



There is no taboo!
Everyone says ethics and integrity are part of the leadership role.

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There is no taboo!
Most large companies have adopted a code of ethics, and many industry sectors have codes.

Example

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Evidence for the taboo



The 2007 changing nature of leadership survey
By the Center for Creative Leadership (USA)

Evidence for the taboo

FIGURE 10

FUTURE LEADERSHIP SKILL	PERCENTAGE
Collaboration (working across boundaries effectively)	49%
Change Leadership	38%
Building Effective Teams	33%
Intelligence Without Authority	33%
Driving Innovation	29%
Coaching	26%
Building and Mending Relationships	25%
Adaptability	25%
Paying Attention (seeing things from different angles)	24%
Co-inquiry (learning from others through questions)	17%
Resourcefulness	17%
Leveraging Differences	16%
Global Awareness	15%
Decisiveness	13%
Doing Whatever It Takes (finding any way to get results)	13%
Straightforwardness & Composure	10%
Credibility	9%
Ethical Decision-Making	8%
Other	5%

The skills that ranked at the bottom – those deemed less important for the future – are ethical decision-making (8%), credibility (9%), and straightforwardness and composure (10%). The results signify a belief that future leadership skills need to emphasize building teams and relationships, collaboration, and change management.



The abuse of ethics rhetoric: "Enron ethics"

Rhetoric

A large and well-funded ethics and compliance department: 150 staff and US\$30 million a year as a budget

Reality

In its bankruptcy filing in 2001, Enron listed debts of \$31.2 billion



Reasons

The Enron collapse is an indictment of that company's management style. – Paul Kleindorfer, Wharton Business School



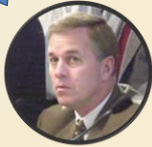
Four relationships between rhetoric and reality

	RHETORIC	
REALITY	No rhetoric	Explicit rhetoric
Unethical conduct	Type I	Type II
Ethical conduct	Type III	Type IV



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We already have to take into account the views of so many different stakeholders and regulators!



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Our competitors would be only too happy to see us try and do business with one hand tied behind our back!



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Once you say you will be ethical, the moral extremists watch everything you do so they can tell you how you've slipped up!



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We don't want to create unrealistic expectations that we can't live up to. ("No child will be living in poverty by 1990.")



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We know that some of our actions are less ethical than they should be, but you wouldn't survive in business if you did all the things you should do.



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We don't want to set ourselves up as 'holier than thou'. Most companies try to do the right thing. We don't want to be self-righteous.



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We do intend to act ethically, but sometimes it's not easy for people to see that, because the reasons are complicated. So it's best not to say anything.



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Results of not talking about ethics

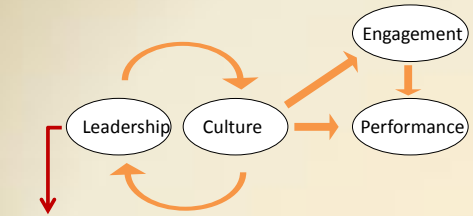
We rely on regulation and compliance programs:

- Systems
- Policies
- Training in procedures
- Enforcement
- Whistleblowers



Compliance is costly
 Compliance may be mere lip service
 Compliance has limited aims – risk avoidance

Why we need to talk about ethics



1. Model the way
2. Inspire a shared vision
3. Challenge the process
4. Enable others to act
5. Encourage the heart

Kouzes & Posner, *The Leadership Challenge*

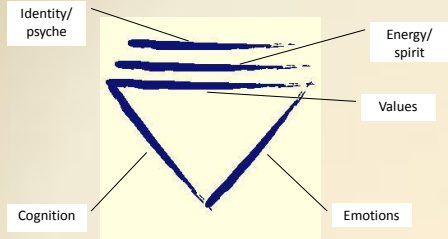
Five dimensions of the self (and leaders)

Cognition:	Logical reasoning, strategy, planning, innovation
Emotions:	Awareness and understanding of feelings, empathy with others, intrapersonal and interpersonal competencies (EQ)
Values:	Clarity about values, ethics, fairness, justice, respect, dignity
Spirit:	Ability to generate enthusiasm, commitment, engagement, fun, creativity, sense of community
Identity:	Awareness of meaning, purpose – self & others & environment

Five core human values

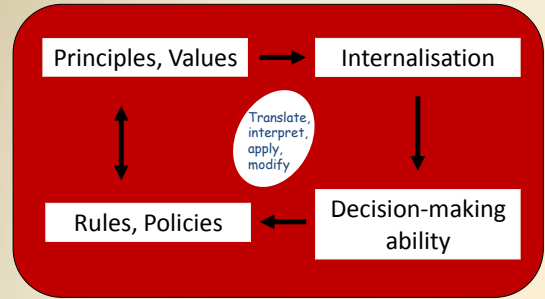
- 1. Cognition:** Truth and integrity
- 2. Emotions:** Peace and harmony
- 3. Values:** Right action (ethics)
- 4. Spirit:** Love and enthusiasm
- 5. Identity:** Insight and wisdom

Five dimensions of the self



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From rhetoric to reality



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The real problem:

Believing that it's not possible to be ethical **and** to succeed or survive in business



(there's no proof)

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Being ethical in business...

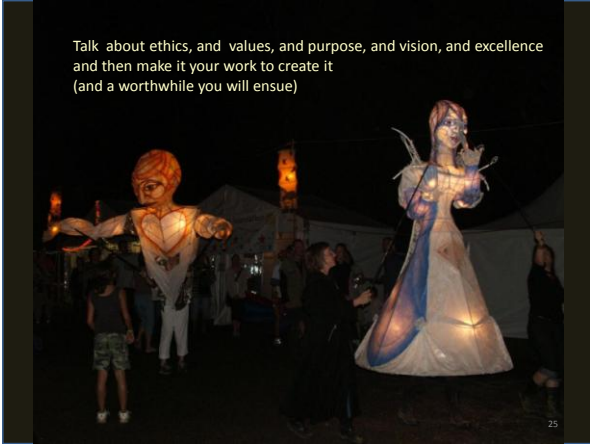
You have to believe that it's possible and worthwhile and then find a way

The Book of Changes says:

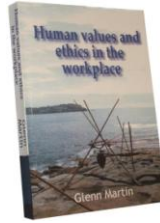
The revolution is only believed in after it has been achieved.

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Talk about ethics, and values, and purpose, and vision, and excellence and then make it your work to create it (and a worthwhile you will ensue)



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www.ethicsandvalues.com.au

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