Ethics and Integrity
Why People Do What they Do

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Why What You Do Matters
Introduction

Ethics is often described in the negative: it is not what you do when people are looking; its what you do when nobody is looking.

Ethical behavior is directly tied to the perceived path forward.

Honor is the measure of the importance of ethics and character to you.

Creating honorable business professionals is vital to sustain any economy.

Does Honor Matter?

Consider University Level Students:
- 70% have cheated on a test
- 87% have cheated on a written work
- 49% have collaborated on an individual project
- 52% have copied another’s work

The slippery slope of equivalencies:
- Ends – Means
- Goals – Methods
- Targets – Techniques
- Acceptable – Acceptable
Profit has no cost?

Organizational Decisions
- Insider Trading
- Price Fixing
- Bid Rigging

Individual Decisions
- Internal Theft
- Retaliation
- Law Avoidance

The Ethics Dilemma

Ethical Codes Don’t Produce Ethical Behavior
- The Law of Limits

Ethics are expressions of individual values;
Organizational Ethics are the sum of the individual ethics
- There is no such thing as trickle down ethics

Self Esteem
- Intrinsic Worth
- Entitlement
Watchdogs or lapdogs?

Oversight Entities – Are they Effective?

Self Regulation turns to Self Serving Regulation

Individuals are most strongly influenced by incentives
- Look at
  - How people are paid
  - How people are promoted
  - How people are disciplined
    - Ask if Pavlov was an aberration

Making Ethics Actionable

Management Buy-in
- Executives Must Walk & Talk
- Management Must Be Seen Implementing

Employee Buy-in
- Employees must understand values
- Employees must see the Organizations understands the values
- Employees must see the Organization Upholds the values

Action Items
- Words must translate into actions
- Actions must translate into expectations
- Expectations must translate into results
- Results must translate into rewards
## Making Good Choices

### Non-Job failures:
- Cheating on expense accounts
- Stealing supplies
- Sandbagging

### Job failures:
- Superficial performance appraisal
- Not confronting expense account Cheaters
- Falsely praising poor performers
- Denial of training opportunities
- Undermining management

## More Making Good Choices

### Job distortions:
- Bribery
- Manipulation of suppliers/buyers
- Differential pricing
- Falsifying information

### Job “creation”:
- Bending policies for certain staff
- Bending policies for service providers
- Caught violating rules
- Arranging for promotions
Learning Lessons

Managing Ethical Expectations

Diagnose the Compensation/Incentive/ Reward System

Analyze the processes to find opportunities for misdirected efforts

Consider training & education opportunities

Review repercussions for ethical lapses
Senior Leaders Set the Tone

- Employee Follow Leaders
- Management Actions Speak Louder than Words
- Everyone looks at Short Term Results
- Complaining is Seen as Career Suicide

Walking the Walk

- Ethics are actions, not Codes on the Wall
- Core Values are Seen in Decisions, Not Plaques
- Bureaucracy provides easy cover for ethical lapses
- Management failures incite ethical failures
### Learning from Senior Leadership Failures

**Do you want to lead an organization that:**

- Routinely ignores or violates internal codes of ethics?
- Always looks for simple solutions to ethical problems and is satisfied with “quick fixes”?
- Is unwilling to take an ethical stand when there is financial cost to the decision?
- Creates an internal environment that either encourages unethical behavior or discourages ethical behavior?
- Usually sends its ethical problems to the legal/compliance department?
- Looks at ethics solely as a public relations tool to enhance its image?

### Continuing Opportunities to Learn

**What does it mean when an organization:**

- Treats its employees differently from its external stakeholders
- Is unfair or arbitrary in its performance appraisal standards
- Has no procedures or policies for handling ethical problems
- Provides no mechanisms for internal whistle-blowing
- Lacks clear lines of communication within the organization
- Is sensitive only to the needs of shareholders
- Encourages its employees to leave their personal ethical values at the door
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Questions and Discussion

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