# Seven Moral Levees

***Preventing ethical breaches.***

by Denis Collins

WHAT DO YOU CALL someone who labels his or her work-related behaviors that day as: ethical, ethical, ethical, unethical, ethical, unethical, ethical? A human being. We are all creatures of habit, and in business our consciences must respond to a unique set of ethical challenges—wealth, competition, and power. If we are unprotected by moral levees, our competitive urge to rise to the top could result in scandal and bankruptcy.

Long-term growth requires honesty, trust, integrity, and credibility. Some managers misrepresent ethics as a cost, rather than a revenue generator. There are start-up costs to consider because it takes time to build trust. But these costs are an investment in the future. Organizations with a well-fortified ethical culture have higher degrees of employee, customer, supplier, and investor satisfaction and loyalty. These long-term trusting relationships directly benefit the bottom-line.

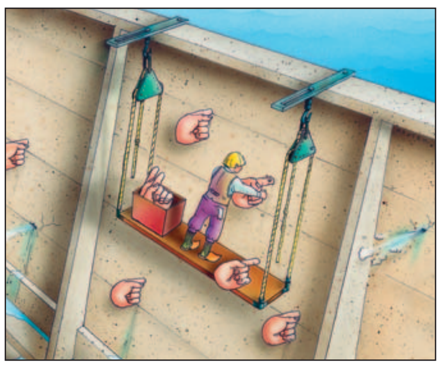
Creating and sustaining an ethical culture requires building seven moral levees around an individual's freedom to pursue his or her self-interests in a competitive environment where wealth and power are highly valued.

***1. Hire employees with appropriate values.*** When you hire people, you hire their ethics as well. People bring their perceptions of right and wrong with them to work. Conduct character checks at all levels of hiring to understand the value system of those being hired. Hiring just one person with an inappropriate value system—someone whose sense of morality and justice does not match the desired culture—can corrupt an entire organization.

Integrity tests, the easiest method to screen potential employees for unethical propensities, are prone to false-positives because people who lie on them outscore more honest job applicants. Personal interviews are a more reliable method for gauging ethics. Job finalists can be asked to tell stories about the ethics of their previous boss or work culture. They can also respond to several ethical dilemmas that highlight real-life scenarios.

***2. Make your Code of Ethics a living document.*** Provisions must be consistently enforced to be meaningful. Employees should evaluate annually how well the company is "walking the talk." Each code statement—such as "We respect our customers"—could be measured on a five-point scale. Participants might provide stories about situations that show high compliance and low compliance. Employee feedback should not impact performance evaluations; otherwise, only socially desirable responses will be offered.

***3. The manager as moral role model.*** Managers who want employees to exhibit ethical behaviors must behave ethically. Employees receive cues



directly from their managers. If a manager sacrifices ethics to meet a short-term goal, then employees may do likewise. Employees seeking managerial approval will replicate their direct manager's attitudes and behavior patterns. Managers must listen to employees who report unethical activities at work and respond. Many employees are hesitant to exercise moral courage because they fear retaliation or do not want to be labeled "moral prudes" or "squealers" and ostracized by co-workers.

***4. Set attainable work goals and conduct holistic performance appraisals.*** Employees also receive moral expectation cues from work goals and performance appraisals. Some employees will find unethical ways to achieve unattainable work goals to protect their jobs or receive a bonus or promotion. Ethics are enhanced when employees making ethical decisions are financially rewarded and promoted and those making unethical ones are dismissed. Managers can hold all employees accountable to high ethical standards through holistic performance appraisals. Behaviors and attitudes that impact ethics should be quantified as part of an employee's performance review. A phrase such as "s/he is trustworthy" is subject to wide interpretation. "S/he promptly handles customer complaints" is a more objective measure of trustworthiness.

***5. Conduct an ethical compliance audit.*** Ethical risks must be identified and managed. Managers can create a defect-free ethical culture, one that automatically rejects unethical behaviors, by applying TQM analysis to ethical deviancies. Employees should track unethical behaviors to their systemic cause, develop corrective metrics and benchmarks, and then be held accountable for achieving desired results. This activity should be part of an annual ethical compliance audit. Implement remedies to reduce gaps between the ethical ideal and actual performance.

***6. External non-government oversight mechanisms.*** The organization's ethical analysis and performance should be reviewed by an outside source. These sources can provide valuable feedback, either verifying or contradicting the self-assessment. Auditors, lawyers, and outside board of directors represent the standards of external constituencies. Converting auditors, lawyers, and board members to the company's point of view hurts the firm.

***7. Government regulation.*** Government regulators serve a police function. Their presence enhances the freedom of law-abiding people by restraining the actions of those tempted to engage in unethical activities.

Government regulations also clarify minimal moral expectations that can shape the code of ethics. Regulations inform managers that they cannot sexually harass employees, discriminate against employees for racial or religious reasons, nor pollute the environment.

These seven moral levees enhance ethical behaviors. A moral levee with a small leak must be repaired and supported by other moral levees. Otherwise, the levee could be breached, the entire organization could be destroyed, and we end up with harsh regulations. **LE**

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***Action: Construct and reinforce moral levees.***

LEADERSHIP
# Excellence
THE MAGAZINE OF LEADERSHIP DEVELOPMENT, MANAGERIAL EFFECTIVENESS, AND ORGANIZATIONAL PRODUCTIVITY
VOL. 23 NO. 2 FEBRUARY 2006



## Conducting the Cosmos

*Every CEO and leader is like a conductor, looking to the vast heavens above, standing on tundra below, probing into the wonders of the world and workplace to discover, and hopefully unleash, the trapped magic.*