

## Ethics and Leadership

**We are all familiar with ethics, and must make ethical decisions on a daily basis. What follows is a look at implementing an ethical organizational culture, and some ideas about how to make it work.**

Ethics do not naturally appear once you establish a corporation or, for that matter, once you become the CEO of an organization. Though the vast majority of leaders would like to say their organization is ethical, the paradox is that *ethics* and *capitalism* are not natural companions. When maximizing Return on Investment becomes an annual event, then you run the risk of short-term thinking creeping into the mix.

Ethics, and ultimately an ethical culture, are not short-term concepts or one-time considerations; ethics continually evolve, and will form the basis for decision-making in years to come.

There are two sound business reasons for supporting an ethical culture:

1) To manage risk (Enron and its stakeholders learned this the hard way!); and

2) To achieve superior performance from all employees (What highly talented person will join or stay with an organization that is in the public eye due to fraud, environmental violations, harassment, or unlawful discrimination?)

However, the only truly sustainable reason for *doing the right thing* is simply because it is the *right thing*.

An ethical culture is not created by imposing a set of *do's and don'ts*, or by posting a Code of Ethics in the lobby, or even by having employees sign a copy of the Ethics Code. An organization's culture is the result of its values: what leaders think, how they behave, and what actions they take.

Therefore, ethics can be described as an overarching value. Ethics, like values, are not confined to the goals of leadership; ethics are rooted in the behaviour of all employees.

Where do we begin when we are considering an ethical culture?

- 1) Involve all employees, regardless of their roles and responsibilities, in discussions about implementing an ethical culture.

Discuss examples of both ethical and unethical behaviour. Ideally, you should find examples that relate to your industry, or examples that all employees can relate to, for instance from the retail world. Consider this question: if your telephone/internet provider offers a special introductory enticement to attract new customers, would it be ethical to deny a comparable offer to existing customers?

- 2) Make a clear and direct connection between your Values Statement and the development of a Code of Ethics Statement.

Values (such as respect, diversity, and customer service) exist merely as words until they are put into action. But how do you make *respect* actionable? And won't everyone have a different view of what *respect* means? Yes! And that is the point.

For a value such as respect to become actionable, all employees must agree about what they will say and do to demonstrate *respect*. These actionable statements are referred to as Guiding Behaviours. One way to develop Guiding Behaviours is to have groups of employees who represent all departments and levels of the organization meet to discuss what they would actually do to demonstrate *respect*. For example, an employee might state, "I will listen to people without interrupting so as to understand their questions or concerns."

Once the Guiding Behaviours have been developed by each group, they need to be blended so that only one set of agreed-upon Behaviours emerges. These Guiding Behaviours form the manner in which all employees, regardless of employment level, will respond to

respect.

- 3) The entire sum of your organization's Values and Guiding Behaviours becomes the framework for making ethical decisions. Though senior management may be championing this process, it must be owned by *everyone*. The Values and Behaviours must be embedded into the organization's culture...what we think and what we do.

When faced with an ethical question, I believe that you want to ask questions such as: What Guiding Behaviours speak to this issue? How do we act with integrity? What are the positive and negative outcomes that might impact our stakeholders? Which outcomes are acceptable

and which are not? Can we be transparent?

- 4) Inspect what you expect! For example, check the ethical behaviour of employees by initiating a 360-degree feedback process. Ask suppliers and customers, as well as employees, whether they feel an employee (or department) displays the Guiding Behaviours that speak to the organization's ethical values.

Remember that the 360-degree questionnaire should be reviewed (if not developed) by the individuals who will be the subject of the feedback. This will clearly demonstrate that your organization respects the opinions of everyone involved in this process.

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