

Educating managers for promoting ethical behavior

[Profession](#), [Manager](#)



Abstract

News headlines are often filled with examples of ethical misconduct by companies. Recent ethical misconduct such as Harvey Weinstein and Bill Cosby in Hollywood, as well as Facebook and Google's privacy issues, and Samsung's bribery issues are clear examples of ethical misconduct. (Shen, 2017) There is a myriad of reasons for unethical behavior, whether they be the individual, or the organizational structure. (Swift, et al., 2018) The purpose of this paper is for the researcher to gain knowledge through researching Ethics in the workplace and attempt to understand the thought process behind promoting ethics as a leader. The researcher has a background working, and leading in large corporations, and this information will be valued. The paper researched and provided information of what can cause unethical behavior and educating managers for promoting ethical behavior.

Some individual causes can be ignoring boundaries, failure to use self-control, feelings of entitlement, warped personal values, crowd following or even lack of a moral compass. Organizational causes can be a lack of clarity, no ethical leadership or standards, oversimplified rules, lack of positive role models, lack of training, a lack of accountability, no performance incorporation, or even scapegoating. The examples provided are some good points, however, they are just examples, and there can be, and often are combinations of factors that can create a ripple effect for ethical failures within a corporate culture. When there is no ethical leadership standard, and no positive role models, it creates an environment where people aren't sure

what to do. Leaders who have an entitlement view and lack clarity about what ethical leadership provide an atmosphere of justification of entitlement in the organization, often stemmed from unclear expectations from leadership. When a leader lacks a moral direction, and the organization lacks ethical leadership standards, you can end up with a leader whose personal ethics are the basis for ethical conduct, which may be biased for self-gain. When leaders have trouble with ethical boundaries, or lack accountability for ethical behavior it increases the chances of ethical problems for the leader and organization. (Thornton, 2016)

Why do some managers accused of white-collar crimes know the right thing to do, yet chose otherwise? First it is important to distinguish what white collar crimes are. White collar crimes are generally nonviolent crimes such as fraud, bribery, Ponzi schemes, insider trading, labor racketeering, embezzlement, cybercrime, copyright infringement, money laundering, identity theft, and forgery. We see many leaders that have had ethical misconduct have a combination of issues from individual or personal to organizationally. According to the FBI, white collar crimes cost over \$500 billion annually, this by contrast exceeds personal property crimes estimated annual cost of \$15 billion. Research indicates environmental indicators and cues can push people to behave contrarily when faced with ethical choices. White collar misconducts happen when environmental signals and cues are vague. (Khan, 2018)

Poorly planned job motivations can be a determinant for white collar crimes, such as offering rewards for short-term profits. To exploit their performance-

based compensations, some will evade existing laws. One example was Bradley Birkenfeld a federal co-operator in the UBS tax fraud case, stating “ I was incentivized to do this.” Another case involved Enron, Executive Stock Options Plans (ESOP) which were projected to ‘ maximize shareholder wealth,” in fact inspired employees to produce immense accounting fraud. It appears depending on how the incentives are created and managed, you can be inviting ethical misconduct, it is important to have incentives that are clear and specific to help drive responsible behavior. (Khan, 2018)

Management indifference towards ethics can create an environment that condones legitimizing unethical behavior. One of the biggest accounting scandals, MCI-WorldCom management provided orders to its accountants, to “ make the debt go away.”, employees modified the books proceeding after those comments. Another example is Siemens management, they used accounting methods to help from \$20 to \$50 million as bribe payments, with one spokesperson stating ‘ bribery was Siemen’s business model. (Khan, 2018)

Unethical behavior perceived as harmless is another, such as many stock traders involved in insider trading. To justify the behavior, many touts it is a “ victimless crime”. A lot of people will also justify actions such as embezzlement as a “ one-time event”. Salespeople bribing clients feel they’re doing their job to put a deal together, while not harming anyone. (Khan, 2018)

Aggressive goals without goalposts is another cue for unethical behavior in an organization. Aggressive goals are part of most merit-based environments. It is the directives of management that can have them take on unethical behavior, such as “do what it takes” instructions. The problem begins there, but when management also overlooks questionable or unethical behaviors for the bottom line, it produces an environment of unethical behavior. Goals should be defined with clear limitations to help define what is acceptable and what is not. (Khan, 2018)

Disregard for the law and misconceptions that everyone misbehaves.

Executives often disagree with existing securities laws, and bribery laws, or the doping ban rules in sports. Finance professionals will often ask who the victim is, and if it is not quantifiable, they disregard the stupid law.

Disagreement with the law doesn't excuse the poor behavior from their consequences legally. (Khan, 2018)

Arrogance due to success can lead to feeling unbeatable and can increase the effects of decision-making biases. The feeling that the law doesn't apply to the individual or organization can lead to poor decisions, and criminal behavior. These feelings can create a culture that feel they are above the law. (Khan, 2018)

White collar usually is physically distant from the victims. The fact that they are physically distant provides an environment that makes it difficult to put a face with the victim. This distance makes it easier to circumvent “visceral guilt” which is essentially our conscience. More often than not the damage

is often expansive, and is often driven by greed, invincibility, and the win at all cost's mentality. (Khan, 2018)

How are managers promoting ethics in the workplace, as they serve as leaders? It is important to define ethics, it is based on the social norms and principles, so it is important to have appropriate ethical leadership based on respect, trust, honesty, openness and compassion. Ethical leadership is defined by the honor in the workplace. Ethical leaders must exhibit qualities that proactively and consistently exude acceptable behavior and ensure there is accountability to ensure safety of all employees and reduce conflicts within the organization. A leader must be a good role model, they must walk the walk through honest and selfless behavior. They must also be a good teacher, they should be educating employees, as well as being able to provide learning opportunities when confronted with ethical problems in the organization. They must also be articulate and be able to communicate well to their audiences. They must be able to handle things the same way with no bias, this helps create an environment and foundation of mutual trust. (Mulder, 2017)

What are companies doing to help educate employees about ethics within the company culture? Having a plan on how to educate your employees on ethics is at least just as important as having ethical leaders promoting and modeling appropriate behavior. My company uses various methods of educating and training our employees on ethical behavior. Many organizations have a "code of ethics" that helps define what is expected, as well as repercussions for those that fail to meet the standards. Ethics

officers help ensure the ethics systems are in place and working. This helps provide a vehicle for employees to report unethical conduct, as well as ensuring someone to supervise ethics communication strategies, and provide a means of reporting unethical behavior. Ethics communications strategies are ensuring employees understand expectations, and how to leverage resources to report unethical behavior timely. Ethics training is something my company has also continued to evolve, before we had just a code of conduct that we read and digitally signed. Today there is an actual online presentation that not only goes over the ethics but provides examples to help put them into real life scenarios. The goal of ethics training is to ensure the employees not only understand expectations but can actually associate it with potential real-life scenarios that they can be introduced to. (Navran, 1997) Employee incentives are often used to inspire loyalty and hard work, instead they should be linked to performance and ethical standards. These standards must be clear and promote ethical behavior. Other considerations are to have management from top to bottom model appropriate behavior, as well as to encourage complaint reporting, and follow up by management, without follow up, employees will turn a blind eye, and fear potential retaliation. (Heibutzki, 2017)

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