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RABEF Essay

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Ethical conduct in an organization is essential in building trust among employees and creating confidence in customers, suppliers and the communities in which the organization operate. The importance of ethics is something that most people should be able to find common ground on. When a person is asked, are ethics important? The answer is usually a resounding yes. The challenge is that there are many organizations that seem to push the bounds of what is ethical. While many companies will argue that they are operating within the bounds of the law their ethical practices often leave something to be desired.

One important component for organizations to build an ethical culture is to have a consistent, reliable, timely and objective performance management system. Organizations are made up of people and in order for an organization to be successful it must have a strong organizational culture, where individuals understand that behaving ethically is expected. Every member of the organization must believe in the ethical nature of the organization, the tone must be set by the board of directors and the Chief Executive Officer. Attitudes among rank and file employees are often a reflection of the organization's leadership. There is often a direct correlation between the perceived ethical nature of the organization and the organization's leadership. Effective leadership matters and will make or break an organization. A well thought out and effective performance management system is

a great tool in helping to achieve this goal. Every employee should have a performance system that includes the core values of the organization.

Organizations that are committed to quality should have something in their values that speak to the importance of integrity and accountability. A regular and consistent performance management system for every employee ensures that important ethical values are not just words that live on paper but will live in the hearts and minds of each and every employee.

I often ask myself would an event like Enron's failure would have happened if the leadership of the organization had acted ethically. An effective performance management system would have illustrated the carelessness of the operations. Individual employees would have felt more empowered to speak up about the misdeeds that took place in the organization over a number of years. Many of the employees took their cues from the leadership of the organization and instead of blowing the whistle on the financial impropriety and other misdeeds; many instead became willing participants in the misdeeds and deception. In the end the basic disregard for ethics and common decency destroyed the organization and dismantled the dreams of thousands of employees and shareholders. An effective management system can also help to ensure an organization is fair and is not perceived as arbitrary with its employees, people do not like arbitrary treatment and it is often unethical. A person can accept a decision if they believe they were evaluated fairly and if a decision was based on some set of criteria. Too often in organizations employees feel as though decisions are based on who likes a person or the personal relationship a decision maker may have with the individual. An organization that has a great management system and creates an organization of

openness ensures that ethical behavior can be hallmarks of the organization. An organization should strive for an affirmative answer from all of their employees if the question is asked, does my company behave ethically and decisions are made based on fairness and integrity? If most employees answer no to this question, there is a weakness in the organization that must be addressed immediately.

Employees are just as important as customers in an organization so an ethical organization will have a major impact on customers. In the long run an ethical organization can reap profits by doing the "right thing" for their employees.

Employee engagement will be high among organizations that make a commitment to ethics and make it the cornerstone of their value systems. The cost of replacing employees is a major expense and employees will stay longer with an organization if they believe that ethics are a major priority for an organization. I have talked to many people who have left an organization, I hear regularly from these individuals that they left the organization because they "didn't like the way the organization started to do things." This is usually code for the company started to do things that conflicted with their ethics. We see this play out every day in the media from drug companies raising prices at unfathomable rates to car companies cheating on emission standards.

Ethical conduct in an organization must be the highest priority and must be seen as being linked to the long term viability and financial performance of the organization. Employee commitment to ethics and constant reinforcement and modeling by leaders of the organization is not just common sense but great business practices.