

Who Needs Business Ethics?

Canadians are among the least loyal employees in the world, according to a recent international study. But the level of commitment rises substantially for employees of companies who practice an ethical workplace environment.

According to a study by Walker Information and the Hudson Institute, Canadian employees ranked among the least loyal, with only one in seven classified as "truly loyal" to their employer. The report also found 55 percent of workers who describe their workplace environment as ethical are more likely to be loyal and stay with the same company.

In spite of the fact that when people do something good, they don't always get rewarded, there are many benefits for companies who have good ethical practices. They tend to attract better talent and retain their employees longer. "They get a higher degree of employee loyalty", said Steven Cross, executive director of the Canadian Centre for Ethics & Corporate Policy. The Centre promotes ethical values in corporate decision-making through workshops and seminars and recently held its third annual Canadian Ethics Summit.

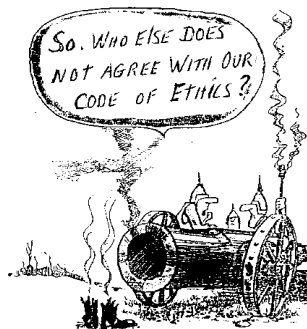
"There's a lot of evidence that companies considered ethical are very successful companies", said Cross, adding there is a public perception - largely unfounded - that most corporations are less than ethical in the pursuit of profits. "Society's perception is that there's not as much trust in business as they would like to have. Anytime you have profit as a primary motive, you'll have a difficult time establishing trust. The public in general is skeptical of big business". Cross does not share the public perception of corporate bad guys.

Ethical business, it seems, may be good business.

I agree with Cross. In my experience, it is extremely rare to find corporations that are unethical by design. Unethical situations can usually be traced to a sequence of actions by specific individuals within corporations. Therefore, the key to implementing an Organizational culture, comes down to individual value choices. The good news is, it appears that more companies are attempting to implement a code of conduct and become socially responsible.

But what if companies and people don't make that effort? Thomas Hobbes, who lived in the sixteenth century, imagined a world without ethics. He concluded that the result would be simple. There would be no farming because others would help themselves to the farmers' labor. There would be no building because others would move in and throw the builder out. There would be no art because everyone would be concerned about their own basic survival.

There wouldn't be a calendar because no one would adhere to it. Promises would be meaningless because no value would be placed on keeping one's word. People would kill each other whenever it proved advantageous. Life would be, in Hobbes' words, "solitary, poor, nasty, brutish and short".



About the Author



**Joseph Sherren, CSP
President
Ethos Enterprises Inc.**

An Internationally acclaimed speaker and trainer, Joe has been delighting audiences with his thought-provoking, interactive and inspirational presentations for over 20 years.

Joe teaches powerful techniques designed to identify your thinking styles, communication preferences and improve management effectiveness. His sessions will change behaviour and improve your personal and professional life.

Well known for his popular communications program "The Birds", Joe has trained thousands of executives, leaders and professionals in leadership, coaching, team-building, customer loyalty, ethics and strategic planning.

He is co-author of Vitamin C for a Healthy Workplace.

For keynote or training information please contact us:
4984 Cherry Street, Stouffville, ON Canada L4A 7X4
Tel: 416-399-9223 Fax: 905-473-9725
Email: admin@ethos.on.ca Web: www.ethos.ca

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What will save us from this type of world is our ability to create a moral code by which we all agree to live. Hobbes called it a "social contract": I respect you and yours, and you respect me and mine. It is an enlightened premise, but a difficult one to enforce. What's to stop someone from breaking the agreement and taking advantage of the situation? Laws and punishments have some effect, but the law cannot cover every situation and catch every transgressor.

There has to be something more that will maintain this unwritten code. Hobbes recognized that in order to exist as a society, we require a general, built-in desire to live cooperatively, so that we keep promises for the sake of keeping promises and abstain from violence because violence is undesirable in and of itself. Adherence to a basic moral code needs to be as natural as breathing air, if we are to create a life that is communal, rich, kind, generous and lengthy.

This society can only be realized if we all take the responsibility to ensure a sense of scruples in our children in their first five years, and instilling scruples in our employees during their first five working years. Scruples is

defined as the restraining force which will stop us from violating our fundamental values. Scruples can only be enhanced by having direct and immediate consequences for day-to-day behaviours.

There's a value shift going on in the world and this is affecting the corporate focus. For Corporations, the code of conduct now defines the framework within which all employees must work. An individual's values define how they will approach their work. To ensure compliance, companies must make ethics training a part of their orientation programs.

In the mid-part of the last century, you'd barely see a mention of environmental, health or safety sections in companies' Strategic Plan. Now, almost all annual reports address such issues. The new corporate emphasis is three-fold. Companies now report on three aspects: financial, social well-being and environmental management. "Profits with principles" is becoming a common buzz phrase and an operating code of conduct. Many executives now realize that it should not be necessary to make profits at the expense of social responsibility.

So how do you ensure a company behaves ethically?

■ How the leader behaves at the top will set the standard which will cascade down to all levels of management and employees. All ethical behaviour has to start at the executive level.

■ There must be transparency and honesty in the decision-making process and the organization must be committed to dealing with ethical issues - no sweeping stuff under the rug. The company should have social values embedded as an ongoing part of strategy, not as a public relations exercise. Some organizations I work with actually have adherence to shared values as part of their performance measurement and review system.

■ It all comes down to sincere intent. If the intent is really to be ethical, people will sense that. If it appears to be a public relations exercise, then the employee's B.S. meter goes off causing cynicism.

Who you are, and how you will be remembered, is the sum of the value you contribute to society and values by which you live.

Remember, opportunity may only knock once, but temptation will kick the door down. Make sure your staff knows the difference.