

An Ethical Choice

Holding Leaders Ethically Accountable

Most people think that leaders should be held accountable for their actions. Leaders must balance many and conflicting stakeholder demands. The first demand is for strong financial performance; leaders are probably terminated more often for missing this goal than for all other factors combined. Leaders balance the extreme pressure for financial performance with the desire that most leaders should act ethically, even when there is no formal accountability. Given those competing aims, ethical leadership may be under-rewarded and depend solely on the leader's innate decency.

Ethical leadership is a relatively new area of research attention.

Demonstrating fairness and social responsibility even run counter to many old-school models of leadership. Consider, for example, legendary management guru Peter Drucker's advice from 1967: "It is the duty of the executive to remove ruthlessly anyone—and especially any manager—who consistently fails to perform with high distinction. To let such a man stay on corrupts the others." Modern ethical leadership guidelines say this cut-throat mindset fails to consider the moral implications of treating people as objects at an organization's disposal.

While few organizations still require "performance at all costs," financiers, shareholders, and boards have the

reward power to teach leaders which outcomes to value. Ethical leadership resounds positively throughout all organizational levels, resulting in responsible and potentially highly profitable outcomes, but the ultimate ethical movement comes when shareholders—and leaders—show signs of balancing these accountabilities themselves.

Sources: Based on T. E. Ricks, "What Ever Happened to Accountability?," *Harvard Business Review*, October 2012, 93–100; J. M. Schaubroeck et al., "Embedding Ethical Leadership within and across Organizational Levels," *Academy of Management Journal* 55 (2012): 1053–78; and J. Stouten, M. van Dijke, and D. De Cremer, "Ethical Leadership," *Journal of Personnel Psychology* 11 (2012): 1–6.

nonviolence her liberty from unwilling hands." Positive and negative ethical leader statements can be equally effective when they deliver clear, moral, inclusive, goal-setting statements with persuasiveness. In fact, they can set trends in motion to make the seemingly far-fetched become real.¹⁰¹

Although ethical leadership has many positive outcomes, it can turn sour. For example, in a recent study, ethical leadership was found to lead to abusive supervision (discussed in the next section) on the following day. Sometimes behaving ethically can deplete our resources—we can even feel like, because we "behaved well" on the previous day, it gives us a license to behave poorly the next day.¹⁰²

Abusive Supervision

It can happen to anyone—we're all capable of being abusive as managers.¹⁰³ Some research suggests that when it does occur, it can be costly. Current estimates suggest that it costs organizations in the United States about \$23.8 billion per year.¹⁰⁴ The United States also has relatively low reported levels of abusive supervision in recent research—the highest ratings of abusive supervision are actually in the eastern hemisphere, including China, the Philippines, and Taiwan, with lower ratings in the United States, Canada, and India.¹⁰⁵ Although not a form of leadership in all cases, **abusive supervision** refers to the perception that a supervisor is hostile in his or her verbal and nonverbal behavior.¹⁰⁶

A recent review suggests that several factors are related to abusive supervision.¹⁰⁷ For one, nearly all forms of justice are negatively related to abusive supervision, suggesting that a sense of injustice is at the core of abusive supervision (especially for interpersonal justice). Although some personality traits such as agreeableness and conscientiousness appear to be negatively (but weakly) associated with perceptions of abusive supervision, negative affect is strongly linked with it. A family history of aggression has been shown to be



abusive supervision Supervision that is hostile both verbally and nonverbally.