Challenges with Ethical Behavior and Accountability in Leadership

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ABSTRACT

In terms of purpose, accountability systems are designed to apply governance, and in some cases, legislate rules, in order to impact the quality of the end result, or control the behavior of people and their environments [19]. The rules within accountability systems are usually implicit, intrinsic, very detailed, and fully known by only a few people. Education and levels of leadership are some of the main factors leading to breakdown of communication and accountability within organizational structure. However, business intelligence tools like knowledge management [11], make it easier to access, capture share information and make decisions on accountability within organizations.

Strategic Misalignment occurs when decisions are made, without communication or ethical standards [13]. To address the challenges associated with accountability in for and non profit organizations, a sequential explanatory mixed method design was employed, along with action research. Participants of the study were interviewed and asked seven qualitative questions, in efforts to explain the quantitative results. The process to gather and culminate the qualitative results took approximately 6 months. Three main classifications of accountability systems were derived from the interviews; personal accountability, financial accountability, and organizational accountability [8]. To ensure the credibility of findings in the qualitative analysis, the framework for additional study with more rigor is presented here.

Keywords: Accountability, Globalization, Informatics, Ethics, Decision-making, Financial Accountability, Organizational Accountability, Personal Accountability

INTRODUCTION

It is anticipated that the futuristic trends in accountability will comprise of systems that can pinpoint transactions at the moment of execution/delivery. In The Elgar Companion to Social Economics, the authors present the future of work place dynamics as one that will be more democratic in nature [5]. In their analysis, workers and stakeholders (e.g. vendors suppliers and other interest groups outside of the organization) become both part owners and decision makers of the organization. As collaboration efforts increase through information sharing, so will the influence of group innovators to impact decision-making [10]. The general nature of information processes tends to eliminate or reassign the role individuals play as the chief decision-maker. Shifting the onus of this role, is an attempt to hold the system accountable for decision-making. While improbable in the minds of many, the more knowledge based systems take on artificial intelligence and neural networking structure, the high the propensity for this to become a reality in the near future. But today, the perceived accountability of workers is probably the most significant (and in some cases, the most detrimental) factor used to assess the effectiveness of an organization, its work process or its system design [4]. Even top managers realize the misalignment in communication and technological accessibility. Further, they support the notion of a continuous review process toward the early detection of organizational issues. Collaborative technology systems enable knowledge to be shared, captured and accessed toward decision making. In the case of accountability, the complexity lies with the development of mapping structure for capture, access and sharing toward decision making [10].

As society becomes more technologically savvy, system designs are equally becoming more intricate and interwoven. The interwoven nature of systems is seen as the place where the highest level of accountability can be achieved. System designs start with a well defined process, that can be improved upon over time. Numerous theorist spent their lives developing and improving processes. Deming for example, is known for Statistical Process Control (SPC). SPC is a quality standard first introduced by Deming around the time of World War II. It was then adopted by the Japanese and became the quality standard for auto companies like Toyota [7]. One might consider the role of Statistical Process Control as a system designed to account for quality.

For many, the first known encounter with accountability and transparency was seen in the Garden of Eden, where the creator asked Adam ‘Where Art Thou’. For others, the experience of transparency came from the expression of love. In each scenario, a choice – to be responsible for and accountable to, is seen through the process of relationship. While the premise for accountability and transparency existed long ago, the reality today is that systems are developed toward more fluid communication and ethical decision making models, in for and non-profit organizations. Some of these models will mimic a level of transparency only heard of in the Garden of Eden, or motivated by true love relationships. Until then, we have a succession of performance based systems that provide rewards based on behavior (ethical decision-making) and communication [4].

Through sequential exploratory mixed method design, the association between ethical behavior and futuristic trends of accountability in leadership is examined. The study explores the dimensions of ethical decision making within the realm of personal, financial and organizational accountability. Definitions for personal, financial and organizational accountability...
accountability were derived by the Oz Principal [8]. However, the observed behavior of these traits was operationalized, and measured through the adaptation of tools designed by relevant theorist, towards the development of a proposed conceptual framework. The structure of the paper is as follows. First, we will review relevant theoretical perspectives for this study. Then second, is the research methodology, which contains the process used to select and operationalize the variables in this study. Third, is an overview of the analysis of the data. Finally, the conclusions drawn as a result of the study, and a proposed framework for future analysis is presented.

**REVIEW OF LITERATURE**

To begin the review of literature, we look at a study, which explains the measurement of accountability within academic and non profit organizations as a form of information symmetry toward donor decision-making [16]. The author implies that the establishment of standards toward financial compliance is the main purpose behind accountability systems in non-profits. Increased measures toward accountability are synonymous to public trust, and can be a predictor to donor support. The main component used as a benchmark in this study came from the Wise Giving Alliance rating. This rating, is assessed by the Better Business Bureau and granted to organizations that meet the fund raising standards set by the Governance and Oversight Measuring Effectiveness, Finances and Fund raising and Informational Materials. The author also used the transparency rating from the Ministry Watch to assess the effectiveness of an organization's financial accountability.

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Pass and fail scores from these ratings were included in the study to determine the impact of donations when the organization's scores were known by the donors. The results of the study showed that donations increased with positive accountability ratings. However, negative accountability ratings did not yield a change in donations. To continue the discussion on non-profit organizations, the authors present a framework to address the impact of direct accountability within organizations [12]. As non profits strive to fulfill the needs of the public, the authors indicate the important to obtain legitimacy with stakeholders, another form of trust with constituents. The authors also maintain that the failure of non-profit organizations is readily linked to unclear program objectives in the community they serve (p. 26). The final framework proposed, includes clear communication of the organization's mission, that directly addresses the target's need. It also uses communication to negotiate relationships, which eventually builds character and promotes stakeholder responsibility. Finally, communication is filtered as it passes through the environment of stakeholders that are central to negotiations, both locally and on national levels [12]. This supports the collaborative technologies, which often comprise of a technology structure, a group structure and an organizational environment [10]. Additionally, the articles mentioned benefit towards the implementation of a framework that promote transparent communication in organizational and financial accountability.

Futuristic trends in accountability in leadership will include information access, information capture, and information sharing, as stakeholders share responsibility at varying levels [20]. While the technological environment is conducive for collaboration, there must be a willingness to be accountable to the same place one bears responsibility [3]. It is more common, however, for team based environments to collaborate, be accountable to each other, and bear equal responsibility over a periods of time while executive management oversees [10].

Behavior theory clearly depicts the actions leaders, and their effectiveness in organizational settings [6]. In accountability, the willingness to act makes one an actor. The actor gives account to a forum, whose role is to judge, reprimand, control or even reward the actor for their report/performance [1].

Performance is also impacted as the actor shifts to a public arena. In an article about public accountability, the shift from book keeping to governance is mentioned [2]. Discussions on private and public governance have increased in popularity over the years. Consequently, private and public governance have a direct impact on the dimensions, and the conceptual framework of personal accountability [1].

With this, we turn out attention to ethical failures, and the influence of leadership and peers within organizations. [14] conducted a study in efforts to comprehend the impact of employees perception on ethical issues with decision-making within organizations, that are trying to recover from ethical failures. In their review of literature, it was discovered that the conduct observed by employees within the organization has a direct impact on their perception. Further, organizational recovery efforts can become stalled as a result of this influence. Consequently, “when organizations don't act,” quickly toward recovery in ethical situations, their employees tend to take action. Additionally, the co-worker influence produced a higher correlation on employees than the impact of those in upper management. Meta analysis was used to validate the variable “the contradiction of no ethical failure.” Once verified, participants completed a survey. Significant factors were loaded using factor analysis. ANOVA was also conducted in efforts to evaluate the depth of ethical failure in the study. The results showed a direct negative correlation between employees who choose not to report ethical failures and their perception of the organization. More importantly, ethical failures provide opportunities for organizations to increase communication efforts where possible. One of our theorists also concurs that increased communication is synonymous with perceived organizational trust and transparency [3].

In a study by one of our theorists, who assessed influence distribution within organizations, the control graph technique from 1968 is used [17]. The results of the study show a high level of influence among actors in the organization. Additionally, the age, the position level, nor the length of time in the organization had little to bearing on the influence experienced by participants. The tool is used generally to measure the distribution of power within organizations. For the purposes of this study, the distribution of power is synonymous to the distribution of information by upper level management toward decision-making [10].

Towards an ethical framework model for accountability

The goal is to continuously assess leadership behavior and intentions in efforts to model ethical/non-ethical decision-making. Leading theorists focused much of their research on similar variable attributes proposed for this study. Extensive research, not included in the review, is seen the list of references in efforts to retain variables that meet the criteria in
In an earlier study conducted by one of our theorists, the motivational factors leading to strategic misalignment in innovators/leaders we identified [18]. The initial results of the quantitative pilot study showed that 21% of participants were willing to engage in unethical activity and saw no issue with this when they had access to information and the ability to make decisions (e.g. sharing content). Based on a theoretical definition and characteristic of leadership, this group exhibited behavior of innovators or people of influence. The Domain Specific Indicator (DSI) model is used to predict group behavior as innovators lead others to do what they've done. 21% of the participants in the study had no issue with unethical behavior as innovators lead others to do what they've done. The initial results of the qualitative pilot study that captured the qualitative responses were the precursor to their utility in this study.

A sequential mixed method exploratory design was selected as the proposed methodology for this study. In it, the researcher combined quantitative and qualitative questions in one survey that was accessible on-line via a posted web link. The population consisted of approximately 150 service professionals and people who have worked with upper level management. Participants were solicited via email and web posts on Facebook Groups and Linked In groups from various industries. The anticipated sample size was proposed to being between 150 participants with an age range of 21 – 70, both male and female, who had web accessibility. Participants reviewed a letter of consent prior to completing the 18 question survey. Five duplicate participant responses were discarded. Participants had the option to answer or not answer each question.

**Operationalized Variable Designation**

As noted there were a total of 18 questions in the survey. Questions 1 – 13 were quantitative and questions 14 – 18 were open ended qualitative questions. The break down of the quantitative questions is listed below. The demographic variables were converted/recoded to their operationalized state. Demographic variables came from the following questions: 1, 2, 3, 6, 7, 8. The results from questions (4, 5, 9, 10, 11, 12, and 13) were converted to ordinal numeric operationalized variables.

In this study, the association between ethical behavior (QUESTION 9, as observed by a forum, or the participants in this study); and the futuristic trends of accountability in leadership is examined. Futuristic trends reflect the responses from QUESTIONS 4, 5, (Lateral Communication and Hierarchical Decentralization; [13], 1968), AND 13 [10]. A test of significance was performed using Chi Square to determine if there were any associations with observed ethical behavior and futuristic trends in accountability.

Principal Component Analysis was used to determine the factor loading in the study. The components that explained the most variance in the study were then assessed using Discriminant Analysis to predict group membership based on the observed ethical behavior. An overview of the communication standards are derived from Rules Formation framework seen from QUESTIONS 10, 11 & 12.

From this the following hypotheses are derived:

H1: There is an association between observed ethical behavior and futuristic trends in accountability in leadership.

H2: Observed ethical behavior will be affected by the communication and ethical standards observed in personal, organizational and financial accountability.

H01: There is no association between observed ethical behavior and futuristic trends in accountability and leadership.
H02: Observed ethical behavior will have no affect on the communication and ethical standards observed in personal, organizational and financial accountability.

The qualitative open ended questions (Questions 14 – 18) are assessed using meta analysis. A word cloud containing the most relevant frequencies within the qualitative responses is enclosed in this study. Table 1 contains list variables and their attributes used in this study.

Table 1: Operationalized Variables/Theoretical Framework

<table>
<thead>
<tr>
<th>Question #</th>
<th>Question Content</th>
<th>Variable Type</th>
<th>Theorist</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Top Mgt Knowledge observed</td>
<td>Information Access</td>
<td>Tannenbaum (1968)</td>
<td>22.43</td>
</tr>
<tr>
<td>2</td>
<td>Ability to make Decisions</td>
<td>Information Access</td>
<td>Tannenbaum (1968)</td>
<td>22.43</td>
</tr>
<tr>
<td>3</td>
<td>Financial Accountability</td>
<td>Role/Classification</td>
<td>King (1975)</td>
<td>False, True</td>
</tr>
<tr>
<td>4</td>
<td>Organizational Accountability</td>
<td>Role/Classification</td>
<td>King (1975)</td>
<td>False, True</td>
</tr>
<tr>
<td>5</td>
<td>Personal Accountability</td>
<td>Role/Classification</td>
<td>King (1975)</td>
<td>False, True</td>
</tr>
<tr>
<td>6</td>
<td>License Type</td>
<td>Gen Demographic</td>
<td>NA</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Age group</td>
<td>Gen Demographic</td>
<td>NA</td>
<td>False, True</td>
</tr>
<tr>
<td>8</td>
<td>Gender</td>
<td>Gen Demographic</td>
<td>NA</td>
<td>Male, Female</td>
</tr>
</tbody>
</table>

**ANALYSIS**

Out of a our population of 150, there were 31 participants who completed the study. The participants consisted of 17 females and 14 males. Nineteen of respondents will be 21 – 49 years old by December 31st. The remaining 12 will turn 50 or older by December 31, 2015. This demographic breakdown is relevant, in that it is a reflection of the generational divide and their perspective of leadership decision making.

Of the people surveyed, 15 had a Bachelor Degree, 8 obtained Master Degrees and 3 obtained a Doctoral Degree. The rest of the respondents (5 people) obtained either a H.S. Diploma, Some College Education or an Associates Degree. All of the participants had years of experience working in for and non-profit organizations at varying levels including the following: 2 Administrative Assistants, 8 Department Heads or Administrators, 2 Analysts, 2 Coaches, 3 Educators, 4 in Executive Mgt including CEO, CFO, COO or VP, 1 in Financial Services, 6 Lead Managers/Supervisors, 1 non-licensed service personnel and 2 in some Professional services not listed).

Respondents were asked to assess present/past ethical decision making behavior based on their observation of leadership. Chi Square Tests were used to assess the significance of relationships between observed ethical behavior and futuristic trends in accountability in leadership. The test results showed significance between observed ethical behavior and for Information Access and Decision Making. So accept the alternative (H1), and we reject the null based on alpha levels of .072 and .292 respectively. In the case of Information Capture and Information Sharing, Chi Square showed no association between the observed ethical behavior and the futuristic trend of accountability, according to respondents. Therefore we accept the null hypothesis (H01).

From this assessment, the study's focus shifted to the cause and effect of observed ethical behavior in relation to the communication and ethical standards seen in personal, financial, and organizational accountability. To test the hypothesis H2, (Observed ethical behavior will be affected by the communication and ethical standards observed in personal, organizational and financial accountability), Principle Component Analysis was conducted. Although we defined the DV as observed ethical behavior (Ques. #9) and the IV as personal, organizational and financial accountability (Ques 10 – 12), we made no distinctions on the IV and DV for this analysis.

The goal of this analysis is to reduce the number of variables to a smaller set of most relevant components which explain the majority of the variance in the study. The process took 3 manual iterations, where set variables were removed from the model, and the analysis re-run. The final extraction with Varimax rotation produced a 2x4 factorial design. Component 1 and 2 explained 72% of the overall variance in the model.

Table 2: Variance explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.635</td>
<td>45.796</td>
<td>45.796</td>
<td>1.635</td>
<td>45.796</td>
<td>45.796</td>
</tr>
<tr>
<td>2</td>
<td>1.055</td>
<td>26.371</td>
<td>72.169</td>
<td>1.055</td>
<td>26.371</td>
<td>72.169</td>
</tr>
<tr>
<td>3</td>
<td>.695</td>
<td>17.378</td>
<td>89.547</td>
<td>.695</td>
<td>17.378</td>
<td>89.547</td>
</tr>
<tr>
<td>4</td>
<td>.418</td>
<td>10.453</td>
<td>100.000</td>
<td>.418</td>
<td>10.453</td>
<td>100.000</td>
</tr>
</tbody>
</table>

**Table 3: Rotated Varimax Matrix**

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rules_FormationPerson</td>
<td>7.95</td>
<td>177</td>
</tr>
<tr>
<td>Rules_FormationOrgAct</td>
<td>666</td>
<td>-618</td>
</tr>
<tr>
<td>ObservedBehavior</td>
<td>657</td>
<td>-387</td>
</tr>
<tr>
<td>DecisionMaking</td>
<td>0.311</td>
<td>94.2</td>
</tr>
</tbody>
</table>

Finally Discriminant Analysis was conducted to establish the framework for predicting group membership. We looked at Wilks' Lambda in the test of equality of group means. 48.6% of the variance in the study is not explained by group differences. With a significance level of .00, the test showed that there was a statistically significant relationship between the IV construct - Organizational Accountability, and DV – Observed Ethical Behavior. The Classification Results correctly classified the responses of 72.7% of respondents, who Sometimes observed the ethical decision making of Top Management; and 86.7% of respondents who Rarely observed ethical decision-making of Top management. Therefore, Discriminant Analysis is seen as successful in determining group membership. A meta-analysis word cloud is included representing the qualitative questions relating specifically to organizational accountability.
TECHNOLGICAL FRAMEWORK DESIGN

For the purposes of the proposed study, Access, Capture, Sharing and Decision Making, which make up futuristic trends in accountability and strategic alignment [18] were retained for analysis against significant SPSS plots. The results of the Canonical Discriminant Functions and the Component Plot Rotated in Space are provided below on the proposed Alignment Model. This provided a clear picture of the strategic alignment while taking into account the futuristic trends in accountability via information access, information capture and information sharing toward decision making. In each figure, The Have and The Have Nots represent places where information is accessed and captured [18].

Also the Traditional and Fixed areas represent ways information/knowledge is disseminated in the organization. Most organizational structures have set ways for information to be shared/disseminated. But they have no bearing on technology adaptation. The proposed model with technology adaptation enables more asynchronous access to information towards decision making, as proposed earlier [20]. Here not only the decisions but the process the decisions of executive management can be reviewed.

CONCLUSION

The purpose of this study was to set up the framework to address the challenges with ethical behavior in leadership, as observed by a select population. The study was also designed to identify areas of strategic misalignment in ethical decision making. While much of the material presented is reflects the work or many patriarchs in the fields of ethics, technology and accountability, there remains several areas for future research in this area.

First, it may be beneficial to expand the study to include all 7 levels in the rules formalization/standardization process [13]. Second, more financial reporting and a focus on financial accountability should be either incorporated in this study, or presented in a separate study altogether. The existing challenge with observed financial accountability is in relation to information access and information sharing with top management and the staff in close proximity to them.

There are two technological recommendations for consideration in the development of proactive systems to assist in information transparency [3]. When considering the concept of human agents, proactive computers anticipate and support humans [9]. While algorithms may help humans remain ethical in decision making, the process could be seen as static. Further the tracking capabilities of prompted decision-making may impose challenges with transparency.

Consequently, the advances in information transparency as a communication process yield relationships in personal, financial and organizational accountability [3]. With the advent of human-agents, expert systems become a real possibility, prompting humans about the feasibility of choice before making it. Even after a selection/choice is made, it is also clear that information transparency will ensure the quality of the decisions being made in the near future. Through cloud technology, information transparency will also provide global tracking of decisions were necessary – sharing information on a need to know basis.
REFERENCES


