

# Ethics and Integrity

Why People Do What they Do

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## Why What You Do Matters



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## Introduction



Ethics is often described in the negative: it is not what you do when people are looking; it's what you do when nobody is looking.



Ethical behavior is directly tied to the perceived path forward.



Honor is the measure of the importance of ethics and character to you.



Creating honorable business professionals is vital to sustain any economy



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## Does Honor Matter?



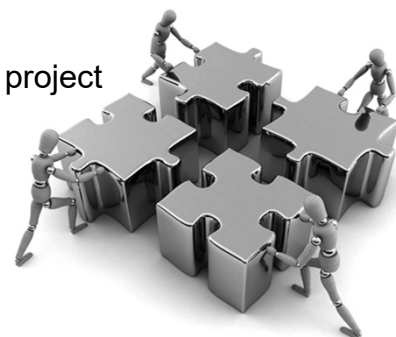
Consider University Level Students:

- 70% have cheated on a test
- 87% have cheated on a written work
- 49% have collaborated on an individual project
- 52% have copied another's work







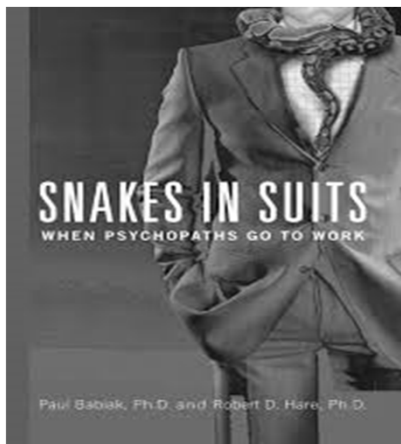


The slippery slope of equivalencies:







- Ends – Means
- Goals – Methods
- Targets – Techniques
- Acceptable – Acceptable



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	<h2>Profit has no cost?</h2>	
    	<p><b>Organizational Decisions</b></p> <ul style="list-style-type: none"> <li>• Insider Trading</li> <li>• Price Fixing</li> <li>• Bid Rigging</li> </ul> <p><b>Individual Decisions</b></p> <ul style="list-style-type: none"> <li>• Internal Theft</li> <li>• Retaliation</li> <li>• Law Avoidance</li> </ul>	

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	<h2>The Ethics Dilemma</h2>	
    	<p><b>Ethical Codes Don't Produce Ethical Behavior</b></p> <ul style="list-style-type: none"> <li>• The Law of Limits</li> </ul> <p>Ethics are expressions of individual values; Organizational Ethics are the sum of the individual ethics</p> <ul style="list-style-type: none"> <li>• There is no such thing as trickle down ethics</li> </ul> <p><b>Self Esteem</b></p> <ul style="list-style-type: none"> <li>• Intrinsic Worth</li> <li>• Entitlement</li> </ul>	

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## Watchdogs or lapdogs?



Oversight Entities – Are they Effective?



Self Regulation turns to Self Serving Regulation



Individuals are most strongly influenced by incentives



- Look at
  - How people are paid
  - How people are promoted
  - How people are disciplined
    - Ask if Pavlov was an aberration



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## Making Ethics Actionable



Management Buy-in

- Executives Must Walk & Talk
- Management Must Be Seen Implementing



Employee Buy-in

- Employees must understand values
- Employees must see the Organizations understands the values
- Employees must see the Organization Upholds the values




Action Items

- Words must translate into actions
- Actions must translate into expectations
- Expectations must translate into results
- Results must translate into rewards



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## Making Good Choices

Non-Job failures:

- Cheating on expense accounts
- Stealing supplies
- Sandbagging

Job failures:

- Superficial performance appraisal
- Not confronting expense account Cheaters
- Falsely praising poor performers
- Denial of training opportunities
- Undermining management



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## More Making Good Choices

Job distortions:








- Bribery
- Manipulation of suppliers/buyers
- Differential pricing
- Falsifying information

Job “creation”:







- Bending policies for certain staff
- Bending policies for service providers
- Caught violating rules
- Arranging for promotions



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	<h2>Learning Lessons</h2>
    	

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	<h2>Managing Ethical Expectations</h2>
    	<p>Diagnose the Compensation/Incentive/ Reward System</p> <p>Analyze the processes to find opportunities for misdirected efforts</p> <p>Consider training &amp; education opportunities</p> <p>Review repercussions for ethical lapses</p>

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## Senior Leaders Set the Tone



Employee Follow Leaders



Management Actions Speak Louder than Words



Everyone looks at Short Term Results



Complaining is Seen as Career Suicide



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## Walking the Walk



Ethics are actions, not Codes on the Wall



Core Values are Seen in Decisions, Not Plaques



Bureaucracy provides easy cover for ethical lapses



Management failures incite ethical failures



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## Learning from Senior Leadership Failures



Do you want to lead an organization that:

- Routinely ignores or violates internal codes of ethics?
- Always looks for simple solutions to ethical problems and is satisfied with “quick fixes”?
- Is unwilling to take an ethical stand when there is financial cost to the decision?
- Creates an internal environment that either encourages unethical behavior or discourages ethical behavior?
- Usually sends its ethical problems to the legal/compliance department?
- Looks at ethics solely as a public relations tool to enhance its image?



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## Continuing Opportunities to Learn



What does it mean when an organization:

- Treats its employees differently from its external stakeholders
- Is unfair or arbitrary in its performance appraisal standards
- Has no procedures or policies for handling ethical problems
- Provides no mechanisms for internal whistle-blowing
- Lacks clear lines of communication within the organization
- Is sensitive only to the needs of shareholders
- Encourages its employees to leave their personal ethical values at the door



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## Questions and Discussion

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