

Business ethics

Hire employees who do the right things when no one is looking

Question:

I enjoyed your article on corporate culture in the July 21 issue of *Small Business Times*. As the human resources manager for a local financial institution, I see the importance of culture in creating a successful workplace. Culture has a lot to do with the employees we attract and retain. I believe the best way to hire and train people is to focus on three things: work expertise, skills in working with others and competencies that are consistent with our culture. The third area affects how well people fit in and identify with us and our mission. Being so heavily regulated, we need our employees to support the way we do things. If they don't, it can lead to problems. We want our employees to do the right things without having to be told to do so. Our best people just seem to get it. I'm curious what you have to say about this.

Answer:

You make a strong case for why I believe corporate culture (i.e., the "other bottom line") is very important. To me, if you really want to stand apart from the

competition, differentiate yourselves in the marketplace, become known as an "employer of choice," etc., corporate culture is the area to focus upon.

The area of your question that most intrigues me is the emphasis given to having your employees do the right thing. I suppose that this means acting in concert with guidelines, policies, procedures, etc. I'd also like to think that it has to do with employing ethical business practices.

In today's business climate, adopting an ethical approach to business is not just something that is nice to do. No, it is something that is absolutely necessary. You don't need me to tell you that the bar has been raised over the last few years in this regard. In the wake of Enron and other organizations that have strayed from the true course, renewed attention has been given to doing things by the book, playing by the rules, etc.

Over the past few years, the U.S. Department of Justice has recovered tens of billions of dollars stemming from corporate fraud cases. They are pursuing these cases with greater urgency. Whereas in the past, these kinds of cases dragged on for years, they now move quickly, with many cases resolved in less than a year. Several hundred corporate fraud convictions or guilty pleas are obtained and tens of CEOs are convicted each year. Let's be clear: This game is now hardball.

So, today's business environment is one characterized by heightened scrutiny regarding ethical practices. But, must a business wait for the hammer to fall before scrambling to pursue an ethical course? I don't think so.

J.C. Watts, former U.S. Congressman, former professional athlete, ordained minister and current chairman of the J.C. Watts Companies, which works with clients on strategies for business development, communications

and public affairs, said, "Character is doing the right thing when nobody's looking. There are too many people who think that the only thing that's right is to get by, and the only thing that's wrong is to get caught."

Watts would suggest that the way to go is to get out front on this issue. I'm with him. By the way, it's exactly what you are doing. It's implicit in the practices you allude to in your question. You talk about hiring and training people with certain characteristics in mind, ones that are in keeping with the organization's practices and culture. You focus on picking people who "get it." The flip side of that, I suppose, is that you avoid (or separate from) people who "don't get it." In your everyday practices, you reinforce the central message of what the organization stands for as you hire, appraise, train, etc.

Facilitating ethical business practices is an important aspect of today's human resources function. You can help the organization define its ethical practices and help organizational members to understand and pursue them. This, then, becomes a strategic contribution that HR can offer. This is a value-added undertaking. Activities in this area have a profound impact, both inside the organization (i.e., internal business environment) and beyond it (i.e., external business environment).

Building an ethical corporate culture is something that must be committed to for the long term. There are no "quick fixes" here. This means systematizing ethical practices by carrying out a risk assessment, implementing an ethical code of conduct, appointing a compliance officer, instituting a company-wide communication plan that highlights the importance of behaving ethically (e.g., hotlines, ombudsmen, Web-based information/ updates, etc.), and so on.

You might be asking, "What's the cost of all of this?"

My response is, "What's the cost of not doing it?"

An important point I would like to offer, as well, is that the tone must be set at the top along these lines. Top managers must model the way on behalf of the organization by behaving ethically and sending messages through their words and actions that, "We do things the right way around here, whether or not somebody is looking."

I should note, too, that "tone at the top" is not simply a cute, catchy phrase. Many people scrutinize it when they evaluate whether a company is conducting its practices ethically. People who do so include officials such as judges, prosecutors, and auditors and also a variety of important internal and external business constituents such as employees and customers.

Let me conclude by observing that despite the focus on what's not working

with some organizations' business practices, there are some positive signs out there, as well. For example, there are some very nice recognition opportunities for companies that commit to taking the high road regarding ethical business practices. Just as there are coveted awards/certifications for organizational performance (e.g., Malcolm Baldrige, ISO, Six Sigma, Wisconsin Forward, etc.), there are now a number of awards for companies that conduct their business with ethics at the center. The best known of these and the most respected is the Better Business Bureau (BBB) International Torch Award for Marketplace Ethics.

In Wisconsin, the Torch Award is open to all for-profit, 501(c)(6) not-for-profit and 501(c)(3) charities, whether or not they are members of the BBB. The 2006 awards will be announced at an October event to be held in Milwaukee. Milwaukee

will play host to the 2007 International Torch Awards competition, a wonderful opportunity to showcase our ethical business practices to a global audience.

An unknown author has written, "Every job is a self-portrait of the person who does it. Autograph your work with excellence." I challenge all of us to make each day our masterpiece by doing right in every transaction.



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