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The Value of an Ethical Corporate Culture

An independent U.S. research study conducted by LRN, a provider of governance, ethics, and compliance management, shows additional evidence that a company's ability to maintain an ethical corporate culture is key to the attraction, retention, and productivity of employees. In other words, money invested in ethics education, help lines, assessment of ethics programs, and risk evaluation is money well spent. *The LRN Ethics Study* involved 834 full-time employees from various industries across the United States. Respondents included both men and women, all 18 or older.

According to the LRN study, 94% of employees said it is either critical or important that the company they work for is ethical. This compares to 76% who said so in a similar survey six months earlier. Eighty-two percent said they would rather be paid less but work at a company that had ethical business practices than receive higher pay at a company with questionable ethics. More than a third (36%) had left a job because they disagreed with the actions of either fellow employees or managers. This is true across all ages, genders, and socioeconomic factors.

Other findings of the survey include 80% of respondents reporting that a disagreement with the ethics of a supervisor, fellow employee, or management was the most important reason for leaving a job and 21% citing pressure to engage in illegal activity.

Working for an ethical company is slightly more critical to women (63%) than to men (53%). Full-time employees in the western and southern U.S. consider the factor more important than those in the north central and northeast. Two-thirds of those in managerial and professional occupations find ethics important, compared to 45% of blue collar workers.

The LRN study found that a majority (56%) of Americans working full-time say their current employer embraces ethics and corporate values in everything they do. Despite this, about 25% have witnessed unethical or even illegal behavior at their job in the past six months. Among those, only 11% say they weren't affected by it. About 30% of respondents say their company merely toes the line by following the letter of the law and company policy. Nine percent say they work at a company where they either do what they are told and aren't encouraged to ask questions about what is right or wrong or they often see management and peers acting in questionable ways.

Among those who witness unethical behavior, about one in four say they do so at least once a week, including 12% who say it is a daily occurrence. Unethical behavior affects a company's costs and ability to recruit, train, and retain employees; increases the legal, regulatory, and compliance risks a company faces; and has an impact on productivity. Half of all respondents indicated that unethical behavior was a distraction on the job. While most merely spent time discussing ethical issues with colleagues, nearly one-third (32%) made a formal complaint or went to speak with management about a specific issue.

Dov Seidman, chairman and CEO

of LRN, believes, "An ethical culture where employees and management use values and not rules to self-govern can only take root when executives, managers, supervisors, and employees understand and embrace the company's principles and values and incorporate them into their daily conduct."

George S. May International Company, a consulting firm that specializes in helping small and mid-size businesses, has developed the three "Rs" of business ethics: respect, responsibility, and results.

Respect includes behavior such as:

- Treating everyone (customers, coworkers, vendors, etc.) with dignity and courtesy.
- Using company supplies, equipment, time, and money appropriately, efficiently, and for business purposes only.
- Protecting and improving your work environment and abiding by laws, rules, and regulations that exist to protect our world and our way of life.

Responsibility applies to customers, coworkers, the organization, and yourself. Included are behaviors such as:

- Providing timely, high-quality goods and services.
- Working collaboratively and carrying your share of the load.
- Meeting all performance expectations and adding value.

Essential for attaining **results** is an understanding that the way they are attained—the "means"—are every bit as and maybe more important than the ultimate goal—the "ends." The phrase "the ends justify the means" is an excuse that is used too often to explain an emotional response or action that wasn't well planned or considered carefully.

The May firm suggests that considering the three "Rs" before taking action will help you avoid the following common rationalizations:

- Everyone else does it.
- They'll never miss it.
- Nobody will care.
- The boss does it.
- No one will know.
- I don't have time to do it right.
- That's close enough.
- Some rules were meant to be broken.
- It's not my job.

Professionals Desire Independence

In spite of the fact that independent professionals don't receive many of the fringe and other benefits that regular employees generally do, a study by the Hudson Highland Group, a global staffing, executive search, and consulting firm, shows them to be consistently happier and better compensated than their counterparts in full-time positions. The survey covered 2,168 participants, with about half located in the U.S.

Titled *The Lure of Autonomy: A Global Study of Professional Workers*, the survey finds that these workers hold similar views on the importance of competence and knowledge, balance between work and life, compensation, and interesting work. Independent professionals are likely to be slightly older and more experienced, and they are considerably more likely to value both autonomy in their work situation and a flexible work schedule than do full-time employees. Independents also want to develop their professionalism, broaden their skill sets, and get the type of experiences that will advance their careers while keeping their work interesting.

According to John Chalt, chair and CEO of Hudson Highland, "The study is a wake-up call for employers…to fundamentally rethink the way they manage their workforce." He adds, "Smart employers are not only focusing on their full-time employees but developing strategies to relate to and manage highly skilled and productive professionals who are not under their direct control."

Full-timers in the U.S. give the highest weight to paid vacation and the lowest to having to deal with office politics. They also report very low satisfaction with their employment security, which they rate as one of the most important objectives. Independent professionals generally cite greater satisfaction than their full-time counterparts with the type of work they do, the people with whom they work, the industry, and their employer. They report less satisfaction with the lack of paid vacations and the need to provide their own retirement benefits.

Robert Morgan, chief operating officer of Hudson Talent Management in North America, states, "This segment of nontraditional employees is fast approaching 10% of the total workforce and is expected to show continued strong growth in future years."

Perhaps one way to better motivate full-time employees is to provide them with some of the benefits of independence, such as more flexible work hours, additional varied temporary work assignments, and more developmental activities. ■

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