

There is nothing unethical about making money. While we may not agree with Gordon Gekko that “Greed is good”, ambition and the pursuit of wealth are necessary catalysts for any successful business. However, ethical behaviour and profit do not have to be mutually exclusive; in fact, they can and should be compatible.

THE BUSINESS OF ETHICS

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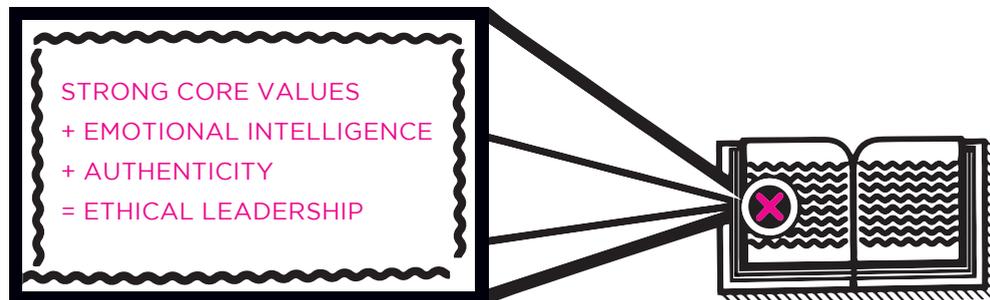


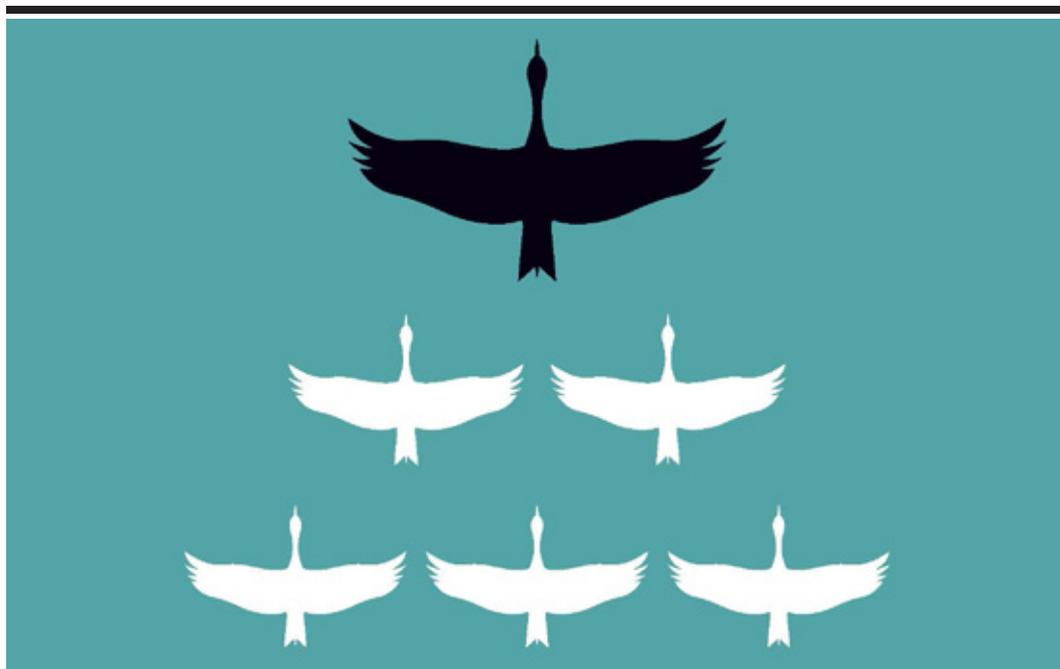
To date business ethics has largely been treated as a 'tick-the-box' exercise, but recent scandals: Volkswagen, FIFA, Anglo Irish Bank and Console, to name just a few, highlight the irreparable damage that can be caused by bad behaviour. This is especially so when you consider how quickly even the whiff of scandal can be tweeted, tagged, or texted. As Warren Buffet remarked "It takes 20 years to build a reputation and 5 minutes to lose it". At a time when public trust in business leaders has fallen to an all-time low, it is imperative to develop a clear, ethical approach.

How you do things is as, or more, important as what you do. Put another way, it pays to be nice.

A principal function of leadership is to achieve this alignment between values and purpose by fostering an ethical culture. No venture is too big or too small for this fundamental task. It doesn't cost a cent. The payback is huge. Yet it is not for the faint-hearted as it requires deep personal reflection, life-long learning and a genuine commitment to leading with integrity. Mastering this "business of ethics" involves a two step approach: first developing the core competencies of ethical leadership and then putting them into practice.

THE CORE COMPETENCIES OF ETHICAL LEADERSHIP





STRONG CORE VALUE:

What drives me?

Taking the time to think about core values is a critical exercise in self-awareness and the first step on the journey to ethical leadership. Core values are the beliefs that you hold dear, that guide your daily behaviours and form the backbone for your choices. Understanding these primary motivations is a prerequisite for being able to truly inspire and direct your team. By writing them down and being specific in terms of their definition and application you will translate lofty ideals into a more meaningful aspirational statement of personal conduct. This will enable you to similarly inspire high standards of behaviour in those around you.

EMOTIONAL INTELLIGENCE:

How do I relate to others?

Emotional intelligence or “EQ” has been defined as “an array of skills and characteristics that drive leadership performance”. However it is also said to account for 67% of the abilities deemed necessary for superior performance in leaders, mattering twice as much as technical ability. Happily EQ can be acquired. It starts with understanding your values and emotional states, but goes further in practicing the management of those emotions. Once you are more aware of your thoughts and feelings and have acquired a degree of self-control, you can progress to developing empathy for

the feelings of your colleagues. The final step is adapting your behaviours accordingly. The end result is a dramatic improvement in relationships, interpersonal effectiveness and teamwork.

AUTHENTICITY:

What Makes Me Unique?

The natural follow on from self-awareness and a developed EQ is the quality of authenticity. The recognised behavioural hallmarks of truly authentic leaders include:

- relying heavily on intuition to gauge when and how to act
- selectively showing their weaknesses, exposing their humanity
- caring deeply about their work and staff and managing employees with “tough empathy”
- capitalising on their uniqueness and revelling in diversity

In short it’s about trusting your instincts, not being afraid to admit you don’t have all the answers all the time, being pleasant with the person but tough on the task and being open to honest feedback and amenable to a diversity of views.

All easy in theory, but what does this look like in practice?

How do you translate these competencies into actions that will inspire your team to follow your lead and do the right thing?

WALKING THE TALK



Modelling the appropriate behaviours, or 'walking the talk' takes time and practice but here are some simple guidelines to help:

Set the Tone

This means acting and leading ethically. Acting ethically means ensuring all your decisions are in line with your stated values. A simple check is to ask yourself: "Would I be happy if my decision was published in tomorrow's newspaper?"

Leading ethically involves:

- ✦ Getting the basics right:
 - giving employees the tools, time and freedom to do their job
 - recruiting fairly, rewarding justly and promoting impartially
 - saying thank you, often
- ✦ Setting aside your ego for the good of the team and the business
- ✦ Treating everyone — customers, staff and suppliers alike fairly — all the time
- ✦ Being responsible and accountable for your actions and mistakes
- ✦ Not taking yourself too seriously i.e. maintain perspective and your sense of humour.

Communicate Clear Expectations

Use every opportunity to communicate your values to your staff, setting clear expectations for standards of behaviour. Address these up front in the recruitment process with a measured line of questioning. "Would you ever lie for me?" is a good one. If they would lie for you they will almost certainly lie to you. Then watch out for "moments that matter", those occasions during an employee's career when it is especially fitting to remind them of their ethical responsibilities, for example during the induction process, on promotion and as part of their annual appraisal.

Foster an open culture

Communication is two-way, so as well as talking to your team, invite comments, encourage dialogue and more importantly, listen. Trust thrives in open, inclusive environments where traditional hierarchies are eschewed in favour of collaboration and teamwork. So try to keep an open door (literally) and let your team know that they can bring you the good, the bad and the ugly. Also where possible provide them with an alternative, independent channel so that they can report any sensitive unethical, illegal or unsafe acts.

Train your staff

We can't expect staff to always know the right thing to do. Training your team will sensitise them to ethical issues they may face and provide them with the tools and frameworks to resolve them.

Discipline and Reward

Finally if "what gets measured gets done", then ensure your KPIs reward the right outcomes but also the right behaviours. In the case of a breach, apply consistent and fair sanctions. However, applying the useful parenting tip "catch them when they are good" and publicly acknowledging good behaviour is a much more powerful motivator than the traditional "stick" approach to misconduct.

When a business leader has mastered the core competencies of ethical leadership and consistently applies them in the day-to-day running of their enterprise, they will naturally inspire their team to follow their vision. By explicitly linking principles with profits they will build reputational capital in the eyes of customers. By recognising that stakeholders invest their trust before their euros they will ensure that ethical behaviour appreciates into lasting value. These are the leaders and organisations that will flourish in the future — the ones that truly understand the business of ethics.

Leading with Integrity: A Practical Guide to Business Ethics by Ros O'Shea

(Chartered Accountants Ireland Publishing) is available in bookshops and online now.

