Ethical Leadership
Views from the MENA Region
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Any views expressed in this article are solely those of the authors’ and not of the university’s.
Executive Summary

Research has demonstrated the importance that a leader plays in setting the right example, creating an environment that encourages good corporate citizenship, and in motivating employees to perform better and more innovatively. In our study, we take a look at a distinct type of leadership, ethical leadership, where leaders are both moral people and moral managers.

More specifically, the authors worked with Bayt.com, the Middle East’s leading career site, to conduct an online poll across fifteen countries in the MENA region to gain insight into employees’ understanding of business ethics and to ascertain whether they perceived their direct line managers to be ethical leaders.

Below is a brief summary of the poll results:

- **Business ethics**: Respondents were divided on what “Business Ethics” means to them, with %47 holding a legalistic view (“conducting business according to legal requirements and not breaking laws”) and %37 relating it being socially responsible (“not just being legally compliant, but also engaging in socially responsible activities”). The majority (%64) did feel that all employees had a responsibility to be ethical in business.

- **Ethical decision-making**: Approximately %40 to %60 of poll-takers stated that their managers usually made fair decisions, defining success also by how results are obtained, and prioritizing ethics over profits.

- **Moral manager**: Almost half of the respondents expressed that their managers often set an example of doing things ethically and usually disciplining those who do not comply with ethical standards. However, only %20 of our respondents say that their managers never discuss business ethics with their staff.

- **Ethical manager**: On the whole, almost half of poll-takers considered their managers to be ethical leaders “to a large extent”, a quarter “only some of the time” and %15 found it “hard to say”. Only %14 “did not think so at all”.

In general, the poll results indicate an awareness of the importance of ethics in business by the respondents and their managers although there is room for improvement in certain aspects. More specifically, there needs to be more explicit training and communication about ethical issues and in the decision-making processes of managers to ensure more emphasis on ethical principles over profit.

The paper concludes with recommendations for managers to demonstrate more integrity and empathy with their employees. Finally, there should be more emphasis on the triple bottom line of people, planet, and profits, and not merely a focus on profits alone.
About Bayt.com

Bayt.com is the leading online recruitment website in the Middle East and North Africa. With over 22.25 million registered job seekers (October 2015), we represent all career levels, industries, job roles and nationalities in the region. The jobsite operates in three different languages -- Arabic, English, and French -- to cater to our diverse demographic.

Bayt.com works with over 40,000 employers, from small businesses to large multi-nationals and governments, to help them successfully attract and recruit qualified professionals and executives every day. From our 13 offices in Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Pakistan, Qatar, Saudi Arabia, and the UAE, Bayt.com maintains an ongoing, dedicated customer support staff that is able to work directly with our employers to ensure their goals are achieved efficiently and cost-effectively.

Founded in 2000, Bayt.com has become one of the most trusted and respected brands in the region. Over the years, we have won numerous awards of recognition, including the "Leading E-Commerce Website in the Pan Arab Region" by the Pan Arab Web Awards (2007), the "Company of the Year" award by the TECOM Investments Pearl Awards (2009), SME Advisor Stars of Business Awards (2011), the "Top Companies to Work for in the UAE" award by the Great Places to Work Institute for three years in a row (2011, 2012, 2013), "2011 Global Growth Companies" by the World Economic Forum (2014), and the "Top Companies to Work for in Asia" award by the Great Places to Work Institute (2015).
Worldwide corporate scandals have become increasingly prevalent since 2001, when Enron, one of the most cited examples of ethical failures in business leaders, first hit the news.

Enron was a once-successful oil pipeline company that met its demise under the management of Jeffrey Skilling and 15 other executives who were sentenced to prison for fraud, money laundering, insider trading and conspiracy.

An exclusive focus on profit at the expense of everything else, including compliance with the law, was the tone set at the very top at Enron, whose Chief Executive Officer (CEO) created what was known as an arrogant and aggressive culture where integrity was discarded in the pursuit of profit.

Despite the growing public scrutiny and regulatory investigations and fines, ethical violations have risen since then. Most recently in October, Volkswagen has admitted that 11 million of its vehicles were specifically installed with software designed to cheat the American Environment Protection Agency (EPA) emissions test. When regulators raised concerns last year about the emission levels, the company dismissed them as technical issues and unexpected real-world conditions, implying management cover-ups. In fact, Volkswagen’s American chief has publicly acknowledged that he was aware of the cars’ possible breach of American pollution laws a year ago. The vehicles actually emit pollutants a staggering 40 times more than the legally permitted limit.

The shocking emissions scandal has already cost Volkswagen 40% of its market capitalization and caused its stock price to plummet 17% in one day alone after another day of similar losses. It could face up to USD 18 billion in fines in the US, not including class action lawsuits and fines imposed by regulators in other countries, just one of many examples of multi-billion dollar financial repercussions of unethical conduct.

At the heart of all these corporate scandals lies an organizational culture that supports or encourages unethical conduct. In the case of Enron, there was a clear unethical culture established by the CEO. Volkswagen itself has been investigated for criminal activity in the past — bribing suppliers in 2006 and market manipulation in 2009 where several chief-level executives of Porsche (which is owned by Volkswagen) attempted to publish false statements about the company, highlighting senior management as negative role models and a culture that promoted winning at all costs.
Similarly, there had been criminal investigations into widespread corruption allegations at FIFA earlier this year, which implicate both its president and vice-president, resulting in FIFA’s executive committee pledging to increase transparency and to improve its corporate governance processes. At least 14 FIFA officials have been accused of accepting more than USD 150 million in bribes over the past 24 years, promoting what the American Federal Bureau of Investigation (FBI) director calls a “culture of corruption and greed”.

**Breach of Trust**

It is not surprising that with such omnipresent notorious corporate actions, trust in institutions globally is rapidly dissipating with an increased public weariness about the lack of ethics in business. Two thirds of the 27 countries surveyed by the 2015 Edelman Trust Barometer fell in the “distruster” category, the lowest level of trust in the 15 years recorded by the barometer. The UAE, the only Middle East North Africa (MENA) country surveyed, scored the highest amount of trust in the four institutions of government, business, media, and non-government organizations (NGOs).

This lack of trust worldwide is problematic since trust is a cornerstone of economic sustainability. OECD Secretary-General Angel Gurría emphasized the importance of trust in re-building the global economy after the crisis given the “systemic loss of trust in politicians, CEOs, governments, banks, corporations and markets throughout the world”.

People, especially those in leadership roles, are absolutely critical in the sustainability of a company. Leaders not only establish the corporate culture, but they are also role models and provide incentives to their employees to engage in the desired behaviour.

It is, therefore, especially detrimental when negative role models such as corrupt managers from Enron and FIFA send the wrong message of acceptable behavior; this pattern of management misconduct was also worryingly illustrated in a survey where 60 percent of misconduct reported in the US was committed by managers and senior managers. The large incances of misconduct at the highest levels only underscore the need for ethical leadership and more effective corporate governance and monitoring processes.
Given the pervasiveness of ethical infractions in the corporate world, it is important to look at the role that leaders play in encouraging ethical conduct. While there are many different theories of leadership, over the past few years, ethical leadership has emerged as a distinct leadership style and is rapidly becoming a popular topic of discussion amidst the headlining fraud and corruption scandals. Ethical leadership can be defined as the “demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making”.

In other words, an ethical leader is both a moral person and a moral manager. As a moral person, the ethical leader exhibits virtuous traits such as honesty, trustworthiness, fairness, sincerity, and integrity, and is concerned about people and doing the right thing. On the other hand, as a moral manager, the ethical leader is a role model who visibly does the right thing for her employees to emulate, clearly communicates and discusses ethics, and disciplines those who do not comply with ethical standards.

More specifically, leaders construct the ethical climate within the organization, reinforce policies, and illustrate examples of appropriate behaviour, thereby improving employees’ ethical conduct.

**Leading ethically to spark innovative work behaviour**

While it might be obvious that ethical leaders who establish a culture of compliance and who model desired ethical behaviour would reduce incidences of corruption and fraud within the organization, it might be surprising to learn that ethical leadership can also improve employees’ innovative behaviour. Through their openness and concern for others, ethical leaders encourage employees to express their ideas or suggestions, which not only increase employee engagement in their work, but also, ultimately, actual business productivity.

Employees who trust their leaders are more likely to perform better and feel empowered since ethical leaders also involve their employees in decision-making processes. This psychological empowerment then provides employees with more meaning in their jobs, promoting a feeling of competence, providing a sense of freedom, and enabling people to feel as if they are making an impact at work.
Studies have found that ethical leadership influences employee satisfaction and commitment\textsuperscript{22} and increases employees’ intrinsic motivation which encourages them to assert additional effort, and also to engage in more innovative work behaviour\textsuperscript{23}.

Innovative work behaviour and innovation begins with recognizing that problems exist and then coming up with new ideas or adaptations of existing concepts, finding support for this idea, and producing an actual deliverable or prototype of the idea\textsuperscript{24}.

Those who are empowered will feel more confident and are more likely to take risks, including coming up with suggestions and sharing their ideas with their managers and colleagues\textsuperscript{25}. Because employees are treated well and fairly by their ethical leaders, they will be more likely to want to help their managers and the company by putting more effort in their work and even going beyond the call of duty to create new products or processes for their employer\textsuperscript{26}.

**Ethical Leadership and Business Ethics in the MENA Region**

As there has been relatively little research undertaken in the MENA region about leadership, we sought to investigate whether employees in MENA perceived their immediate managers to be ethical leaders.

Using modified questions from Professors Michael Brown, Linda Trevino, and David Harrison’s Ethical Leadership Scale\textsuperscript{27}, Bayt.com conducted a poll on our behalf with thirteen questions on ethical leadership and business ethics between 18th September and 14th October 2015.

The poll questions were posted on the Bayt.com website and participants responded voluntarily and anonymously through the website. To collect the data, two to three questions were posted every week for four weeks from which the responses were analyzed individually, separately from the rest of the other questions.

The respondents came from Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Kingdom of Saudi Arabia (KSA), Morocco, Oman, Qatar, Tunisia, United Arab Emirates (UAE), and Yemen.

As the respondents were not randomly selected and since the respondents for each poll question are treated as a single, independent sample, we cannot generalize our findings to the entire population of the MENA region nor can we extrapolate patterns and make conclusions about the relationship between responses of different questions. Rather, any statements and analysis we make is limited only to the respondents of the poll and are solely for a specific, individual question.

Further, percentages reported may be rounded to the next closest number for
Business Ethics and Social Responsibility

Business ethics is the application of moral values and organizational principles to actions in the business context. At the very minimum, businesses must comply with the laws in all their activities from their treatment of employees and suppliers to reporting their financial performance. However, being ethical goes beyond mere compliance with legal requirements; rather, good corporate citizens will endeavor to exceed what is legally mandated by engaging in philanthropic, socially responsible, and environmentally-friendly practices.

Corporate social responsibility (CSR) is about companies maximizing their positive impact on all stakeholders including their customers, employees, suppliers, community, the environment, and government, and not merely focusing on profit for their shareholders. It involves embracing sustainability principles, complying with laws, being moral, and being philanthropic by giving back to the community.

CSR is rapidly become an integral part of businesses’ corporate culture and a source of competitive advantage through improved reputation and a better ability to attract investors, customers, and employees.

Nielsen’s 2014 Global Survey found that of 55% of consumers in 60 countries would pay more for products and services from companies committed to positive social and environmental impact, perfectly illustrating the report’s title “Doing well by doing good”.

Similarly, a survey undertaken by YouGov this year in the UAE indicated that 72% of their respondents were more likely to purchase from and choose to work for a company that supported social and environmental causes. More specifically, in terms of recruitment, according to Bayt.com research, seven in ten professionals would not work for a company they are not proud of, and five in every ten professionals would want to work in a place where they feel their work is part of a greater purpose.
1. What “business ethics” means to MENA respondents

To gauge our respondents’ understanding of business ethics, we asked “What does “business ethics” mean to you?”.

Almost half (47%) said being ethical was about conducting business according to legal requirements and not breaking laws, equating what is ethical with legal compliance, perhaps illustrating a paternalistic view that governments know best.

Over a third (37%) expressed that it was not just about being legally compliant, but also engaging in socially responsible activities, revealing a deeper understanding of the term as they associated it with CSR. Thirteen percent responded that for a business, what was ethical was ensuring the business is profitable for the shareholders with the remaining 3% being unsure.

While the concept of zakat, one of the five pillars of Islam which requires Muslims to donate a portion of their income to charity, is widely practiced in the MENA region, the concept of CSR as a corporate-related obligation is still relatively new, at least compared to the West.

Figure 1: Number of respondents = 436
2. Responsibility for ethics in business

It was fairly promising to see that the majority (64%) of our respondents believed that all employees had a responsibility to be ethical in business with 20% holding the company responsible for establishing a strong code of conduct. However, there appears to be a slight diffusion of responsibility with more than a third of respondents being of the view that they do not have to be responsible for business ethics. This may have been due to respondents possibly interpreting “all employees” as excluding managers especially since there was no “all of the above” option.

Further, this might not be because of the poll-takers’ lack of initiative and carelessness, but it could be due to a perceived lack of control and power by those in non-management positions. When supervisors micromanage their employees, their staff derive a sense of helplessness arising from being excessively controlled, resulting in their belief that they should only do what they are told since they do not have any autonomy or responsibility.

This illustrates a need for explicit training and communication about the importance of being ethical by all employees at all levels of the organization. Given that CSR and business ethics have to be key components of an organization’s culture, everyone in that organization has a distinct responsibility to promote ethical and sustainable principles, and not merely the managers.

In addition, as discussed earlier, by trusting and empowering employees, managers will help create independent and reliable staff who take initiative and engage in critical thinking on their own without awaiting specific instructions. This does not only have repercussions in creative endeavours, but also in responding to ethical dilemmas which could translate into avoiding millions of dollars in criminal fines and in reputational damage for the company.

Figure 2: Number of respondents = 549
Manager as a Moral Person

To determine if employees in the MENA region perceived their managers to be moral people, we asked them about the traits, behaviours, and decision-making processes of their managers.

3. Managers who are ethical outside of work

As character and integrity are key dimensions of ethical leadership, stable personality traits that do not exist merely in the workplace, to get a sense of whether managers are ethical people, we wanted to determine whether they were perceived to be ethical in their personal lives as well.

In this era of social media, the line between one’s professional and personal lives is increasingly blurred. Employers will conduct searches online, sifting through Facebook, Instagram, Twitter, blogs, and other social media accounts, about prospective employees to determine whether there is anything in their lifestyle that could be questionable or contrary to the values of the company. Employees have been fired for their comments online and even for their conduct on weekends outside the work context where such misconduct could harm the company’s reputation or the company’s ability to manage its employees.

It is also becoming increasingly common for employees to be “friends” with their bosses on Facebook, Twitter and other social media. In the trend of sharing every aspect of one’s life online, it is not surprising that people are very aware of the conduct of their managers and colleagues outside of work. As such, since a manager’s behaviour in her personal life can have consequences for the workplace, employees will take note of their manager’s after-work conduct in their determination of their manager as an ethical or unethical person.

Twenty-six and a half percent of poll-takers responded negatively to this question, illustrating that a quarter of managers were perceived by their direct reports as not being ethical in their personal lives while 39% were seen as ethical most of the time and the remaining third (34.5) were considered ethical some of the time.

This could be due to differing perspectives between what respondents and their manager think is ethical, particularly in countries with a high expatriate population such as the UAE where as many as 200 nationalities live and work together. It is, therefore, important for managers to be aware of how their actions could be perceived by their team members especially those from a different culture.

Those respondents who perceive their bosses as being ethical will be more likely to respect and trust them. Managers who are perceived to be unethical, on the other hand, may have less compliant employees who may think they are being hypocritical when they mandate certain tasks at work when their staff is aware that they engage in unethical activities outside of the office.
In addition, ethical managers will be role models for their employees since they will be respected for not merely preaching about what is right, but leading by example.

4. Managers who listen

Listening to employees is an important trait in good leaders as it demonstrates that the leaders care about their followers, is concerned about their welfare, and possess good communication skills.38.

We ascertained that our respondents’ managers did listen to them most of the time with almost %39 stating that their managers listened to a large extent, %32 occasionally, with the remaining %29.5 hardly having the ear of their bosses at all.

Employees whose bosses take the time to listen to their concerns and ideas will feel appreciated and empowered, thereby increasing their motivation and work efforts while those who do not, would become demoralized and lose passion for their work.

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Figure 3: Number of respondents = 372

Figure 4: Number of respondents = 392
5. Managers who have their employees’ best interests in mind.

As ethical leadership includes a strong concern for others, we asked whether our respondents’ managers had the best interests of their employees in mind.

A majority of poll respondents felt that their managers had their interests in mind at least some of the time (%27) or to a large extent (%39). On the other hand, a third felt that their bosses did not care about their best interests with %21.5 stating that their managers “never” had their best interests in mind and %12.5 responding “rarely”.

As discussed earlier, employees who feel cared for are more likely to reciprocate, put in more effort, be more engaged, and more likely to be committed to the organization.

~ His Highness Sheikh Mohammed bin Rashid Al Maktoum
Vice President and Prime Minister of the United Arab Emirates
and Ruler of Dubai.

"A happy employee is more productive, more energetic and more creative – hence the importance of creating a happy environment within every institution. **In order to make employees happy, we must show that we care about them, we must share in their joys and pains, we must help them to create balance in their lives, and we must add value and motivation to their jobs.** Most importantly, we must listen attentively to what they have to say. A successful leader listens to his or her employees, for listening is an expression of respect and appreciation”

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Figure 5: Number of respondents = 405
Ethical Decision-making

6. Managers who make fair and balanced decisions

To gauge whether the managers of our poll respondents engaged in ethical decision-making processes, we asked whether their managers make fair and balanced decisions.

This question was included to determine if there was perceived fair and equal treatment from their managers since employees’ perception of justice can impact how they perform in their jobs, whether they would engage in deviant behaviour in the workplace, and in their attitudes.10

Almost half (%43) said “sometimes” while more than a third (%36) thought their bosses were “usually” fair in their decision-making processes. The other %21 who were doubtful in their supervisor’s fairness might be more likely to be involved in unethical conduct at work in order to correct perceived injustice, e.g. if they felt they were unfairly paid less than a colleague with the same job and experience, they might be inclined to slack off at work or embezzle company funds.

Figure 5: Number of respondents= 423
7. Managers who consider the right thing to do when making decisions

Less than half (45%) of the respondents reported their supervisors “often” considered the right thing when making decisions, 38% responding “sometimes”, and the remaining 17% stating that it was “rare” to have the right thing considered by their bosses.

As there was no provision to ascertain what other factors were considered when the respondents’ managers made decisions, we surmise that these could include profit (which we discuss next), pleasing a client or upper management, personal benefit or gain, taking the short-cut, and/or any other unethical reason, many of which could result in criminal charges, fines, or imprisonment.

The recent corporate scandals clearly underscore the very costly financial and criminal implications of not considering the right thing when making decisions, serving as a potent cautionary tale for those people who may not have moral considerations at the forefront of their decision-making criteria.

“Excellence and competitiveness aren’t incompatible with honesty and integrity.”

~ Jack Welch
Former CEO, GE, in his autobiography Jack.

Figure 6: Number of respondents= 403
8. Managers who prioritize ethics over profits

Volkswagen and Enron illustrate the extent that some companies would go to in order to gain competitive advantage or to increase their market share and profit. When we asked whether their managers prioritize ethics over profits, 38% of poll-takers answered that their managers prioritize ethics over profits “to a large extent” and 28% said only “occasionally”. One third of respondents’ managers appear to focus primarily on profits.

It is possible that those focusing on profits are in the first of seven levels of an ethical organization, Financial Stability. In this level, the company has to prioritize its basic needs, principally financial survival, with managers fixating on profitability. It is only natural that a young company or one that is not profitable to have greater emphasis on the bottom line in order to remain solvent.

9. Managers who define success by how results are obtained

Managers who define success by the way it was obtained rather than based on the results are more like to be ethical leaders. More than half (58%) of the employees in our poll responded positively that their managers do consider, “to a large extent”, ethical processes when determining whether an action was successful while 22 conceded that their bosses only did so some of the time.

Based on the poll results, it was promising to see that many of our respondents’ managers are not of the view that the ends justify the means, but do factor in how things were accomplished in their definition of success.

Figure 7: Number of respondents= 412
Moral Manager

Ethical leaders are not only good, honest, moral people with integrity, but they are also moral managers who will lead by example, communicate to their employees what is ethical behaviour, and discipline those who commit unethical actions.

10. Managers who set an example of how to do things ethically

Social learning theory is predicated upon the notion that people learn what to do and how to act by observing and following what their role models do. Part of being a moral manager is role modeling through visible action. As managers act as role models, they are observed thoroughly by their employees who may imitate what they do.

When we asked employees if their managers set an example of how to do things ethically, almost half (45%) of the respondents conveyed that managers were “often” good role models in displaying ethical behaviour, with the other half split between only doing so “sometimes” or “rarely” and “never”.

Figure 8: Number of respondents = 410

Figure 9: Number of respondents = 476
11. Managers who discuss business ethics or values with employees

In addition to setting the right example, ethical leaders should also expressly inform their staff about what is morally right and wrong. It is not sufficient to model the right behaviour, but there also needs to be explicit training and conversations about ethical issues.

The poll results indicate that there is insufficient dialogue about business ethics at the workplace with only %28 saying there are frequent ethical discussions and %34 having occasional discussions. What is more worrying is that %38 of respondents rarely or never had their supervisors raise the importance of business ethics with them.

What is ethical is not always clearly demarcated as there are often no black or white lines drawn other than obviously illegal conduct (the ‘black’ zone) and the ideal, perfect scenario (the ‘white’ zone which may not exist very often). Rather, what is ethical in any given situation exists in the varying shades of grey in the continuum of ethical and unethical behaviour. In the preponderance of ethical ‘grey’ zones, it is imperative that management has an open door policy to invite employees to seek advice and to discuss the various alternatives in an ethical dilemma.

Most companies now distribute an employee code of conduct and provide some sort of induction or orientation training to new employees. However, after such introductory sessions, these binders are often stored away, collecting dust on bookshelves, all such lessons forgotten.

With the increased enforcement of anti-corruption laws and fraud investigations by regulators worldwide resulting in millions of dollars in fines and imprisonment sentences, it is no longer sufficient to relegate ethics trainings to a one-time event. Rather, such training programs should be held regularly coupled with open communication between managers and their teams about ethical issues.

Figure 10: Number of respondents= 432

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<th>Frequency</th>
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<td>Never</td>
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“That which is lawful is clear, and that which is unlawful is also quite clear. Between these two is that which is ambiguous, which most people do not know. **One who avoids the doubtful safeguards his faith and his honor.**”

~ The Prophet Muhammad (May peace be upon Him)
Riyadh-us-Salaheen, Hadith 588.

12. Managers who discipline employees who violate ethical standards

Psychologist Lawrence Kohlberg’s theory of moral development explains that people make ethical decisions based on the moral development stage they are in. The first stage of his six-stage model posits that people who are stuck in this stage only refrain from unethical conduct if they are punished for doing the wrong thing. Unfortunately, while this stage usually describes the behaviour of young children, the pervasiveness of unethical corporate conduct worldwide clearly illustrate that many adults and senior managers are still stuck at this stage of moral development. In other words, since some people only respond to punishments, we need to ensure that there are proper disciplinary procedures to create the right disincentives to engage in bad behaviour.

Almost half (44%) of respondents expressed that their manager “usually” disciplined or reprimanded employees who violate ethical standards while 28% stated that this was only done “occasionally”. The residual 28% claim that their managers do not or “rarely” discipline those who commit ethical violations.

Because ethical leaders are moral managers who should reward and discipline their staff accordingly for their ethical conduct or misconduct, the managers who do not make it clear to their employees who breach ethical codes will only be encouraging them to continue such unethical behaviour.

![Figure 11: Number of respondents= 424](image-url)
13. Managers who are ethical leaders

To get an overall view of their managers, we asked the following question: “Do you consider your manager to be an ethical leader?”

Close to half (%46) of the employees in the poll view their managers as being ethical leaders “to a large extent” while a quarter thought so “only some time”. The remaining varied between “It is hard to say” (%15), and “Not at all” (%14) revealing that the general perception of managers in the MENA region by our respondents is only somewhat aligned with their definition or expectations of an ethical leader. As discussed earlier, there have been positive relationships found between ethical leaders and the motivation level and innovative behaviour of employees. Managers have strong influence on the behaviour of their employees through role modeling and providing a supportive, caring environment in which employees feel motivated, empowered and safe to share new ideas for improvement and to report misconduct within the organization.

Ethical CEOs have also been found to be positively related to a firm’s financial performance. A recent German study of 32 companies across various industry sectors concluded that ethical CEOs created an ethical organizational culture which included corporate ethics programs and these resulted in higher firm performance as measured by earnings margins, revenue per employee, and earnings per share compared to their industry peers.\textsuperscript{47}

Since ethical leaders not only help create a happier and healthier work environment for their employees, but also more robust and prosperous bottom line, managers of the other half of our poll-takers could do well to heed the learnings that happier employees become much more committed and productive employees.

Figure 12: Number of respondents= 395
“Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others.”

~ Jack Welch
Former CEO of GE

CONCLUSIONS AND RECOMMENDATIONS

With awareness about the importance of business ethics and the understanding that being ethical is a duty of every single employee, the building blocks for a more sustainable form of leadership in the region appear to exist in our poll sample.

There is, however, a slight deficit in some aspects of ethical leadership in the poll results with several areas of improvement. Being ethical has been found to be correlated with a company’s financial performance; it is increasingly being demanded by stakeholders such as investors, customers and employees; it is mandated by laws, and it helps ignite motivation, engagement, commitment and innovation in employees. As such, companies should place more emphasis on and communicating explicitly about business ethics and ethical leadership to ensure that ethics is programmed into the organizational culture.

Applying some of the dimensions of ethical leadership, below are a few recommendations for managers in the region to become a bit more ethical in their leadership style.

- It is important to recognize that being ethical is not just about doing what is required by law, but living by moral values in your personal and professional life. In today’s world of social media and omnipresent cameras, the line between work and personal lives is increasingly blurred. What we do outside of work will directly impact how we are perceived at work and how our employees will respond to us.

- Honesty and trustworthiness involves practicing what we preach.

- Respecting our team means taking a few minutes to show genuine interest in them as people and not just as someone who does work for us. Respect is a two-way street where one has to first give respect in order to receive it.

- Empathy means putting ourselves in the shoes of our employees and being compassionate and understanding about things that are outside of their control.
• Focusing on the triple bottom line of people, planet, and profits is about prioritizing people first before profits and also considering the planet by being environmentally friendly.

• As employees are more likely to reciprocate when their managers exhibit trustworthy behaviour, it is important to demonstrate justice in decision-making processes.

• Since demonstrating favouritism or treating staff unfairly or unequally could encourage deviant behaviour in retaliation or in their quest to correct the perceived injustice, being transparent in decision-making is critical for ensuring loyalty and trust.

• Asking for feedback and suggestions from our staff shows trust and respect for their opinions.

• Sharing information with, trusting in, and delegating tasks to our team will empower and motivate them, yielding tremendous dividends in their creativity.

• Being a moral manager is about clearly communicating what is not acceptable behaviour and ensuring our employees understand that we have an open door to discuss any potential ethical dilemma. Prevention is better than cure as can be learned from the multi-million dollar fines and prison sentences of Enron and other corporate scandals.

• With increasing diversity in the workforce and cultural differences in what is normatively appropriate, clearer codes of conducts are required to help employees discern the different shades of grey in the ethical continuum. It is essential that training and explicit discussions about ethical issues are conducted regularly.

• As too many employee reviews are focused on financial performance with little regard for employees’ compliance with ethical guidelines, this sends the message that profits are prioritized over doing what is right. Including ethical behaviour in performance metrics and employee reviews will set the right cultural tone.

As happy employees are productive, creative, and law-abiding employees, it makes good business sense to be an ethical leader. However, what is even more important is that we should become ethical leaders simply because it is the morally right thing to do.

“As we look ahead into the next century, leaders will be those who empower others.”

~ Bill Gates 50
CONCLUSIONS AND RECOMMENDATIONS


and


and


22 Supra note 20.


25 Supra note 21.

26 Supra note 16.

27 Supra note 16.

28 Supra note 2.


30 Supra note 2.


34 Supra note 17.


38 Supra note 16.


42 Supra note 16

43 Supra note 17.

44 Supra note 17.


46 Supra note 2.


