



Drive the Change

## Ethics in Leadership: An Essential Business Power Tool

By Linda Finkle

The choices that a leader makes do not simply affect that leader. A leader's choices impact others and impact the business he or she is leading. That's why the ethics of leadership are essential to successful business-building. When I say "ethics," what do I mean? Ethics (from the Ancient Greek *ēthikos*, the adjective form of *ēthos*, meaning "custom, habit"), a key aspect of philosophy, is the examination of the morals, values, and behavior of a person or group. Since ethics are action-guiding, not only must the definition cover the study of issues like right and wrong and/or good and evil, but to my mind, it must encompass the functional aspect of dealing with these issues in an everyday business setting.



I believe that having ethics in leadership means to set values and standards and to live by them, to provide genuine and honest communication and feedback to those you work with at any level, and to mentor succession candidates in their own ethical behavior — in short, not a task for the faint of heart.

Ethics is perhaps the hardest thing to teach others. Since the concept of ethical behavior rests on an intrinsic set of morals and values for each individual, by my definition, you either have the ability to lead ethically or you don't. Ethical behavior is not a like a tap that can be turned on and off at will. A "sometimes" style of ethics simply doesn't cut it. Either you lead ethically — or you don't. You can't cheat or use your vendors badly while treating your customers well and consider yourself ethical. You can't claim to be honest with your staff and cut special deals with certain individual salespeople. You can't tell your employees that actions speak louder than words, and then change your mind every time the situation suits you and still be acting ethically.

Ethical behavior simply isn't a "sometimes" thing. This is exactly why ethics is such a sticky subject and why ethical behavior is so difficult to model and teach. You have to walk the talk and be willing to do and say the tough things. Many people can't though, from the C-suite on through to the front lines. It's easy enough to act ethically when the choices are no-brainers; it's more difficult when the decisions get tough. If, as an example, you have the opportunity to cheat a customer (or vendor) and the likelihood of them ever knowing that it happened is very low, do you choose to do it? When you consider that it could save you thousands or possibly tens of thousands of dollars, the choice becomes more difficult. And if you do decide to let your ethics slip this time, will

your staff think you are smart and business-savvy, or simply unethical? Of course, it depends on the perspective of each party involved.

So how do you, as a leader, transfer ethics to your people? The following four steps will get you on your way:

1. **Have an "ethics message."** The first, and most impactful, way to ensure that your staff gets the "ethics message" is to have one. If you are not communicating the parameters of ethical behavior to your employees—the expectations you have of them, what actions are out of bounds, and what the ethical standards for the company are — they won't know.
2. **State your message loud and clear.** It's true that actions speak louder than words, but you can't expect your people to intuitively understand your actions and the reasons for those actions, and to blindly do the same. It's essential that you tell them — loud and clear — exactly what is acceptable and what will not be tolerated.
3. **Make accountability important.** If you become aware of an ethical violation, you have to call people on it. And this is not the time to "pussyfoot" around. Tell the person or people involved specifically what action you considered a violation, what you want them to do to correct the violation now, what you want done differently in the future, and the consequences of future violations. Should violations continue to occur and force you to take action, don't keep it a secret. Let others know what caused the action. This will reinforce your words and let them know you mean business.
4. **Stand by your ethics.** When an ethical question is brought to you by someone, stand firm. Don't take the "easy out." Don't waiver because business is down, it's less problematic to do so, or for any other reason you



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could give yourself to “bend the rules.” Your people are watching you, and if you aren’t standing by your ethics, you can’t expect them to know what the rules are and when they apply. If you bend the rules, you can’t expect others not to.

It doesn’t take ethics to create a successful company, but it does take ethics to grow a successful business culture. The business world is full of stories of unethical businesspeople who became rich and made it to the top, but for each of these stories, there is another story about the demise of these businesspeople — and, most often, the companies they led, as well.

I know of what I speak. Many years ago I worked for a manufacturing company as the head of quality control. The president of the company was brilliant and built a very successful organization. However, he was truly an unethical person. He compromised his personal ethics at every turn. He provided to his clients whatever he needed to in order to get business (prostitutes, drugs, gambling trips, etc.). He requested credit from vendors on product where there was nothing wrong. He was married and indulging in an affair with his secretary. He practiced sexist business methods. He hit a personal, all-time low on the occasion when he actually requested that I sleep with one of their distributors who was upset about spoiled product. Was he unethical? You bet. And yet he built a very successful company. Everyone talked about his antics (and we all assumed that there were many

we knew nothing about), but no one cared because he didn’t hold anyone else to an ethical standard either. Many people in the company thought it was simply a business standard and likely went on to use those same standards in other businesses. This story should make it clear that if you don’t have ethics, don’t expect others to.

Each individual leader knows what he or she values, and recognizes the importance of visibly ethical behavior. The very best leaders demonstrate both through their actions. Simply put, they live their ethics and values in each aspect of their everyday lives. For you, as a leader, it is an essential business decision to choose the values and the ethics that you deeply believe in and are most important to you and your company. The ones you choose will define your character and your leadership style. It only remains for you to genuinely live them every day at work. Your best opportunity for leading your people and influencing an ethical work culture in your business is to live by your own ethical message. Don’t waste it.

### About the Author

Linda Finkle, CEO of Incedo Group, works closely with leaders and management to create sustainable productivity and organizational strength. She holds a Master Certified Coach designation through the International Coaching Federation. For more information on Linda and Incedo Group, please go to [www.MakeSomeDamnMistakes.com](http://www.MakeSomeDamnMistakes.com).

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