

## Business Ethics is About Responsibility — But Whose?

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The responsibility for promoting, developing and maintaining a culture of ethical integrity within an organization lies with the organization and its leadership team, and it's a responsibility that should be taken seriously as there is much to be gained – or lost!

While this perspective might ring true or seem obvious, it conflicts with some recently published opinions.

For example, an op-ed article recently published in the *Boston Globe*, entitled “*The Business of Business Ethics*,” suggests that the emergence of business ethics is a result of the Wall Street scandals of the ‘80s, and that companies simply put ethicists on staff because it looks good and shows compliance

with legal standards. The ethicist's primary responsibility, the author opines, is to “diminish the tendency toward greed.”

Our thoughts on ethics programs, as well as on who might be responsible for what, are quite different.

A good ethics program or ethics training in a company is about *all employees* sharing responsibility and agreeing on a shared purpose – values, vision, and goals – as well as a decision-making process that incorporates shared values. With

ethical decision-making will occur. Why? Senior management and employees will constantly be governed and guided by their shared purpose (values, vision, & goals) when engaged in making decisions at all levels.

Because values-based decision-making focuses on feedback and continuous improvement, employees feel confident that their voices will be heard and listened to. Effective dialogue is made more possible when an organization's shared

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respect to demonstrating ethics, an organization's senior management team plays lead – the rank and file play rhythm. This team effort is one harmonious symphony. In addition, effective ethics work must address the inter-relationship between moral courage, ethics, and leadership.

If an organization embraces this kind of approach or training and accepts the associated responsibilities, then fewer instances of un-

ethical values are explicit, written, clearly posted and incorporated in meeting agendas, newsletters, collateral and its Web site. Certainly companies are better off when workers are encouraged to voice their concerns and objections – something that is made possible by having a code of ethics that is a working, breathing document.

### **Raising the Bar & the Bottom-line**

Of course there is more to be gained from this approach than good feelings. Studies clearly show

*see Responsibility on back*



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## Responsibility - continued from front

that when a values-based culture of ethical integrity is established within an organization, people become more engaged and productive. Turnover rates drop and morale goes up – as do profits!

To further support this viewpoint, a 2006 poll by *Opinion Research Corporation* showed that 82% of employees were willing to receive less pay in favor of more ethical business practices; therefore, organizations that engage in more ethical business practices are more likely to become employers-of-choice. In addition, organizations with strong shared ethical values outperform other firms in stock price and income according to *The Leadership Challenge* by Kouzes & Posner, Crawford Intl., 2005.

It is, however, very important to distinguish between *compliance* and *values*. Compliance is simply the act of obeying the law. Dating

### Words from the Wise

"People's collective thinking influences their collective experience. The collapse of segregation in the US, of the Berlin Wall in Germany, and apartheid in S. Africa, were positive results of changed thinking.

- David L. Degler, author

"It is truly said that a corporation has no conscience; but a corporation of conscientious men is a corporation with a conscience."

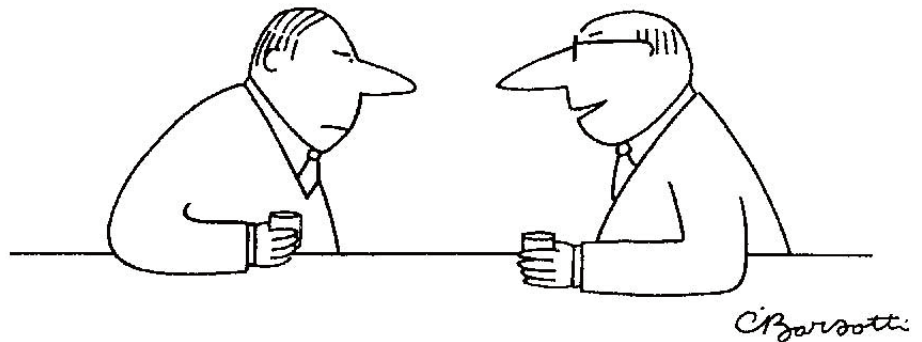
- Henry David Thoreau, author

back to the 1990's, some organizations adopted an ethics program in order to satisfy a provision within the 1991 Federal Sentencing Guidelines. The guidelines allowed for a reduction of sentence for any organization that, even if found

decision. Right decisions are about ethics, values, character, and integrity.

If an organization must have compliance, then compliance and ethics can work together in a mutually re-

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**"Get serious, John, we're talking business ethics not ethics."**

guilty, had *complied* with various requirements, one of which was to have an executive in charge of an ethics program.

As pointed out by author and ethicist Marty Taylor of the Institute for Global Ethics, there are problems with this approach, as a compliance-based approach to ethics and "complying with the law is not the same as holding to a high standard of ethics."

Taylor also noted that a compliance-based approach tends to promote a decision-making style that is rooted in the concept of "if it's legal then it must be ethical."

Fortunately, most of us recognize that this is simply not so. An organization cannot *comply* its way into making the right decisions. Compliance to rules, regulations and laws may help, but a code-of-conduct manual can't possibly forecast every unethical or unlawful occurrence. Workers should make the right decision because it is the right

enforcing way so that organizations transcend both the unlawful and unethical. It's very much like what happens when a state trooper is right behind you in a 65MPH zone. Most likely you are going around 65, right? Now what happens when the trooper gets off at the next exit and you continue on? Do you maintain the same speed or go faster? Essentially you have just traveled from the zone of *obedience to the enforceable* to the zone of *obedience to the unenforceable*.

Culture is often defined<sup>1</sup> as "the shared beliefs and values of a group." It is what people do, not just what they say. If ethics can be defined as "obedience to the unenforceable," then what an organization does after its culture-building training is the responsibility of all its workers – not just the ethicist! ♦

<sup>1</sup> Encarta Dictionaries, English (North American) 2007