ETHICAL LEADERSHIP: THE TROUBLE WITH THE TONE AT THE TOP

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Numerous studies show that the tone at the top is critical to the moral culture of organizations. In order to combat corruption and safeguard moral values and norms, we need managers at all levels of the organization to consistently and proactively make ethics a salient part of their leadership agenda. Doing so raises employees' moral awareness, improves moral decision-making and lessens incidents of counterproductive and unethical behavior. At the same time, ethical leadership is associated with being a good and attractive employer more generally. Research for instance suggests that ethical leadership may contribute to employee well-being and satisfaction, reduce sick leave, increase task and team performance, improve client responsiveness, raise trust in leaders and leadership effectiveness, help retain personnel, and benefit the organizational reputation.

Importantly, ethical intentions and behavior do not make an ethical leader. Ethical leaders set themselves apart from 'regular leaders' by actually making ethics a salient part of their day-to-day interactions with others. Ethical leaders hence do not just act with integrity but proactively role model their ethical behavior in a visible, salient and consistent manner. In addition, ethical leaders communicate about ethics frequently, pay deliberate attention to moral aspects in decision-making and explicitly and are careful to consistently reinforce moral values and norms through both rewards and punishment.

When I interview top managers, most believe they do all this already. And hence reside confidently in their belief that they are, indeed, ethical leaders. In their view, their organizations are doing quite well when it comes to ethics and integrity. Meanwhile, whether it's businesses, NGO's or government, it seems that many employees still perceive their manager to be amoral at best. That is, while most employees do not consider their managers to be necessarily unethical, they don't consider them to be ethical leaders either. In interviews, employees are quick to point out the many inconsistencies in their manager's behavior, detail their dubious decisions, and the many instances where they've let unethical behavior of colleagues slide or didn't take it seriously enough. As a result, they often conclude that while their managers may not be 'bad people' per se, they are also not the best of role models, and often fail to stand up against wrongdoing.

It is the discrepancy between top-management and employee perceptions of ethical leadership in the organization that I believe is the biggest challenge we face in trying to find a sustainable way to safeguard and stimulate ethics

in organizations. Overcoming this challenge, however, requires us to take a different perspective on what ethical leadership entails. When we talk about ethical leadership, we typically focus on the motivation, characteristics and behaviors that managers must exhibit. However, such an approach to ethical leadership has two problems.

First, a focus on motivations, characteristics and behaviors overlooks the fact that leadership ultimately resides in the interaction between people. In this interaction, it is people's *perceptions* of a manager's behavior -rather than behavior itself- that they respond to and thus has an effect. But employees are not neutral observers of their manager's leadership. They have their own implicit assumptions, ideas and expectations of ethical leadership, which play an important role in how they receive and judge the leadership behaviors they observe. Employee perceptions are furthermore shaped by prior interactions with not just their manager, but also by interactions with colleagues, clients, the organization, and leaders more generally. Employee perceptions of ethical leadership at the top thus reflect much more than the ethical leadership practices exhibited by the managers in question.

Second, an exclusive focus on motivation, characteristics and behavior implies that ethical leadership is the sole responsibility of managers. I would argue, however, that ethical leadership is a collective responsibility of managers, employees, and the organization at large. Managers do not operate in a vacuum: aside from the abilities and motivation for ethical leadership, they also need to sufficient opportunity to successfully perform ethical leadership. Research suggests that even among top-level managers such opportunity is not self-evident. Building a solid reputation for ethical leadership is particularly challenging in situations where the physical and social distance between managers and employees is great, and perceptions of one's leadership are thus based on very limited face-to-face interactions, incomplete information, or even mere rumors and hearsay. Ethical leadership may also be more difficult to maintain in strong organization cultures driven by results and bottom-line, where the organization is under great public scrutiny, where work and time pressure is high, or when other key players fail to support the ethics agenda. Furthermore, managers may be met with resistance from employees who are not always too eager to discuss moral issues themselves. In all, ethical leadership seems easier said than done, even if managers have the right intentions.

To be clear, top management has a great responsibility in embedding ethical leadership more sustainably in organizations. Among other things, they must systematically organize critical, outside and bottom-up reflection on their own decisions and actions. They need to share their own dilemmas, mistakes and decision-making processes more proactively and more explicitly with others, so as to make their ethical intentions more salient and clear. They must reward

mid-level managers for their ethical leadership, alongside their ability to achieve results. And they should be much more open about how they follow-up on integrity violations and frame them not as incidents, committed by the prover-bial rotten apples, but as opportunities to reflect more broadly on how and where in the organizations can be changed for the better.

But the top alone cannot change the tone all by itself. If we truly want to raise the ethical standards of organizations, we also need to take a critical look at the organization as a whole, to the sector of which it is a part, and to the part we play ourselves. A critical attitude to those in power is necessary to keep us all on our toes, but there is a lot we can also do ourselves to stimulate ethical leadership. Ethical leadership at the very least needs solid integrity policies and systems, and support from HR and integrity or compliance officers. As employees, we can be more proactive in sharing with our managers how their leadership comes across and engage in an open discussion about what we need and expect of our managers. We can keep in mind that our perceptions are necessarily skewed and remain wary of quick and uninformed judgments about the intentions and behavior of others -our managers included. We can show ourselves more open to receiving feedback on our own moral behaviors and hold off our defensive reactions. But perhaps above all, we can realize that to be an ethical leader one does not need a formal position of power -and that perhaps each and every one of us should make an effort to exercise just a bit of it everyday.