

Therefore, we will focus our discussion on organizational practices that can foster an ethical work environment. We also discuss the related concept of authentic leadership. Before we begin, complete Self-Assessment 10-1 to determine your personal values in eight areas.

**SELF-ASSESSMENT 10-1 Personal Values**

Below are 16 items. Rate how important each one is to you on a scale of 0 (not important) to 100 (very important). Write the numbers 0-100 on the line to the left of each item.

0 — 10 — 20 — 30 — 40 — 50 — 60 — 70 — 80 — 90 — 100  
 Not important      Some what important      Very important

- \_\_\_\_\_ 1. An enjoyable, satisfying job
- \_\_\_\_\_ 2. A high-paying job
- \_\_\_\_\_ 3. A good marriage
- \_\_\_\_\_ 4. Meeting new people, social events
- \_\_\_\_\_ 5. Involvement in community activities
- \_\_\_\_\_ 6. My relationship with God/my religion
- \_\_\_\_\_ 7. Exercising, playing sports
- \_\_\_\_\_ 8. Intellectual development
- \_\_\_\_\_ 9. A career with challenging opportunities
- \_\_\_\_\_ 10. Nice cars, clothes, home, and so on
- \_\_\_\_\_ 11. Spending time with family
- \_\_\_\_\_ 12. Having several close friends
- \_\_\_\_\_ 13. Volunteer work for not-for-profit organizations like the Cancer Society
- \_\_\_\_\_ 14. Meditation, quiet time to think, pray, and so on
- \_\_\_\_\_ 15. A healthy, balanced diet
- \_\_\_\_\_ 16. Educational reading, self-improvement programs, TV, and so on

Next, transfer your rating numbers for each of the 16 items to the appropriate columns. Then add the two numbers in each column.

	Professional	Financial	Family	Social
	1. _____	2. _____	3. _____	4. _____
	9. _____	10. _____	11. _____	12. _____
Totals	_____	_____	_____	_____
	Community	Spiritual	Physical	Intellectual
	5. _____	6. _____	7. _____	8. _____
	13. _____	14. _____	15. _____	16. _____
Totals	_____	_____	_____	_____

The higher the total in any area, the higher the value you place on that particular area. The closer the numbers are in all eight areas, the better rounded you are.

Think about the time and effort you put forth in your top three values. Is it sufficient to allow you to achieve the level of success you want in each of those areas? If not, what can you do to change? Is there any area in which you feel you should have a higher value total? If yes, which, and what can you do to change?

Learning Outcome

6

Identify organizational practices that do foster an ethical work environment.

**Fostering an Ethical Work Environment**

For an organization to display consistently high ethical and socially responsible behavior, its leaders must create and maintain a culture of ethics that permeates the entire organization.<sup>52,53</sup> The influences of ethical leadership occur not only directly, between leaders and followers within work units, but also indirectly, across hierarchical levels, through senior leaders' influences on subordinate-leader behavior.<sup>54</sup> An ethical work environment is mission and values-driven, stakeholder balanced, and effectively managed.<sup>55,56</sup> Some of the tools available for creating and fostering this type of ethical work environment are discussed below.

## The Effects of Globalization on Diversity Leadership

Corporations are becoming more global and hence more ethnically diverse. Globalization has led firms to originate, produce, and market their products and services worldwide. A global labor market is emerging, dominated by Brazil, Russia, India, and China (“BRIC” countries). U.S.-based companies such as Pepsi-Cola, Coca-Cola, Procter & Gamble, and many others have established a significant presence in China and India, partly motivated by cheap labor and a sizable consumer market. They face competition from European companies such as Daimler-Benz, Nestlé of Switzerland, Canada’s Northern Telecom, and many others with a significant presence in the United States. These corporations have to deal with a diverse cross-cultural workforce, customers, competitors, suppliers, and financial institutions. The formation of regional trading blocks like NAFTA or the EU are one way to overcome the growing threat of nationalism—the tendency to want to purchase products from one’s own country rather than a foreign country.<sup>113</sup>

In this global environment, understanding cultural differences and learning to deal effectively with partners from different cultures will be critical. This may partially explain why the number of foreign-born managers being appointed to lead U.S. companies is increasing. More and more, multinational companies are recruiting and hiring leaders who have multicultural experiences.<sup>114</sup>

### OPENING CASE Application

#### 6. What is Avon’s stance on diversity?

Avon embraces diversity in the workforce and continues to be a leader in taking affirmative action to ensure that doors are open to talented individuals, and that all associates and employees have opportunities for development and advancement. Avon has more women in management positions than any other Fortune 500 company, and half of its board of directors is women. In the United States and elsewhere, Avon has internal networks of associates, including a Parents’ Network, a Hispanic Network, a Black Professional Association, an Asian network, and a Gay and Lesbian network. The networks act as liaisons between associates and management, to bring voice to critical issues that impact the workplace and the marketplace.

Now that you have learned about culture and diversity as described in this chapter, you may find it interesting to see how your own personality traits match up. Complete Self-Assessment 10-2.

#### SELF-ASSESSMENT 10-2

#### Personality, Culture, Values, and Diversity

##### Culture and Values

If you scored high on the Big Five personality dimension of conscientiousness (high need for achievement), you tend to be a conformist and will most likely feel comfortable in an organization with a strong culture. If you have a high agreeableness (high need for affiliation) personality, you tend to get along well with people, can fit into a strong culture, and would do well in a cooperative culture that values collectivism, low power distance, and femininity. If you have surgency (high need for power), you like to dominate and may not like to fit into a strong culture that does not reflect the values you have. You would tend to do well in a competitive culture that values individualism, high-power distance (if you have it), and masculinity.

On the Big Five, if you are open to new experiences you will do well in an adaptive culture that values low-uncertainty-avoidance, whereas if you are closed to new experiences, you will tend to do well in a bureaucratic culture that values high-uncertainty-avoidance. Would you like to work in an organization with a weak or strong culture? What type of culture and values interest you?

### Diversity

If you have a Big Five agreeableness personality type (high need for affiliation), are open to experience, and are well adjusted, you will tend to embrace diversity and get along well with people who are different from you. However, if you have a surgency personality type (high need for power), are closed to experience, and are not well adjusted, you will tend to want to have things done your way and may have problems with a diverse group of people who don't want to give you the power. If you have a conscientiousness personality type (high need for achievement), are well adjusted, and have openness to experience, you will tend to work with those who share your achievement values regardless of other differences. Do you enjoy working with a diversity of people?

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“Take It To The Net”. Access student resources at [www.cengagebrain.com](http://www.cengagebrain.com). Search for Lussier, Leadership 6e to find student study tools.

## Chapter Summary

The chapter summary is organized to answer the nine learning outcomes for Chapter 10.

**1 Explain the power of culture to an organization's effectiveness, both internally and externally.**

An organization's culture determines the way that it responds to changes in its external and internal environments. The two important functions served by culture are directly tied to this concept: (1) that *culture creates internal unity* and (2) that *culture helps the organization adapt* to the external environment. Culture provides a value system in which to operate, and when all employees buy into such a value system, there is internal unity. Culture determines how the organization responds to changes in its external environment.

**2 Describe the characteristics of strong versus weak cultures.**

When there is little or no consensus on a set of values and norms governing member behavior, we describe it as a low-performing or weak cultures. Strong cultures are ones in which core values are widely shared across the organization, from top management to rank-and-file

employees. The characteristics of low-performance cultures include insular thinking, resistance to change, a highly politicized internal environment, and poorly conceived promotion or advancement practices for employees. The characteristics of high-performance cultures include a reputation for valuing their employees, being very results-oriented, and constantly pushing for outstanding performance and excellence.

**3 Distinguish between symbolic and substantive leadership actions for shaping organizational culture.**

Leaders can initiate many different types of policies, programs, and practices to change, modify, or sustain an organization's culture. Some of these actions are *substantive*, whereas others are simply *symbolic*; yet taken together, they can shape the culture of an organization according to the expectations of the leader. Substantive actions are explicit and highly visible and are indicative of management's commitment to a particular way of doing things. Symbolic actions are valuable for the signals they send about the kinds of behavior and expectations leaders wish to encourage and promote.