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VALUE OF ORGANIZATIONAL ETHICS TRAINING: A TWO-FOLD BENEFIT

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Abstract

The terms “business ethics” or “moral leadership” are regularly considered oxymorons (Gini, 2004). However, nearly all members of an organization want their leaders and the entities they lead to behave ethically (Bazerman & Tenbrunsel, 2011). Additionally, given the power and influence leaders have over their followers, ethics is critical to the process of leadership (Northouse, 2013). Leaders are at the pinnacle of organizational ethics, yet they fail for a variety of reasons, necessitating organizational ethics training. First, comprehensive ethics training provides clarity of an individual’s values, providing the foundation for sound ethical decision-making. Second, ethics training that transcends simple right and wrong misconduct scenarios provides a lasting framework from which to evaluate the multiple responses and outcomes of formulating an ethical decision. Using detailed cases that enable the trainees to examine and discuss the mental models used to make their decisions enhances ethical training effectiveness (Brock et al., 2008). Ultimately, the ethics training program must first assist all team members in clarifying their individual values and then make them aware of the common ethical biases that normally operate outside of their awareness. Then the training program must address the psychological level of ethical decisions to enable the individuals to make a habit of thinking ethically in every decision.

Introduction

In this day and age, the terms “business ethics” or “moral leadership” are considered oxymorons (Gini, 2004). One just needs to review the news to see there are numerous examples of business scandals and leadership failures. Furthermore, multiple surveys reveal a majority of the public believes business leaders are dishonest and white-collar crime is a normal occurrence. One-fourth of 671 executives surveyed believed ethics can impede a successful career and half admitted they bent the rules to get ahead. Not surprisingly, due to the low ethical standards of leaders, the followers admitted to petty theft, absenteeism, and indifference (Gini, 2004). With these survey results, one could argue the inherent need for ethics training or argue the futility of promoting ethics training.

Organizations are in a constant state of flux, whether caused by external market or environmental forces, or by internal changes and the addition of new team members. The research is clear concerning the desire of leaders and followers to work in an ethical environment. However, what can leaders do to ensure all members maintain the ethical

standards set by the organization? After arguing the importance of leadership ethics, this essay will discuss why leaders fail ethically, how ethics can help in screening and selecting prospective team members, and subsequently, how ethical training will benefit team members at both the individual and the organization levels.

Importance of Ethics in Leadership

Leadership and ethics are two concepts that are, by their very nature, intrinsically linked. At the surface, nearly all members of an organization want their leaders and organizations to behave ethically (Bazerman & Tenbrunsel, 2011). Northouse (2013) argued that given the power and influence leaders have over their followers, ethics is critical to the process of leadership. Ciulla (2004) argued that to achieve “good leadership,” leaders must be morally sound and as such, “ethics lies at the heart of leadership studies” (p. 18). Similarly, followers expect their leaders to be honest and ethical (Northouse, 2013). Honesty has ranked as the number one characteristic followers desired of leaders since Kouzes and Posner’s (2012) original study in 1987. “The more defective our leaders, the greater our longing to have highly ethical leaders” (Ciulla, 2004, p. 3). Although ethics and leadership are obviously intertwined, what does ethics mean?

Ethics can be defined as the standards of good or bad and right or wrong (Hultman & Gellerman, 2002). *Ethos*, the Greek root of ethics, translates to customs, conduct, or character (Northouse, 2013, p. 424). Therefore, ethics consists of the values and moral standards an individual or society determines are desirable and acceptable (Northouse, 2013). Ethics in leadership is the examination of right and wrong, good and bad, and the moral standards of the leader and follower relationship (Ciulla, 2004). Applied to behavior, the root of ethics pertains to how people assess values, evaluate the relative importance of values, and treat each other every day (Gini, p. 31, 34). As both the general ethics definition and more specific leadership ethics definition imply, the moral standards begin with an individual’s values.

Personal values provide the baseline for what is accepted and what is not. These values are a psychological construct that is internal to each person (Hultman & Gellerman, 2002). Individual values are not relearned by every child, but are mostly passed down through the moral reasoning of adults who are in positions of influencing the development each such child (Fedler, 2006). As individuals work together, the agreed upon shared values shape the organizational culture (Hultman & Gellerman, 2002; Schein, 2010). These shared values help to propel the organization towards success (Hultman & Gellerman, 2002). Leaders are continuously interpreting the environment and customizing the priority of the values in shaping the organization (Badaracco, 1997). Additionally, as the individual team members continue to work together, discussions or events change the relative importance of the agreed upon values, thereby reshaping the organizational culture (Schein, 2010). As Hultman and Gellerman (2002) argued, it is the individuals, not the organization, that have values and thus the individuals are modifying the organizational culture as the team members agree upon those shared values.

Similarly, the organization has an impact on the individual values. When people depart the organization, the culture survives (Schein, 2010). The direct impact of the organization on the individual values is well documented (Cameron & Quinn, 2011). As Badaracco (1997) posited, as individuals make values-based decisions, it is rarely a new facet of an individual’s personality. Likewise, according to Hultman and Gellerman’s (2002)

motivational system model, the values people choose are dependent upon the acceptance of themselves and the extent to which they trust others in the organization. Therefore, it is not the introduction or exclusion of values, but the relative importance of the values that changes based upon the perception of what is most important from other team members and the organizational culture. Ultimately, the adjustments in the organizational culture and individual values arise through the success of the organization.

On the contrary, a lack of agreement between individuals and the organization can perpetuate a climate that breeds failures. Many organizational problems can be traced back to conflicting individual values (Hultman & Gellerman, 2002). This incongruence undermines the ability of both an individual and the organization to adjust to the changing environment (Schein, 2010). It is mutually beneficial to balance the organizational culture and individual values in order to maintain an ethical standard for the organization (Hultman & Gellerman, 2002). That path starts with understanding why leaders fail when implementing a training plan to overcome those common failures.

Why Leaders Fail

There are three primary reasons leaders fail, which fall into two broad categories. Leaders are either 1) not sufficiently knowledgeable about the organization, its ethical standards, and mission; 2) the leaders are in over their heads; or 3) leaders do not understand their ethical “blind spots.” Ultimately, the core problem in a leader’s failure is the “insidious desire” to succeed (McIntosh & Rima, 2007, p. 19).

First, leaders who are not sufficiently knowledgeable about their own values or the organization, its mission, or its ethical standards, create an opportunity for ethical failures. People who do not understand themselves or the organization tend to compromise the standards (Cameron & Quinn, 2011). Part of the problem could stem from individual values being passed down, yet not understood at the individual level (Fedler, 2006). Leaders tend to justify their actions based upon the shared values of the group, not resolute values, which in turn bends the ethical standard (Price, 2004). Whether choosing to ignore or simply due to a lack of education, leaders who do not understand and internalize the purpose, mission, and credos of the organization will bend or break the standard to personally advance (Badaracco, 2004). Ultimately, leaders have to know themselves and the organization well enough to pursue the right goal, determine the steps to get there, and make those steps habitual in nature (Wright, 2011).

Second, the leaders are overwhelmed with challenges for which they are not prepared. Part of this shortcoming stems from the fact that most leaders think they already know the correct ethical answers (Fedler, 2006). This point, coupled with human’s inability to tolerate sensory overload or excessive uncertainty, negatively impacts one’s judgment (Schein, 2010). This is why Maxwell’s (1998) first law, “The Law of the Lid,” states a leader’s ability directly correlates to his or her effectiveness. If individuals rapidly experience sensory overload and are paralyzed by uncertainty, they have already set their leadership aspirations much lower than others. Additionally, leaders are prone to self-serving biases when making their decisions (Hollander, 2004). However, the immorality of the decision is rarely placed in doubt (Price, 2004), creating two general categories of ethical failures of misconduct or what Badaracco (1997) phrased as a “right versus right” decision.

Whether dealing with misconduct or a “right versus right” decision, the third primary reason is that leaders do not understand their “blind spots.” The real problem lies in the general reality that people have lost the principle that character and values matter (Wright, 2011). There is a gap between espoused behavior and actual behavior and leaders are unaware of how unethical they are (Bazerman & Tenbrunsel, 2011). Leaders are making ethical decisions based upon factors that are outside of their direct knowledge (Bazerman & Tenbrunsel, 2011). Such deficiencies include the natural in-group favoritism, ethical egocentrism (which leads to braggadocio), and discounting the future (Bazerman & Tenbrunsel, 2011). Concomitant with making a decision, leaders are overcome with thoughts about how they want to be portrayed which often results in prediction mistakes, ethical fading, and recollection errors (Bazerman & Tenbrunsel, 2011). Similarly, leaders often ignore unethical behavior when it could be deleterious to self-interests, i.e., motivated blindness. Additionally, leaders often delegate the unethical decision or action to subordinates, i.e., indirect blindness (Bazerman & Tenbrunsel, 2011). Without bringing these blind spots to a leader’s attention, they will continue to operate — unaware of their ethical shortcomings.

Leaders’ unethical behavior, regardless of the type, negligently tramples on the rights and interests of others (Gini, 2004). That is why it is necessary to understand why leaders fail in order to train and prevent future occurrences (McIntosh & Rima, 2007). Thus, understanding the values and organizational culture is necessary to develop the ethics training needed to help leaders uphold the ethical standards which they hope will positively define their respective offices and organizations.

Ethics and Prospective Team Members

An organization’s ethical standard and an understanding of its individual values are important considerations when recruiting a new team member. Leaders’ visions of themselves and the organizations they serve help to shape their actions (Fedler, 2006). Oftentimes, people need assistance in understanding their individual values and relative importance (Hultman & Gellerman, 2002). Understanding the individual’s values could shed light whether hiring a particular individual would be a benefit or hindrance to the overall ethical culture of the organization. For example, a clan-based organizational culture would promote the values of facilitating effective and cohesive teams and providing honest feedback as well as ensuring personal growth (Cameron & Quinn, 2011). If the individual values data-driven, rational decision-making, eliminating defects, and establishing smooth processes, the organization might not want to hire the individual as there would be an incongruence in culture and values — unless they are being hired for the specific reason of providing a counter position (Cameron & Quinn, 2011). Regardless, leaders must understand that new members emanate from different backgrounds and need appropriate integration into the organization (Schein, 2010). Even with the right people in the right positions, ethical training is necessary to overcome leadership pitfalls previously discussed.

Ethics Training for Team Members

Comprehensive ethics training is an often overlooked training program in most organizations. Morality cannot be learned by reading a book on virtues or ethics (Gini, 2004). It requires thought-provoking training to have a lasting impact. Ethics training should be a vital component to an organization’s training regimen (Bayley, 2012). Individual

values do not exist in isolation and the entire system must be considered before changes are made and training is undertaken (Hultman & Gellerman, 2002). The impact of such actions is mutually beneficial: the individuals better understand the organization and the organization is infused with new thinking (Schein, 2010). However, training assumes individual values are present and the individual has a desire to change (Bazerman & Tenbrunsel, 2011).

This begs the question: If individual values are inveterate before joining an organization, what purpose does ethics training serve? Individual values are enduring beliefs of what that person believes is acceptable behavior (Hultman & Gellerman, 2002). Additionally, those values, habits, and personality traits rarely change significantly (Cameron & Quinn, 2011). However, motivational system mapping helps to clarify an individual's understanding of his or her values (Hultman & Gellerman, 2002). Badaracco (1997) argued that defining moments compel people to arrange their values in a single file, revealing their priorities. Therefore, training provides insight to the individual to modify the relative importance of their individual values and makes them ethically self-aware.

Assisting individuals to understand their individual values lays the ethical foundation for a person, but it is also necessary to address the blind spots discussed earlier. This training should be directed at both the individual and organizational levels. For effective change, the training must make people aware of their blind spots and provide them methods to keep this awareness alive during the decision-making process (Bazerman & Tenbrunsel, 2011). This will equip trainees to make the daily decisions necessary to effect an ethical habit. The second step would be to establish a training plan that causes the individuals to evaluate their own decision-making processes (Bazerman & Tenbrunsel, 2011). With decision-making focused on the psychological justification for the decision coupled with feedback, individuals would have a greater appreciation for the ethical implications of all decisions rendered. With respect to organizations, the ethical training starts with leaders demonstrating ethical behavior in a manner to include their treatment of others (Bazerman & Tenbrunsel, 2011). Without the awareness of the blind spots, ethics training will not be as effective (Bazerman & Tenbrunsel, 2011). Awareness of blind spots is the first step, and arriving at the psychological understanding of the ethical components of every decision is required to have a lasting ethical impact (Bazerman & Tenbrunsel, 2011).

Unfortunately, most of the current ethics training forgoes examination of these deficiencies and focuses on specific acts of misconduct or wrongdoing. After making people aware of their specific areas of ignorance and bias, it is essential to continue the training in two parts. First, it is imperative to clarify proper conduct and misconduct — clearly establishing what is right behavior for the organization and its members. This will help to educate them, but will do little to change overall ethical behavior as the morality or immorality is rarely in question (Price, 2004). Therefore, ethics training programs must address the “right versus right” decision, exposing the psychological level of the decision-making, and essentially the continual clarification of both organizational and individual prioritization of values. Given the limited advancement in ethics training and many pitfalls inherent therein (Bayley, 2012), the fundamental query still needs to be addressed regarding how we make the training more realistic and effective.

An integral component in the effective ethics training process is to address the reactive nature of ethics training as mentioned above. In the proactive scenario training, the focus is

not necessarily on the “correct” answer, but instead uses the “what if” methodology Bayley (2012) to analyze multiple outcomes based upon whether or not the decision increases rational ethical decision-making. For best results, “sense-making” methodology leads to sizable ethical gains that are maintained over time (Mumford et al. 2008). The richness of the content of the case as well as its forecasting content generates more effective results of the ethics training (Harkrider, et al., 2012). Therefore, case examples both detail codes of conduct as well as indicate how the long-term implications of the decisions will improve training effectiveness. These detailed cases enable the sense-making methodology training to examine and discuss the detailed mental models individuals make in their decision-making, enhancing training effectiveness (Brock et al., 2008). Ethics training either assists in the perpetuation or the modification of the ethical structure of the organization. Ultimately, it is necessary to reach the psychological level to help people understand their values, square those with the organization, and make a decision aligning with both.

Best Ethical Training: Experience

Classroom and experiential training are beneficial; however the best ethical training is the aforementioned training with experience. Learning and changing cannot be imposed on team members (Schein, 2010). They have to learn and change themselves. The defining moments can shape an individual, but it is the repetition of similar activities that builds the ethical muscle memory (Badaracco, 1997). The continuous transformation and shaping of one’s values into habits will produce the character change necessary to develop ethical leaders (Wright, 2010). Transformation occurs when leaders, once privy to their blind spots, actively do the right thing day after day. Additionally, the leaders are the ethics teachers of organizations (Badaracco, 1997). Their actions, or lack thereof, speak volumes to the team members. One of the best methods of teaching ethics is the experiential learning where the leader emulates and models ethical leadership on a daily basis (Gini, 2004). Leaders must declare and then act ethically (Badaracco, 1997). Once aware of the common pitfalls, doing the right thing day after day, based upon the truth, will set the example for others to follow and improve the ethical culture of the organization.

Conclusion

A comprehensive ethics training program must include both the leaders and followers of the organization. However, the onus is on the leadership as they must set the right ethical example for the followers to emulate. The ethics training program must first assist all team members in clarifying their individual values and then make them aware of their common blind spots and ethical biases that normally operate outside of their awareness. After setting this foundation, the training program should address proper conduct and misconduct to ensure a common understanding. However, to truly change the individuals and organizations the training must address the psychological level of ethical decisions to enable the individuals to make a habit of thinking ethically in every decision.

The ultimate purpose of leadership is to ensure an organization becomes all it is capable of becoming (Hultman & Gellerman, 2002). Similarly, the purpose of ethical leadership is to ensure the organization attains its true potential in an honest and honorable manner benefiting all parties involved. Consistent findings from ethics research state that considerate, ethical leaders have more satisfied followers (Ciulla, 2004). The congruence of individual values and an ethical organizational culture predicts the success of an

organization (Cameron & Quinn, 2011). It starts with the leaders and is reinforced through training. “[W]ithout the continuous commitment, enforcement, and modeling of leadership, standards of business ethics cannot and will not be achieved in any organization” (Gini, 2004, p. 26). Ethical leadership reflects a lifetime of learning and development. It is mutually beneficial for leaders to lead in an ethical manner and to treat others in an honest and respectful manner.

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