

Curtis C. Verschoor, CMA, Editor

Work-Life Balance, Superior's Actions Strongly Influence Ethical Culture

Although it is well known that the quality of an employee's personal life strongly influences job satisfaction and related productivity, the *2007 Deloitte & Touche USA LLP Ethics & Workplace* survey shows that work-life balance also promotes ethical behavior in the

workplace. In addition, this study of more than 1,000 employed adults, performed by Harris Interactive, also reinforces previous studies showing that other important factors in fostering an ethical organizational culture are the behavior of management and direct supervisors and positive reinforcement for ethical behavior.

According to the study, 91% of all employed adults interviewed agreed that workers are more likely to behave ethically at work when they have a good balance between their job and their personal life. Sharon Allen, chairman of the board at Deloitte & Touche USA, notes that people who invest all their time and energy into their careers may become totally dependent on their jobs for every satisfaction in life. She says, "This makes it harder [for employees] to make a good choice when

faced with an ethical dilemma if they believe it will impact their professional career."

Findings in the Deloitte survey also reveal the critically important influence that management and supervisors have in promoting ethical workplace behavior by all workers. In other words, unethical actions by management are likely to result in ethical misdeeds by lower-level employees. According to the Deloitte survey, employed adults ranked the behavior of management (42%) and direct supervisors (36%) as the top two factors that help to foster an ethical workplace environment. Conversely, only 16% ranked

ethics training as a factor that has a positive influence on promoting ethical behavior. Allen explains, "Management and leadership have a huge responsibility in setting examples for their organizations and living the values they preach if they want to sustain a culture of ethics."

When asked the primary reasons that people make unethical decisions in the workplace, 80% of respondents cited a lack of personal integrity, and 60% cited job dissatisfaction.

Of somewhat lesser importance were causes

such as the prospect of financial reward like a bonus or salary increase (44%), pressure to meet goals (41%), and ignorance of the code of conduct (39%).

The Deloitte survey reveals some interesting aspects of what employees consider to be acceptable behavior in the workplace. More than half (57%) consider dating a subordinate to be okay, a surprising 72% consider it acceptable to use company technolo-



gy for personal use, 66% believe it is acceptable to take a sick day when you aren't actually ill, and 63% approve of asking a colleague to do a personal favor such as picking up dry cleaning or walking your dog. The study suggests that the relatively high level of acceptability of these actions may be due to the fact that employees don't have enough time outside of work or haven't achieved a proper work-life balance.

For example, 55% of respondents cite a flexible work schedule as the second most important factor leading to job satisfaction, behind only compensation (63%). This substantiates the greater opportunities that part-time workers have to enjoy flexible working hours. Thirty-three percent of full-time employees feel

that their jobs don't offer sufficient opportunities to meet work-life needs, but only 23% of part-time employees feel that way. And 68% of full-time employees wish they had more time to spend with friends and family, compared to only 38% of part-time employees.

The most frequent positive ethical behavior that employees report observing from a supervisor is giving proper credit where it is due, noted by 69% of respondents. Other examples frequently cited were always being straightforward and honest when dealing with other employees (59%) and treating all employees equally (56%). Factors cited in earlier studies that relate to organizational culture were reported less often (all approximately 34%). These include

resisting pressure to act unethically, recognizing and rewarding ethical behavior by employees, and discussing the importance of ethics and compliance matters on a regular basis.

In fact, a heavy emphasis on legal compliance with criminal penalties for violation of a code of conduct was cited by only 10% of respondents as one of the top three factors helping to foster an ethical workplace environment. Nevertheless, Allen concludes, "Corporate leaders have a duty to build and foster a values-based culture that thrives on high ethical standards and makes corporate and social responsibility a top priority. Only by instilling these values into our respective organizations will we be able to bestow a promising future to the next generation."

Ethics and Compliance Best Practices

Although much has been written about the need for greater attention to the ethics and compliance (E&C) aspects of the risk management portion of organizational governance, little research has emerged that documents what organizations are actually doing in this important area. A growing imperative in today's business and societal climate is maintaining an ethical corporate culture where one exists—and building one where it doesn't exist. This is supported by a research report published by Integrity Interactive Corporation (IIC), a global provider of E&C training products and related consulting services.

The IIC survey, *Global Attitudes & Best Practices in Ethics & Compliance Risk Management*, generated 133 responses from companies in diverse industries, most with operations in

continued on next page

Cash Forecasts & Budgets and Business Plans

PPF Provides The Flexibility, Power and Presentation Quality Needed To Tame Your Toughest Projects

pfp *The financial forecasting model*
pro-formas for professionals

"A real winner"
—The Bottom Line

Pro-Formas for Professionals is a flexible, fully-integrated, easy-to-use model, designed to help you prepare complete financial forecasts, budgets, and business plans within a very short timeframe.



Runs in Microsoft Excel.

Standard **\$599.**
Plus **\$899.—\$1,499.**
Modula **\$1,599.—\$2,199.**

pendock mallorn ltd. 800-567-4500 www.pendock.com

[ETHICS] *cont'd from p. 14*

the United States. The three issues perceived to have the most strategic importance at the company-wide level were building/reinforcing a corporate culture, dedicating resources to clarify and reduce corporate risks, and articulating and acting on corporate responsibility and citizenship goals. The respective percentages of respondents believing these issues to be “very important” were 76%, 62%, and 48%.

The study found that respondents employ a variety of techniques to assess their E&C risk. The primary tools are an internal risk management department, analysis of incidents reported on employee hotline/helplines, and information from industry associations. Practices varied as to assessing E&C risks on a stand-alone basis vs. part of an enterprise-wide risk management process.

These two studies reinforce the conclusion that instilling and maintaining a values-oriented approach to ethics and compliance, together with giving greater attention to related work-life balance issues, should remain at the top of the agenda of boards of directors and senior management. Employee fulfillment is essential to customer satisfaction, good quality, high productivity, low turnover, and other factors that lead to superior corporate financial performance. ■

Curtis C. Verschoor is the Ledger & Quill Research Professor, School of Accountancy and MIS, and Wicklander Research Fellow in the Institute for Business and Professional Ethics, both at DePaul University in Chicago. He is also a Research Scholar in the Center for Business Ethics at Bentley College in Waltham, Mass. His e-mail address is curtisverschoor@sbcglobal.net.