

TITLE: "IMPLEMENTING BUSINESS ETHICS"

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*"The ethics of a business are whatever the top-dog says they are."
- Bryce's Law*

We hear a lot these days about the deterioration of ethics in business, e.g., graft, corruption, cheating, favoritism, skimming money, etc. This has resulted in a public relations nightmare for business. If consumers do not trust a company, its a matter of time before it goes out of business. This is supported by recent studies that give evidence there is a correlation between business performance and ethical practices; see the Institute of Business Ethics at.

<http://www.ibe.org.uk/DBEPsumm.htm>

Basically, the Institute's study suggests there are long-term benefits associated with enacting an ethics programs. Such studies and recent corporate snafus (e.g., Enron) are impetus for companies coming to grips with ethics in the workplace.

There are essentially two considerations for devising an ethics program in business; first, knowing what your ethics are, and, second; implementing them in a consistent manner.

INTERPRETING ETHICS

There is little point in my telling you what is ethically right or wrong. You already have an interpretation of this. But let us understand what influences our interpretation of ethics; our interpersonal relations with others, such as our family, friends, neighbors, fellow workers, as well as the media. Ethics is learned more than it is taught. It is based on observations of the conduct of others, people we like and respect as opposed to those we do not. It is then up to each of us to interpret these perceptions from which we will base our conduct and behavior. The point is, we act on our perceptions, however accurate or inaccurate they may be.

Another influential factor are our own human frailties of competitiveness, love, greed and ambition. But then again, this goes back to interpersonal relations.

Let us recognize that ethical behavior is interpreted differently from person to person. What one person may consider right or wrong may be different for the next person. The objective in business is to implement a uniform form of behavior thereby instilling consumer confidence in a company overall.

IMPLEMENTATION

Writing a corporate code of conduct is in vogue today as a means of articulating the ethics of a business. Such codes are proudly displayed on web sites and in corporate brochures more for public relations than anything else. True, they are useful for disciplining an employee for an infraction of the rules, but I do not see them as an effective way of implementing an ethics program. Understand this, regardless of what the code of conduct states, the ethics of a business are whatever the top-dog says they are. Too often I have seen companies say one thing, then act another, e.g., Enron.

Printed codes of conduct are nice, but we have to recognize that it is one thing to enact legislation, quite another to enforce it. As stated earlier, ethical behavior is based on observations. Regardless of what a code of conduct says in print, ethical behavior is based on the relationship of superior and subordinate worker relationships. If a subordinate observes an indiscretion by his superior, in all likelihood it will be emulated by the subordinate. This phenomenon occurs top-down in the whole corporate chain of command. If it breaks down anywhere in the corporate hierarchy, it will become visible to the subordinate layers and potentially create a "trickle-down" effect. This means the boss has to be a role model for ethical behavior; they must "walk-the-walk" as well as "talk-the-talk." If they do not, it will not go unobserved by their subordinates. Managers, therefore, should avoid the "do as I say, not do as I do" phenomenon. They must lead by example. Anything less is sheer hypocrisy and will inevitably lead to changes in behavior.

It is simply not sufficient to issue platitudes as to what is and what isn't ethical behavior. The manager must follow-up and assure ethical behavior is implemented accordingly. In other words, we shouldn't just "desire" truth and honesty, we must "demand" it. If one person gets away with an indiscretion, others will surely follow. As such, when writing out a code of conduct, be sure to stipulate the penalties for its violation.

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The success of a business ethics program is ultimately measured by how well it becomes ingrained in the corporate culture. As we have discussed in the past, corporate culture pertains to the identity and personality of the enterprise. All companies have a culture; a way they behave and operate. They may be organized and disciplined or chaotic and unstructured. Either way, this is the culture which the enterprise has elected to adopt. What is important is that in order for an employee to function and succeed, they must be able to recognize, accept and adapt to the culture. If they do not, they will be rejected (people will not work with them).

The intuitive manager understands the corporate culture and how to manipulate it. Changing the Corporate Culture involves influencing the three elements of the culture: its Customs, Philosophy and Society. This is not a simple task. It must be remembered that culture is learned. As such, it can be taught and enforced. For example, a code of conduct is useful for teaching, as is a system of rewards and penalties. Designating people to act as watchdogs of the culture can also be useful, but be careful not to create a climate of paranoia. Ultimately, as a manager, you want to create a culture that promotes the ethical behavior you desire.

For more information on "Corporate Culture," see:

<http://www.phmainstreet.com/mba/pride/eespcc.htm>

CONCLUSION

We now live in strange socioeconomic times. 40-50 years ago we normally had one parent staying home to raise the kids. Now it is commonplace to find families where both the husband and wife are working and paying less attention to their children, thereby relegating their parenting duties to teachers and coaches. In other words, the family unit, which is the basic building block for learning ethical behavior, is becoming severely hampered.

In business today we have a "fast-track" competitive mentality which does not encourage a spirit of teamwork but, rather, more rugged individualism. Nor does it promote employee loyalty. Further, we now live in a society that encourages people to go into debt, thereby causing financial tensions.

Bottom-line, ethics is about people and trust. Consequently, we should be sharpening our people skills as opposed to avoiding it. We don't need more maxims of how we should conduct our lives; we need to lead by

example. As such, we need more role-models and heroes than we do paperwork.

Let me close with one last thought on how ethics impacts business; there is probably nothing worse in business than being caught in a lie, particularly by a customer. Any trust that there may have been before disintegrates immediately and business is lost. In this day and age, there is something refreshingly honorable about a person where their word is their bond. Ethics just makes good business sense.

END



About the Author

Tim Bryce is the Managing Director of M. Bryce & Associates (MBA) of Palm Harbor, Florida and has 30 years of experience in the field of Information Resource Management (IRM). He is available for training and consulting on an international basis.

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