How Leaders Influence Corporate Culture

Philip A. Baca
2016 Daniels Fund Ethics Initiative Fellow
Associate Dean of Social Sciences
New Mexico Military Institute

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“Power refers to the influence leaders and managers have over the behavior and decisions of subordinates. Individuals have power over others when their presence causes others to behave differently.” -Ferrell, Fraedrich, Ferrell

POWER SHAPES CORPORATE CULTURE
Transcendence
Self Actualization
Aesthetic Needs
Cognitive Needs
Esteem Needs
Belonging and Love Needs
Safety Needs
Physiological Needs

MOTIVATING ETHICAL BEHAVIOR
Centralized Organization – decision making authority is concentrated in the hands of top-level managers, and little authority is delegated to lower levels.

Decentralized Organization – decision making authority is delegated as far down the chain of command as possible.

ORGANIZATIONAL STRUCTURE
“It is not enough for organizational leaders to recruit new members, or perform community service, or to meet some ambiguous target; leaders must lead. Leaders must motivate, mentor, and develop their members throughout their career. Development as with learning should be life-long. You cannot just develop new members while old members stagnate. You have a lot invested in older members, continue to develop them so they can become stronger leaders.” - Heineman
“One can debate whether these mission statements have any significant impact, in and of themselves, but it is surely a glaring omission if the CEO does not make “integrity” the foundation value upon which all others rest.” – Heineman

PUT INTEGRITY FIRST
“The way chief executives exercise moral judgement is much more important that company policy.” – Heinman

GO BEYOND “TONE AT THE TOP”
“The time to test standards is right at the moment when there’s the maximum competitive pressure.” – Sir David Bell

“However strong the competitive pressures, if you believe something is right, you should stick to it.” Sir David Bell

DO THE RIGHT THING IN ALL CIRCUMSTANCES
“If an organization and its leaders do not set the right tone or create the right culture, it’s amazing how even intelligent people will somehow become overwhelmed by that culture.” – Sir Michael Rake

“In order to successfully create the right culture, you must establish role models: people who are promoted and seen to be those who demonstrate ethical values and integrity.” – Sir Michael Rake

SETTING THE RIGHT TONE AT THE TOP
“Organizations have to believe in something that’s greater than the return on capital employed; they have to be a force for good.” – Lynda Gratton

“What distinguishes great CEOs is their capacity to inspire others, to talk about things beyond business as usual.” – Lynda Gratton

BEYOND BUSINESS AS USUAL
Organizational culture emerges whether or not there is effective leadership. The ethical dimension is dependent on how the company’s leaders influence the culture.” – Ferrell, Fraedrich, Ferrell.