

Ethics in Business – Not an Oxymoron

By DAPHNE B. HARLEY



Images of corporate executives hauled before congressional investigative committees and revelations of unethical behavior have spawned the gallows humor observation that the once coveted MBA degree now stands for “masters of the business apocalypse.”

This is not the first time that this nation has been rocked by corporate scandals. Remember the savings and loan fiasco of the 1980s? The Enron scandal in 2001? A list of scandalous, unethical business activities over the past several decades could raise a reader’s hair.

But the actions of Wall Street investment bankers and others in recent years has brought this nation’s economy to the brink of collapse, impoverished many of our citizens, and eroded trust and confidence in Wall Street and Main Street business leaders.

During a recent hearing, Bakersfield’s former Republican Congressman Bill Thomas, who now co-chairs the congressionally created Fiscal Crisis Inquiry Commission, impatiently asked a pair of Wall Street corporate giants: “What do you get paid for?”

He was looking for some sense of responsibility and remorse. Instead, he got the impression that as long as everyone was making lots of money, no one sweated the details.

That is, until the schemes collapsed. Now there is renewed interest in how businesses and individuals go about making their money. Many are asking: Shouldn’t business leaders and those who work for them value ethical behavior as highly as profit making?

In recent years, I’ve been involved in two programs that help keep a manager’s focus on “ethical behavior.” One is Rotary International and the other is the Josephson Institute of Ethics.

Rotary International promotes a four-way “ethical test” that asks: Is it the truth? Is it fair to all concerned? Will it build good will and better friendships? Will it be beneficial to all concerned?

At the Josephson Institute of Ethics in Los Angeles, which I attended while serving as the director of Kern County's Waste Management Department, the emphasis was on "character counts" and "pursuing victory with honor."

Now as a consultant, I have incorporated the concepts of both programs in a class I present on the "ethical muscle" needed in business decisions.

The recent appointment of an "ethics expert" to head the prestigious Harvard Business School further demonstrates the increasing emphasis placed on the ethical implications of business decisions.

Nitin Nohria, a Harvard University professor for more than two decades, has been named the Business School's 10th dean since its founding in 1908.

In 2008, Nohria and a colleague wrote in the Harvard Business Review that "managers have lost legitimacy over the past decade in the face of a widespread institutional breakdown of trust and self-policing in business." He called for the establishment of a "code of ethics" for business managers, similar to the medical profession's Hippocratic Oath.

His call sparked a student movement at Harvard for an "MBA Oath" that is picking up momentum on other campuses and resonating in corporate boardrooms.

The simple principles of responsibility and stewardship contained in the "MBA Oath" may seem obvious. Yet, the recent acts committed by many corporate leaders indicate they are not. Some have strayed from their roles of being honest, good leaders in their quest for personal gain.

There is nothing wrong with making money, but it's time to return to good old-fashioned business ethics. No business is too large, or too small to neglect reinforcing core virtues. This reinforcement must begin at the top of an organization, with the actions of its leaders. It must flow to every employee through training and clarity of company policies.

In a recent U.S. News & World Report article, Tim Fort, a business ethics professor at George Washington University School of Business, explained that he tries to appeal to his student's desire to make money by stressing that an ethical reputation is often the most reliable tool for business success. "In the long term, ethics pays."

If a contest were held today in Bakersfield to honor the most ethical company and employee, would you or your company win? Or would you even be nominated?

This article written by Daphne Harley first appeared in the May 28, 2010 Bakersfield Californian and on The Californian's website. Daphne Harley retired in 2008 as the director of Kern County's Waste Management Department. Now a consultant affiliated with P.A.S. Associates in Bakersfield, she will conduct a seminar on business ethics on June 11. Go to www.PASassociates.com for more information.

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