



# Positive Leadership

## Chapter 5: Values-Based Leadership

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*“Remain true to your values. If you don’t stand for something, you’ll fall for anything.”*

– Frank Sonnenberg

## An Introduction to Values-Based Leadership

Public sector organizations, from local municipalities to national governments, have a unique mandate to serve the public interest and uphold the common good. This makes values-based leadership especially vital in government settings. Citizens expect public leaders to be not only competent managers but also ethical stewards who model values such as transparency, fairness, accountability, and compassion.<sup>1</sup>

## What is Values-Based Leadership (VBL)?<sup>2</sup>

Defined as leading with integrity, ethics, and a strong moral compass, values-based leadership has emerged as a critical approach for driving trust, engagement, and sustainable success<sup>3</sup>. As the name suggests, values-based leaders align their decisions and behaviors with core values, creating a culture of accountability and authenticity. In the public sector, where leaders operate under high levels of scrutiny and accountability to a diverse array of stakeholders, including the general public, VBL is essential for fostering public trust and ensuring ethical governance.

While values-based leadership has been examined within the academic study of leadership, the concept really took off after the widely publicized corporate scandals of the early 2000. Scientific research into VBL has only increased in scope and frequency since then. .

While scholars have yet to agree on the specific theories or components of VBL, a recent comprehensive review identified three key elements<sup>4</sup>:

1. Authentic leadership
2. Ethical leadership
3. Servant leadership

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<sup>1</sup> The complete list of values for executives in the federal public service can be found here: [Values and Ethics Code for the Public Service](#).

<sup>2</sup> Although we will be using values-based leadership throughout the paper, other terms such as “values-oriented, values-centered, or value based” have been used interchangeably for various theories focusing on the moral, authentic, principled, and ethical dimensions of leadership.

<sup>3</sup> Copeland, Mary Kay (2014). The Emerging Significance of Values Based Leadership: A Literature Review, *International Journal of Leadership Studies* 8.2, 105-135.

<sup>4</sup> Abay, Simon Tareke; Gomes, Jorge F. S.; Mengistu, Abeba Beyene (2023). A Comparative Analysis of Values-Based Leadership Theories: A Review and Future Research Agenda, *The Journal of Values-Based Leadership*: Vol. 16 : Iss. 2 , Article 14.

# The Business Case for Values-Based Leadership

While still an emerging field of scientific inquiry, multiple studies support the importance of VBL, including within public sector environments. VBL can support:

## 1. Restoration of public trust

A qualitative study of local government in the UK found that ethical political leadership – characterized by being a moral person, setting a good example, “setting the tone at the top,” and holding others accountable – can gradually restore public trust in political leaders<sup>5</sup>.

Another study conducted by the Organization for Economic Co-operation and Development (OECD) – a global policy forum – has formally recommended a “values-driven public service” as a foundation for modern public administration. In its 2019 council recommendation on public service leadership, the OECD lists “values-driven culture and leadership” as the first of three pillars necessary to build a high-performing civil service. This reflects an international consensus that common values – such as integrity, openness, merit, and impartiality – should guide public sector behaviour and decision-making.

## 2. Higher levels of organizational commitment

Research in public sector organizations shows that when leaders lead with integrity and ethical principles, employees respond with greater commitment and productivity. For example, a study of 161 managers and 415 employees in a U.S. state government found that ethical leadership by managers significantly increased employees’ organizational commitment<sup>6</sup>. Employees who perceived their supervisors as ethical reported stronger dedication to the mission of their department and were more willing to demonstrate organizational citizenship behaviours (e.g., go above and beyond in their roles). The same study also found that ethical leadership was linked to lower absenteeism. Employees were less likely to skip work when led by a values-driven manager.

## 3. Stronger ethical cultures

VBL behaviours also inspire a trickle down effect whereby virtuous actions spread across the organization. In a U.S. State Agency study, employees under ethical leaders showed a higher willingness to report ethical problems. This finding implies that values-based leadership fosters psychological safety: staff trust that they will be supported (rather than punished) if they bring issues to light. For public sector organizations, this is invaluable. It means internal problems (including fraud, abuse, and inefficiency) can be identified and addressed early, before they escalate into crises or scandals.

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<sup>5</sup> Mozumder, N.A. (2022). [Can Ethical Political Leadership Restore Public Trust in Political Leaders?](#)

<sup>6</sup> Hassan, Shahidul & Wright, Bradley and Yukl, Gary (2014). Does Ethical Leadership Matter in Government? Effects on Organizational Commitment, Absenteeism, and Willingness to Report Ethical Problems. *Public Administration Review*. 74. 10.1111/puar.12216.

A separate study in the *Journal of Applied Psychology* showed that leaders have profound influence over the moral behaviours of their teams, with the most powerful effects on employees' unethical decisions and deviant behavior. Interestingly, these results were created by the leader directly influencing how their team members think about (potential) ethical issues<sup>7</sup>.

#### 4. Higher levels of engagement and performance

And finally, a recent meta-analysis of leadership in the public sector noted significantly positive correlations between values-oriented leadership styles (e.g., transformational leadership) and desirable employee outcomes such as job satisfaction and performance<sup>8</sup>. What makes these findings especially impressive is that they are based on the aggregate results from over 150 separate studies.

## Practical Strategies for Values-Based Leadership

### 1. Define, communicate, and commit to core values

Effective values-based leadership begins with clarity about what values will anchor your leadership and your organization. To translate this into practice, write down three to five of your core leadership values and how they shape your decisions. Reflect on key leadership behaviours you can exhibit to show that you are leading with your values. Better yet, share these values with your team and routinely solicit feedback on how well they are reflected in your day-to-day behaviours. By articulating and sharing your core values, you set a standard to which you (and others) can hold yourself accountable.

You can also extend this practice to the team level. You can initiate discussions amongst your direct reports about how the core values of the organization can be expressed in the work that you do. You can also ask your team for ideas about where potential values conflicts may arise in your work internally or externally. From there, you can brainstorm the appropriate and inappropriate actions to take based on your values.

### 2. Lead by example – authentic leadership is powerful

The adage “walk the talk” is especially crucial in values-based leadership.

Leaders must model the values in their own behaviour, because employees and stakeholders will watch closely to see if a leader's actions match their words.

<sup>7</sup> Moore, C., Mayer, D. M., Chiang, F. F. T., Crossley, C., Karlesky, M. J., and Birtch, T. A. (2019). Leaders matter morally: The role of ethical leadership in shaping employee moral cognition and misconduct. *Journal of Applied Psychology*, 104(1), 123–145.

<sup>8</sup> Backhaus, L., and Vogel, R. (2022). Leadership in the public sector: A meta-analysis of styles, outcomes, contexts, and methods. *Public Administration Review*, 82(6), 986-1003.

Consistent role modeling builds credibility and trust. This means demonstrating integrity in even the smallest decisions. For instance, being honest in reporting bad news, treating everyone with respect, and fairly enforcing rules without double standards. By engaging in these behaviours, leaders signal that the stated values are truly non-negotiable.

Leading by example is closely tied to authentic leadership. One of the most rewarding opportunities of my professional life was collaborating with Alan Mulally, the legendary former CEO of Ford Motor Company on my second book. He shared the most powerful definition of authentic leadership I have ever heard: “Authentic leadership is when your values, beliefs and behaviours are in alignment. However, the only thing people see is your behaviours and they draw conclusions about your values and beliefs based on what they observe.”

This beautifully captures the essence of leading by example. It probably comes as no surprise that authentic leadership is a superpower during times of uncertainty because of the trust it creates. When our values, beliefs, and behaviours are consistent, this creates a calm harbour in the storm.

In practical terms, values-based leaders [set the tone](#). If you expect transparency, share information openly; if you value accountability, admit your mistakes and address misconduct promptly. Moreover, leading by example means making decisions that reflect the values even when it’s hard. For instance, if fairness is a core value, a values-driven public service leader would ensure hiring and promotions are based on merit and diversity, even if pressured to do otherwise.

### 3. Embed core values into the fabric of your organizational culture

To create a values-based culture, leaders must find ways to continuously integrate values into their work and conversations. To really make values stick, they must become habits whereby the leader and team members do it without thinking.

There are numerous ways leaders can accomplish this.

1. Incorporate discussions of values into onboarding new employees and leadership training.
2. Start each meeting referencing one particular value that you feel is especially salient for the upcoming agenda.
3. Make it a point to acknowledge and publicly reward values-based behaviours in your team and elsewhere.
4. Take a structural approach to incorporating values into decision-making frameworks. For example, in team and/or stakeholder meetings, ask: “To what extent do the proposed decisions align with the organization’s stated values or the federal public service’s ethos?”

Public sector executives should ensure that team meetings, project reviews, and even budget discussions don’t shy away from questions like “Is this consistent with our values?” Over time, this normalizes a values-based lens on all operations.

When a strong values-based culture is in place, it becomes self-reinforcing: employees at all levels will call out actions that violate values and champion those that exemplify values. It is not enough to talk about values; they must be institutionalized so they become “how things are done around here.”

#### 4. Foster transparency and open communication

Transparency is essential to values-based leadership, particularly in the public sector where accountability to the public is paramount.



Leaders must model the values in their own behaviour, because employees and stakeholders will watch closely to see if a leader’s actions match their words.

Transparency extends to how decisions are made. Whenever possible, use fair and transparent processes (for budgeting, promotions, procurement, etc.) and let people know the criteria and values considered. If a leader must make a controversial decision (say, cutting a program or enforcing a strict policy), explaining the decision in terms of the organization’s core values can help others accept it even if it’s unpopular, because they see a principled rationale.

Equally important is creating channels for two-way communication, enabling employees and stakeholders to provide input and voice concerns. Internally, this can mean holding town hall meetings with staff or establishing an open-door policy that encourages team members to speak up. When leaders listen and respond openly, they demonstrate respect, humility, and a commitment to the public interest. This inclusive communication style fosters trust – employees feel heard and valued, and the public sees a leader who is candid and responsive. Over time, such transparency contributes to a reputation for integrity. Values-based leaders who confront challenges openly (rather than hiding problems) earn greater trust, even if the news they share is difficult. In essence, a values-based leader treats communication as a two-way street and uses it to reinforce the organization’s core values.

### Values-based leadership: leading with integrity when it matters most

In an era of growing complexity and public scrutiny, values-based leadership is a foundational requirement. As senior executives in the federal public service, your actions are amplified.



**Key takeaway:** The values you model – through decisions made, conversations held, and challenges faced – set the tone for ethical conduct, public trust, and cultural integrity.

The invitation is clear: lead in a way that leaves no doubt about what you stand for. When [values are not just stated but lived](#), they become your greatest source of credibility and influence. And in the end, the true test of leadership is not what we achieve, but how we achieve it. Let values be your guide.

For more resources on Positive Leadership, access the full [APEX Positive Leadership Toolkit](#).