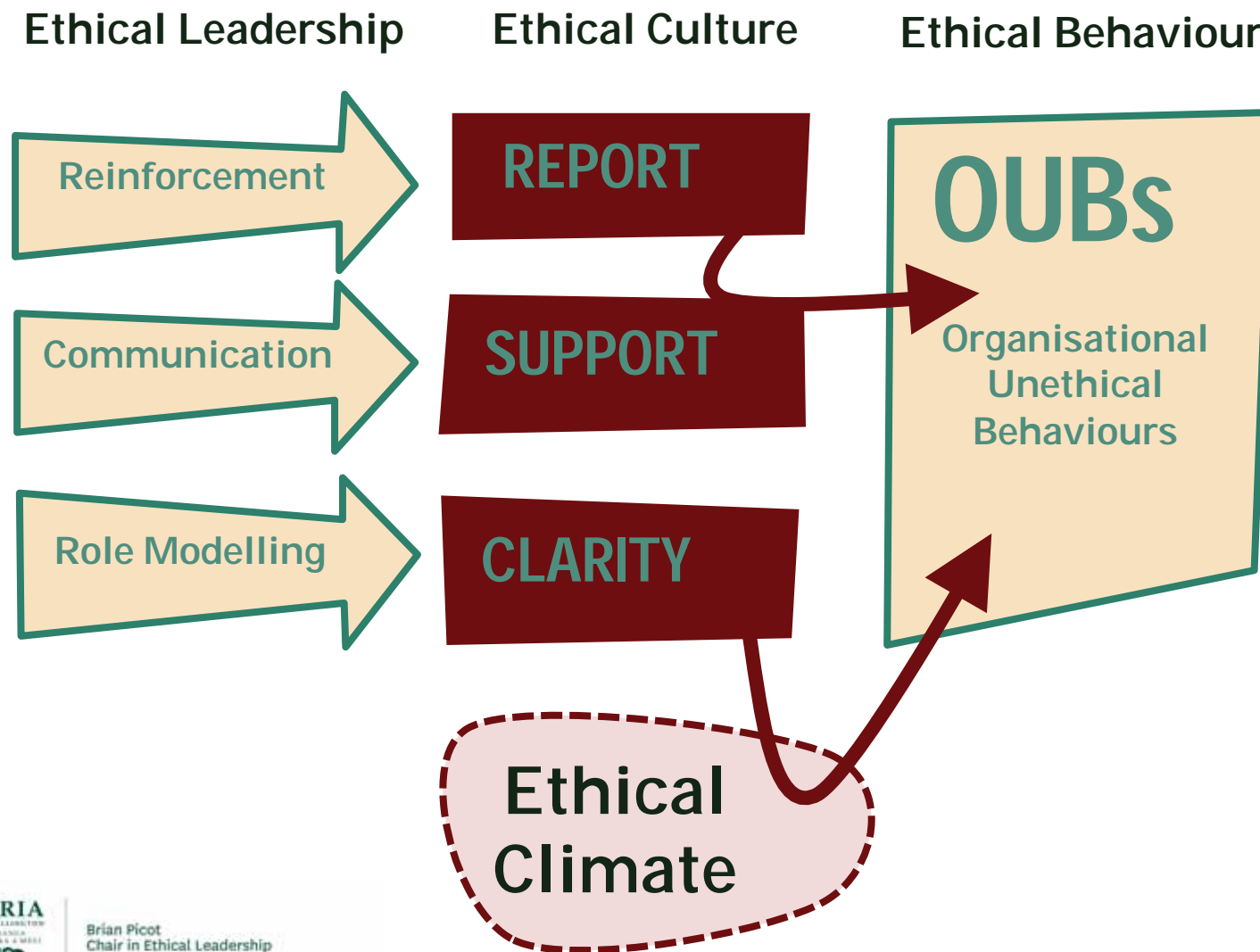
“The biggest thing that we have to do is keep putting ourselves in the individual’s shoes; if you keep doing that you will mostly get it right.”

- Iona Holsted, Secretary for Education, Ministry for Education -

MORAL MANAGER

- Role modelling
- Communication
- Reinforcement

Building an supportive work climate. How it works.



Ethical leadership – employees' view

Overall, my line manager sets a good example of ethical business behaviour

69%

My line manager supports me in following my organisation's standards of ethical behaviour

65%

My line manager explains the importance of honesty and ethics in the work we do

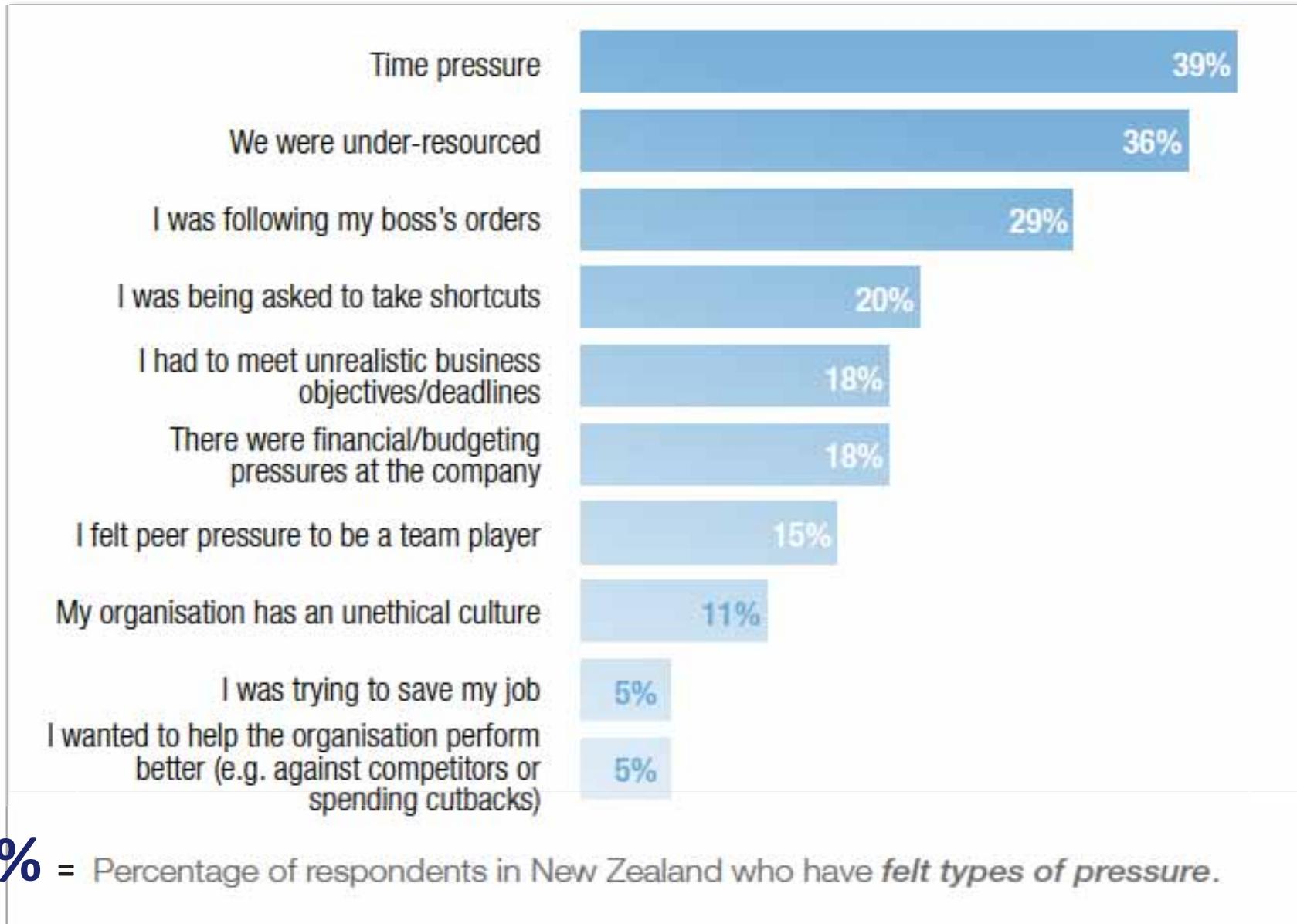
56%

My line manager rewards employees who get good results, even if they use practices that are ethically questionable

22%

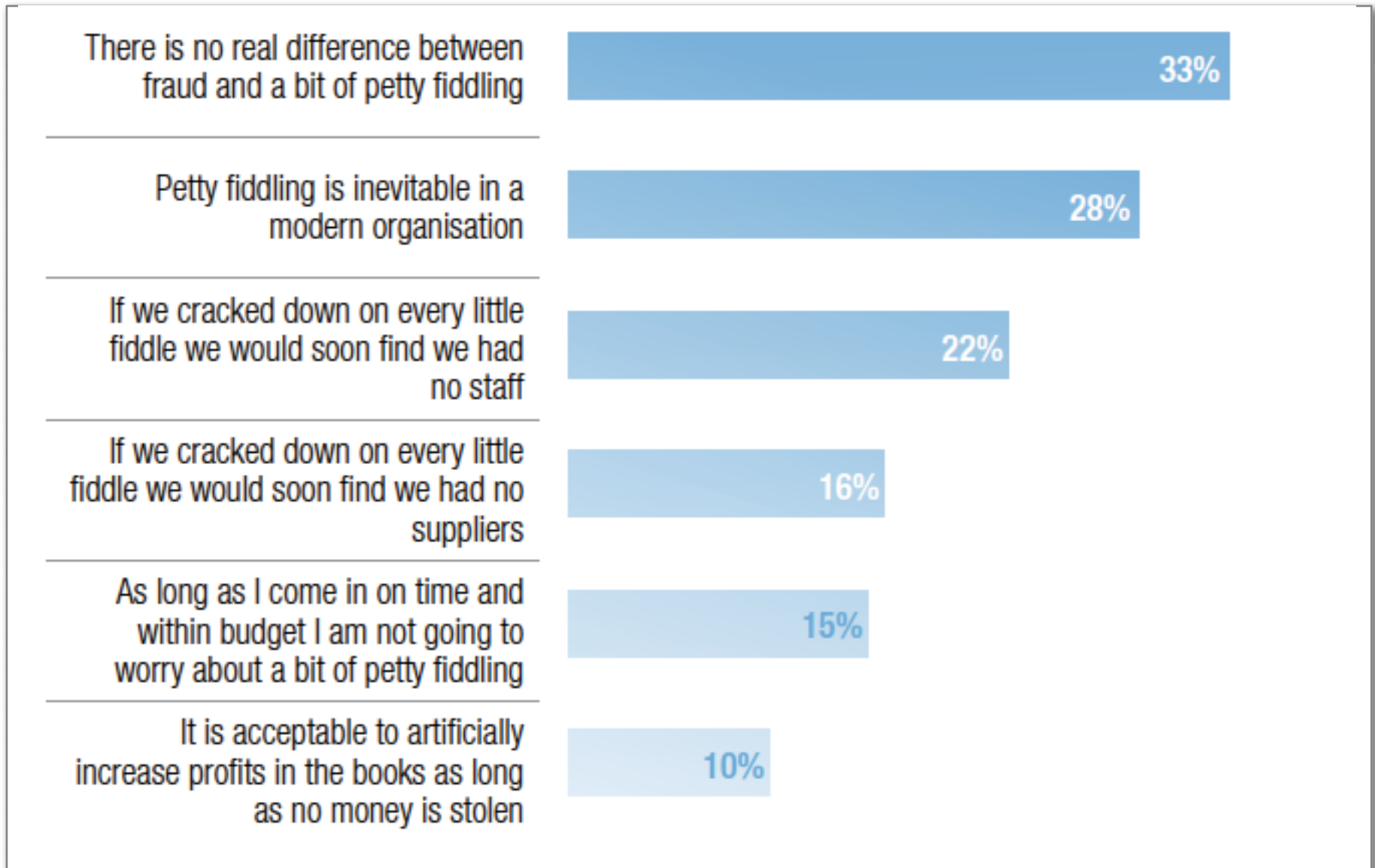
Flipside -

Pressures to compromise – employees' view



12% = Percentage of respondents in New Zealand who have *felt types of pressure*.

Ethical leadership? – managers' view



Supportive work climate – what can we do?



29% of employees in New Zealand say that their organisation provides all four building blocks of a formal ethics programme, while 10% say that it offers none



Ethics programme

Fewer than half of respondents in New Zealand say that their organisation offers an advice or information helpline where they can get advice about behaving ethically at work.



My organisation...

Has written standards of ethical business conduct that provide guidelines for my job **70%**

Provides employees with a means of reporting misconduct confidentially **56%**

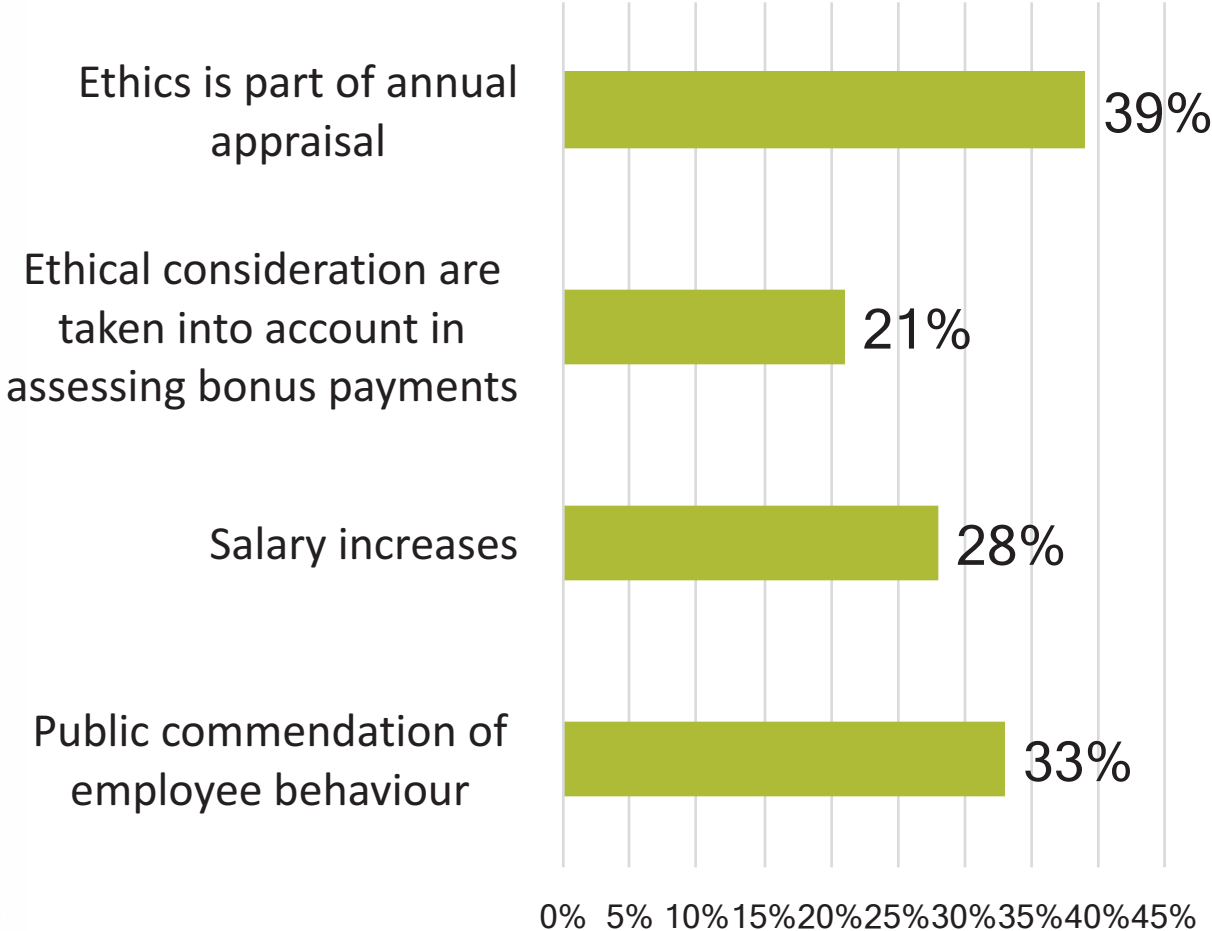
Offers advice or an information helpline where I can get advice about behaving ethically at work **46%**

Provides training on standards of ethical conduct **51%**

Incentives to ethics: reinforcement good behaviour



Fewer than a quarter (21%) of respondents in New Zealand say that their organisation provides incentives to encourage employees to live up to its ethical standards



Does it help? Importance ethical leadership

In organisations with more perceived ethical leadership, employees say that:

- Honesty** is practised more frequently (94% vs 63%)
- They are less **aware of misconduct** (20% vs 52%)
- They are more willing to **speak up** if they become aware of misconduct (80% vs 53%) and more likely to be satisfied with the outcome (93% vs 23%)
- They felt less **pressures** to compromise their organisation's ethical standards (88% have not felt pressured vs 59%)

Thank you!

The Brian Picot Chair in Ethical Leadership at Victoria Business School works towards facilitating a transparent and ethically sound business sector.



Connect with us



Capital thinking. Globally minded.



www.victoria.ac.nz/ethical-leadership



@VicUniWgtn
#VictoriaBusinessSchool



Victoria Business School showcase page



Victoria Business School
Victoria University of Wellington



ethical-leadership@vuw.ac.nz



Brian Picot
Chair in Ethical Leadership