PREVENTING ETHICAL LEADERSHIP FAILURES
UNDERSTANDING WHAT CAUSES ITS FAILURES

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ETHICAL leadership failures can be caused by different types of problems that may worsen. Some of these problems are caused by individuals and others may be embedded in the organisational culture. In 7 Lenses, I described the kind of proactive ethical leader- ship that builds ethical cultures. The book is a road map on how to lead ethically in a complex world. While 7 Lenses is written from a positive perspective to help leaders avoid ethical problems and create ethical cultures, I often get asked, “What causes ethical failures?”

In this article, I will explore that question from two perspectives — that of what individual leaders do (or don’t do) and common organisational problems. Here is a list of some of the factors that can lead to ethical failures. The list includes things that individual leaders do (or don’t do), and things that organisations do (or don’t do) to set a positive example and support ethical thinking and behaviour. These factors are connected, and it is often difficult to isolate just one of them when something goes wrong. See if you recognise any of these happening in your organisation.

1. INDIVIDUAL CAUSES
   - Ignoring boundaries (ignoring ethics codes and organisational values that forbid an action).
   - Failing to use self-control (“I will do this even though it’s not allowed.”)
   - Entitlement view (“I definitely deserve this even though it’s not allowed.”)
   - Warped personal values (“I think this is really fine to do even though it’s not allowed.”)
   - Crowd-following (“Everybody else is doing it, so it must be fine.”)
   - Lack of a moral compass (“Nobody specifically said I can’t do it, so it must be fine if I do it.”)
   - There are no ethical leadership standards and no positive role models (No way to be sure what to do).
   - The leader has an entitlement view and there is a lack of clarity about what ethical leadership means in the organisation (it is easier to justify entitlement, when ethical expectations are unclear).
   - The leader lacks a moral compass and the organisation lacks ethical leadership standards (The leader may act based on personal ethics, which may be slanted toward self-gain).
   - The leader has trouble with ethical boundaries and there is no accountability for ethical behaviour in the organisation (It increases the chances of ethical problems when both the leader and the organisation lack clear ethical boundaries). Problems within the ethical culture clearly make it harder for individual leaders to stay on an ethical path.

2. ORGANISATIONAL CAUSES
   - Lack of clarity (“What does ethical mean around here?”)
   - No ethical leadership and behaviour standards (“There are no rules about this.”)
   - Oversimplified rules (“Just do the right thing.”)
   - Lack of positive role models (“Who is doing it the right way?”)
   - No training or coaching (“How will I learn it?”)
   - No accountability; no enforcement (“Even though it’s not allowed, nothing bad will happen if I do it.”)
   - No performance integration (“We say we want ethics, but we reward and promote based on output.”)
   - When problems happen, scapegoating of employees are quickly made instead of learning from mistakes and fixing the culture.

COMPOUNDING FACTORS
Keep in mind that ethical failures may or may not be due to just one of these factors, but a combination to create a ripple effect. Here are a few examples where the problem is worsened due to a myriad of factors.

THE IMPACT OF THE UNETHICAL SENIOR LEADER

WHEN organisational leaders are trying to create an ethical culture, sometimes one of the senior leaders is not helping or is even blocking their efforts. The distraction, fear and chaos created by an unethical senior leader can dain the company of engagement, creativity and productivity.

Is blocking a company’s efforts to create an ethical culture unethical? You bet.

It may be the cause of company failure because of the negative systemic effects that it creates. The systemic effects created include loss of trust, loss of employee engagement, loss of customers, lowered productivity, increased complaints, failure of departments to work together, sabotage, blaming, etc.

CORRECT IT QUICKLY

When a senior leader is operating against the best interests of the company and its stakeholders, the problem needs to be corrected by the other senior leaders as quickly as possible. How?

1. CLEAR STANDARDS FOR BEHAVIOUR

Be sure that you have clear standards for leader- ship performance that include expectations for ethical leadership. Often companies have leadership standards, but they are vague and/or do not include specific expectations for leading ethically.

If you have clear standards, ensure that the behav- iour of the disruptive senior leaders is specified in the standards as not acceptable. If not, it’s time to change the standards.

2. CLEAR ACCOUNTABILITY

If you have standards for ethical leadership, and they clearly state that the behaviours of dis- senting senior leaders are not allowed, it’s time to hold the him/her accountable for not following the standards. The individuals who are not following the company’s standards need to be made aware of:

- the need for the senior leadership team to con- sistently model the leadership that is expected of others.
- the need for an ethical culture to appeal to today’s ethics-savvy consumers.
- the need for consistency and trust that starts with the senior leadership team, to be able to attract and keep good employees.