

Workplace Ethics – A Crisis of Leadership

There has been a confluence of sad and painful situations, all caused by people at work making terrible ethical decisions.

On the business side, some of the largest corporations in the United States have fallen victim to the belief that the ethical choices we make will somehow remain invisible. At communications giant Worldcom, senior executives were convicted of fraud, conspiracy, and lying to regulators. Global conglomerate Tyco's CEO was listed by Business Week as one of America's top 25 managers before he was charged with looting his own company of \$600 million. Boeing's top executive was fired after a series of scandals involving military contracts, and his successor resigned a few months later in the wake of revelations of sexual "indiscretions". Adelphia, AOL Times Warner, Arthur Andersen, Global Crossing, Halliburton and many more of the most powerful corporations in America found themselves on the front pages of newspapers around the world, accused of a wide range of offenses. And the name Enron – once considered one of the most innovative and successful energy companies in the world - has become synonymous with fraud, greed, and ethical misconduct at the highest levels.

Corporations haven't been the only institutions impacted by ethical scandals. The majority leader in the US House of Representatives was censured by his own Ethics Committee 3 times in one year. Sports organizations, from the Olympics to professional and college leagues, have all found themselves making headlines because of drug abuse, financial misconduct or other indications of a lack of sound ethical judgment. The United Nations has been embarrassed by revelations of improprieties in its "oil for food" program in Iraq. Even charitable and civic organizations have been rocked by a wide range of scandals.

The United States has not been alone in facing a flurry of embarrassing and painful ethical lapses. Government officials and corporate officers have faced serious charges of ethical misconduct recently in Canada, the UK, Japan, Australia, Italy, France – in fact it's hard to find a country where scandals aren't part of the regular course of affairs.

In response laws have been passed, committees formed, and individuals prosecuted. People shake their heads and lament the lack of values in our most valued institutions. Employees look to the leadership in their organizations to provide clear guidance on how to improve the situation.

Part of the problem has been that as we enact more laws to define appropriate or "legal" behavior, we distance people from the decision-making process about what constitutes "right" conduct. As a result, we have begun to confuse "compliance" with "ethics" - we see compliance with the law as the goal, rather than the starting point of ethical decision making.

Human resource and training departments have a long history of playing a critical role in tackling difficult social issues at work. As sexual harassment became a major concern in the 1990's, organizations mobilized their resources to provide guidance to employees at all levels on their rights and responsibilities. Policies were crafted and enforced, and conditions in most companies and agencies improved. The same has been true of discrimination and other diversity-related issues. These battles are not won, but there has been significant progress.

The same energy must now be applied to improving the ethical climate in our organizations. We can and must arm employees and managers with the tools they need to help them make better ethical judgments. The goal is not just to avoid embarrassment or penalties; it's to make our organizations stronger and more effective.

We don't pretend that any training resource will turn around the condition of ethical decision making in any given workplace. It will take a sustained effort that includes clarifying organizational values and policies, clear and unequivocal enforcement of the highest ethical standards, and most importantly – leadership. We have seen the cost of inaction as retirement savings have been wiped out, careers ruined, and important institutions in our society weakened. It is too high a price to pay.

Your decision to introduce or expand ethics training in your organization is an important signal that you take this issue seriously. If we are going to have organizations that we can be proud of, we need employees and managers who are aware of the values that underpin our decisions, a process to help them deal with difficult ethical choices, and most of all we need leaders who are willing to step forward and show us the way.

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