

## **New Resource: Supervisors Set True Tone in Organization: “Mood in the Middle”**

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The ethics mantra in recent years was “tone at the top,” which, of course, matters very much when it comes to setting expectations for an organization, and for showing that the people leading the enterprise are serious about ethics, integrity, and doing the next right thing.

Now, the emphasis is on “mood in the middle,” driven daily by the people who are your managers and supervisors, who have the most direct interaction with employees.

This is a smart change in emphasis, as research, including from LRN, shows the essential role supervisors play in embedding and reinforcing culture.

The latest evidence comes from ECI and its recently released Global Business Ethics Report. (Click here to read the report [LINK ATTACHMENT FROM EMAIL]) The report spotlights the critical role supervisors play when it comes to influencing employees about whether they have trust in reporting misconduct that accountability will occur; and for how workers will perceive the acceptability of seeing coworkers being publicly reprimanded, or experiencing gender discrimination.

The report asked employees in 18 countries and found those with supervisors that possessed strong leadership skills were more likely to succeed than those who worked with weak leaders. Workers in four of the five geographical regions surveyed said they wouldn't accept such behavior, but the results showed many employees are not seeing evidence of effective leadership from their supervisors.

This matters because ECI found employees who perceive their supervisors to be strong leaders are two times more likely to be surprised if:

- Their supervisor observed misconduct and didn't report it;
- Coworkers observed misconduct and didn't report it;
- Misconduct was reported and not investigated; and if
- There was no disciplinary action taken following an investigation that substantiated misconduct.

This mirrors research from LRN, which shows managers who exhibit moral leadership are much more likely to encourage innovation and creativity, while managers who don't exercise moral leadership are 10 times more likely to treat people unfairly, and five times more likely to put short-term results ahead of the long-term mission.

Julie Gershman, vice president of ethics at Prudential Financial, said during an ECI webinar last month the key takeaway is what can organizations do to make supervisors more effective. Authentic leadership leads to strong ethical cultures, employees being comfortable reporting misconduct, and then believing action will be taken.

"Employees are watching supervisors, who are their tone at top. They are scanning the environment for what is acceptable conduct, and what are the expectations for them," said Gershman.

Her team prepared information sheets to help supervisors create and encourage speak-up environments for their teams--not just to raise concerns of misconduct, but to share ideas, even those with opposing points of view.

"If we don't get all ideas on table--whether coming forth with misconduct or with new ideas--we won't advance at the pace of marketplace, and we will fall behind," said Gershman.

Andrene Bresnan, director of ethics and business conduct at Boeing Co., said it's important to remember managers are asked now to do more than ever before, and they don't devote the same amount of time to listening and developing their people as they used to. Add the fact it was easier in the past because a supervisor had all their people at the office everyday, and now work teams are spread around the globe.

Bresnan's advice? "Take inventory of yourself," she said. "What do I do about valuing empowering employees, demonstrating respect, giving feedback, setting clear expectations?"

Strong supervisors will emit signals in the workplace to reinforce the behaviors the organization expects. Along with the code of conduct, statement of values and principles, the formal and informal policies, there is the supervisor, and the importance of their responsibility, said Gershman.

"When supervisors authentically demonstrate they care about the people they work with, are invested in their development, and show they can lead in times of uncertainty, it gives such a boost to employee engagement," she said. "And we know

engaged employees commit less misconduct, and are more likely to report misconduct.”

It’s important for your leaders to always model the behaviors they expect, Bresnan said, because “as leaders we are always being seen.”

A supervisor may think they’re in an office, behind a closed door, but it doesn’t matter. “Everything you do is noticed, and employees are known to model behaviors their leaders have,” she said. “Always remember you are on display, wherever you’re at, whatever you’re doing.”

**BEN DIPIETRO**

@BENDIPIETRO1

**BEN.DIPIETRO@LRN.COM**

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LRN Corporation, 745 5th Ave, 8th Floor, New York, NY 10151, 1-800-598-2809