



Debunking The Myths Regarding Tone At The Top

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The following is based on a presentation made to the 2007 AICPA
National Not-For-Profit Financial Executive Forum

There are any number of myths in the workplace that create false expectations and misunderstandings regarding the role of leaders in creating what we have come to call an ethical culture or ethical climate.

In this article we will explore some of those myths, with a focus on the myth regarding “tone at the top” – the popular belief that the CEO (or Executive Director in the not-for-profit world) is responsible for creating the ethical culture/climate of the organization.

Before attempting to topple the various myths, let us first define some basic terms, as they will be used in this text:

- **Leadership** is the ability to get others to want to do what we want them to do, willingly and to the best of their ability, without coercion
- **Ethics** refers to deliberately behaving in a manner that conforms to an accepted set of principles or values (such as accountability, compassion, honesty, integrity, responsibility....). Ethics can be described as choosing to do the right thing, the right way for the right reasons
- **Tone** (at whatever level) is another word for the informal culture of the organization – the shared understanding of “how things really work around here” irrespective of formal rules and policies

Debunking common myths

Myth #1 - Ethics is only common sense

I’m sorry to have to tell you this, but we did not learn everything we need to know about ethics at our Mothers’ knee (no offense to Moms everywhere). What we did learn were principles: tell the truth, keep your promises, do your best, take care of your little sister...

What we needed to learn, that Mom didn’t teach us, was the specific details of how to apply those principles to unique situations that we would only encounter as adults. Nor did Mom always teach us that not only do different people invariably apply the same principles differently, but that their doing so is appropriate. Thus there are any number of “right answers” when it comes to how principles ought to guide our behavior – our ethics. Many moms did not get around to teaching the lesson that there can be many “right” answers to seemingly simple questions.



Myth #2 - Being an ethical leader requires no more than simply being an ethical person in a leadership position

In the late 1990s a group of business leaders came together with a group of academic researchers under the aegis of the Ethics Resource Center (ERC) in what they called the ERC Fellows Program¹. The idea was for the business leaders to identify questions that the academics could then research. I was fortunate to be the facilitator of that process for nearly four years. One of the first questions the Fellows agreed was critical to explore concerned defining ethical leadership and determining whether it can be taught.

The findings revealed that there are specific skills and competencies that effective ethical leaders display and many of them are counterintuitive. Perhaps most surprising was the realization that ethical leadership requires that leaders make their own ethical considerations and deliberations visible if they are to be perceived as being intentionally ethical.² A decision reached without the ethical considerations being noted was often attributed to what the researchers called “ethical neutrality” on the part of the decision maker – making the ethical choice for reasons unrelated to ethics. It could be understood as “accidental ethics”.

On the other hand, leaders who made a point of noting that the decision conformed to agreed to ethical standards both communicated that they had made a principled decision, and by so doing, inspired similar ethical thoughtfulness in others

Myth #3 – The ethical tone of the organization is set at the top

Continuing along the lines of ethical leadership we can go back to the 1970s and the emergence of Management By Objectives (MBO) Under MBO employees and their immediate supervisors would jointly set objectives that would become the standards of performance for that employee – the definitions of success and failure – and the determinant of salary treatment. This positioned one’s immediate supervisor as the most important manager in the chain of command and, de facto, the ethical role model one was to follow. Fellows Research published in 2003 reaffirms that the most influential ethical standard setter and role model is the immediate supervisor of the person answering the question.

Myth #4 – The best way to ensure an ethical culture is to hire ethical people and fire the “bad apples”

This myth requires that we examine the question of why “good people” sometimes, intentionally choose the unethical option. The research tell us that finding and firing “bad apples” goes on routinely in almost every organization and has little real impact on the

¹ <http://www.ethics.org/fellows/>

² Trevino, et. al., California Management Review 2000



ethical climate. It is the unethical choices of ethical people that set the tone, and that is much harder to detect and address. Understanding starts with accepting that “good people” choose to do “bad things” for “good reasons”. Since that might seem counterintuitive, an example or two might serve us well.

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Consider this example from *Feeding the Hog*³.

There's a story making the rounds about a consultant who was called into a lumber company. Profits were slipping and management couldn't determine the cause. All the other performance measures: productivity, quality, safety... were stable or increasing. The consultant observed several things about this particular lumber company, including the fact that working conditions were somewhat austere and that the dominant leadership style was authoritarian, to the point of being abusive.

In one of his many conversations, the consultant asked an employee why, given the difficult working conditions and harsh leadership style, there wasn't more absenteeism, poor production or any of the other typical symptoms of an organization that was "hard" on its workers.

The employee answered, "Oh that's easy. When we get frustrated or angry we just feed the hog." Seeing the puzzled look on the consultant's face the employee explained. The "hog" was the big mechanical wood chipper at the back of the plant. All unusable scrap was fed to the hog to make the wood chips that go into making particle-board, one of the least profitable products the company manufactured. "When we get upset," he explained, "we take high-profit finished lumber and feed the hog. The company never knows where the chips came from. After all, you can't tell scrap wood from finished lumber once it is reduced to chips."

The consultant was still puzzled. That explained the slipping profits but not the absence of the typical symptoms of an organization in distress. "I still don't see why people don't just call in sick to avoid coming to work." The employee explained, "We don't really want to miss work. We all have "hog quotas". If we aren't here to feed the hog we are fined \$20. That money goes into the party kitty and pays for our quarterly family picnic and beer blast."

Employees in nearly every organization feed the hog, finding their own unique ways of punishing their employers for perceived wrongs. Feeding the hog is what employees do to get even and getting even is one of the two most powerful drivers that cause good people to do bad things. It is how people strike back when they believe the organization is being unfair. And it isn't limited to blue collar workers on the factory floor. People in all fields

³ *Feeding the Hog*, Navran, Levine, Brown, 1994



and at all levels feed the hog.

There is a problem with this story. When we talk about feeding the hog, it sounds funny and clever. There is no denying that it is clever, but it is far from funny. Neither the actions of the organization that stimulate that degree of anger within an employee body, nor the unethical retaliations of the employees, are at all funny.

We prefer to call the intentional, counter-productive behaviors of employees by another name: Silent Sabotage. Silent, because nobody talks about it and sabotage, because these actions undermine your business plans, creating failures... eating at your effectiveness from the inside like a cancer. Often they are clever, but never funny.

There are two generic drivers that motivate employees to become silent saboteurs.

First, there is **retaliation** as characterized in the story about feeding the hog. This occurs when employees feel that they are being mistreated and find ways to get even. The potential for retaliatory behavior exists in every organization. When employees feel that they are underappreciated, abused, or unjustly treated, their sense of "entitlement" is sufficient rationale to motivate or justify behavior (often unethical) that would be unthinkable otherwise.

One mid-level manager in a large financial institution related the reaction of his peers when the organization rewrote one of its benefits policies. Employees saw the revision as a loss. The organization had reduced a benefit that employees felt entitled to, based on having received this benefit for years. The reaction was to "get" the organization by abusing the training process. Employees found it "inconvenient" to attend training in their home cities. Travel to popular, distant cities such as San Francisco and Orlando for training nearly doubled. Employees had found a way to "compensate themselves" and retaliate against the organization's new policy.

Other forms of retaliation include intentionally working slower, taking long breaks, using work time and resources for personal reasons and withholding information. Two of the most creative forms of feeding the hog are **malicious obedience**, doing exactly what you are told even though the directions are incorrect or incomplete, and **creative incompetence**, intentionally failing in the performance of an undesirable task.

An employee was directed by his supervisor to attend a meeting on the supervisor's behalf. "Say nothing. Just sit and take notes." When a question about the supervisor's completion of a critical task came up at the meeting the employee followed his orders and said nothing, allowing the other meeting attendees to conclude that the supervisor had failed to do what was expected. They reluctantly postponed several key decisions for a week, putting the project behind schedule. The employee knew the task had been done but said nothing as a way of punishing the supervisor for his low opinion and insulting instructions.



One young serviceman, a highly skilled technician, was told to mop the commander's office on a day when the workload was light. He saw the assignment as demeaning, but rather than argue with his superior, he decided to be incompetent in performing this simple task, making a mess of the office in the process. The result was he was chewed out, told how incompetent he was and promised that he would never "get to" mop that office again. Mission accomplished.

Second, there is **self-protection**, sometimes called CYA (Cover Your Anatomy). This is where employees choose to behave in counterproductive (and often unethical) ways in order to meet or appear to meet the perceived expectations or requirements for success. This form of silent sabotage includes several phenomena that can be found in nearly every large organization.

Where employees perceive the organization to be hostile, not to have the employees' best interest at heart, they find ways to protect themselves. People refrain from doing what is necessary or appropriate out of a fear that there will be some ill-defined negative consequence. Inordinate amounts of energy and resources are expended in building CYA files to justify actions that might be questioned (or even punished). People refrain from making decisions, choosing instead to delegate horizontally to committees or task teams, or upwards to their immediate supervisor, for fear that the decision might be criticized. Employees protecting themselves from all manner of perceived organizational displeasure expend tremendous amounts of creative energy.

It is important to examine your own organization and discern how the ethical climate is "shaped" and to what extent you are the shaper of climate for those who report to you. That task is made easier once we understand the forces that create and sustain the ethical culture of the organization.

What we know about ethical climate

There is a natural hierarchy of events that seems necessary if real change is to occur in an organization. All seven steps must occur. The seven steps of this pattern are presented below in reverse order of importance.

7. Formal Statements of Philosophy - These are the organization's official communications of its position on the issue, such as statements of organizational values, policy statements or announcements of major "cultural" initiatives (e.g. total quality management, ethics, empowerment, customer satisfaction). While necessary, the typical pattern of "print and pray" (print up the formal statement and pray for something to happen) does little to bring change about. When only this step is completed, both awareness *and* skepticism/cynicism about the issue increase.



6. Education and Training - Education and training are the primary communications vehicle used by many organizations to "get the word out". They allow for information to be shared and associated skills to be developed. But these are not what cause change. Rather they *facilitate* change caused by the remaining five items. Training, when not supported by the remaining items is a "flea dip" (where one treats a cat or dog for fleas, but does nothing to remove the fleas from the environment, ensuring that the treatment will have no long term effect). To be optimally effective, training should start at the top and "cascade" down the organization. The hardest question to answer in the classroom is, "Has my boss seen this?" when the answer is, "No." When the answer is "Yes" management support is perceived to be active and visible.

5. Formal (Organizational) Systems - It is systems like organizational structure, job design, methods, procedures, goal and objective setting, data management and quality control that determine what people do day-in and day-out. When systems support change, change happens. When systems are not updated to support desired change, change doesn't happen easily. It is policy and procedure that drives the bureaucratic middle-management levels of organizations. Failure to change these systems means that change will be actively resisted by those people driven by conformance to systems. One of the most obvious systems has to do with temporary or adjunct assignments in support of the desired change. If committees or teams are needed, how are they structured, funded, and managed?

4. Informal (Leadership) Systems - Informal systems (leadership behavior and operational norms) are different from formal organizational systems because of their greater impact on employee behavior. How are people treated? Who gets hired, transferred, promoted or placed in particular openings? What does my immediate supervisors really expect/require? How should I really act? The answers to these questions tell about what the organization truly values. If the informal systems support the formal philosophy that philosophy is reinforced. If the informal systems contradict or ignore the philosophy then most people feel safe disregarding the stated philosophy. Informal norms and leadership behavior shape employee behavior more than stated philosophy, training or formal systems and structures.

3. Rewards - Of all the organization's systems, rewards (and their implied measurements) are the most powerful. This is how the organization "puts its money where its mouth is". Many people will suspend judgment of the organization's professed intentions until after they see how the organization treats those who accepted the message and acted on it. The skeptics, in particular, judge commitment by how formal and informal rewards are allocated.

2. Reaction to Critical Events - What does the organization do *vis a vis* its professed commitment when times get tough? Does commitment to the stated philosophy seem to waver in the face of budget cuts, layoffs, increased competition or other dire



circumstances? People pay attention to the degree to which the organization demonstrates commitment to fundamental values, especially in times of crisis. This is the acid test of the organization "walking the talk" or "staying the course" when it would be easier to revert to the way things used to be.

1. Senior Management Focus - Do people believe that management really cares about the stated philosophy? What does senior management care about most? What gets the big boss angry? What makes him/her happy? What is the top priority item on the weekly staff meeting agenda? What never gets talked about? These are the questions that indicate top management's real focus. People want to know that focus because success in what matters counts more than success in what nobody at the top cares about. If the message is ambiguous, people will presume a focus and communicate it through the organization's grapevine.

Some other myths that deserve debunking

Myth: Actions speak louder than words

Reality: Actions often whisper when compared to inactions. Employees pay as much attention to what you do not do as to your actions and it is often the 'sins of omission' that have the greatest negative impact on the culture.

Myth: What you "manage" is what you get

Reality: How you manage what you manage" matters even more. It is your own personal leadership style that communicates the extent of your commitment to the values you profess. If you claim to believe in "fairness" but I do not see it in your everyday dealings then I will assume that you are merely paying it lip service. If you do not model it, do not expect me to do so either. To paraphrase, "What I see is what you get".

Myth: The formal rules and regulations define how things work in the organization

Reality: It is the informal rules that define how things really work. Most likely they are not written anywhere, but every employee learns them and when the informal rules conflict with the formal (written) rules, or when there is no formal rule to address a given situation, the informal rules are followed. What they do, in essence, is fill the vacuum left by inadequate formal systems and poor leadership.

Tone at the top

Most people, when considering "tone at the top" think in terms of corporate officers or very senior managers. In fact, the "top" is relative. It is most accurately characterized as the immediate supervisor of whoever is answering the question.



Using the seven step “ethical climate” model as a reference point we can see that the actions, behaviors and attitudes of leadership at the “middle” has a more immediate and lasting effect on culture than the residents of the “C-Suite (CEO, CFO, COO...)”

Knowing this, you now may have a different appreciation of how you help create the ethical climate by where you set the bar and what you intentionally and inadvertently communicate about your ethical expectations for the function you manage and the people you lead.

Whether you are at the top, in the middle or at the bottom of the organization, you have ethical responsibilities and obligations that are not to be found in any law, regulation or policy. To be an effective ethical leader it is necessary to understand the tone being set by the informal systems – with a focus on the messages from boards, executive management and you – about what it means to do the right thing.

You need to decide what the ethical climate should look like in your organization as well as what you can and will do to foster/sustain that climate in your. Then do it.