

# Saying and doing beyond mere compliance



AN ETHICAL GAP IN A COMPANY IS CREATED WHEN LEADERS AND SENIOR MANAGEMENT ARE SEEN TO BE ABOVE THE LAW, EXPLAINS CYNTHIA SCHOEMAN

Workplace ethics continues to be a prominent feature in the news, from the on-going company investigations by the Competition Commission to scathing comments about Goldman Sachs, the latter arising from Greg Smith's public resignation letter. With rare exception, the organizations being accused of unethical conduct deny the charges, using as their defence, their values or code of ethics as evidence of the company's ethical conduct.

## ETHICAL GAPS

But, a statement of values and ethical intentions does not always mean that ethical behaviour will follow: what is said does not necessarily equate to what is done. This effectively amounts to a "saying-doing" gap. Scott Adams, the creator of the *Dilbert* cartoon, refers to "the great lies of management", a common example being the statement that "our people are our most valuable asset". Although this is professed by almost all companies, especially in the annual financial statements, it is often far from the truth.

Saying-doing gaps can occur throughout a business: when, for example, the value statement includes respect but employees are demeaned in front of colleagues or clients, or when the recruitment policy is not applied when a family member of the boss applies for a job.

An ethical gap is also created when leaders and senior management are seen to be above the law: when their actions flout their organization's values and rules. An approach based on "do as I say and not as I do" simply does not work anymore – and arguably never did.

This "do as I say and not as I do" ethical gap is compounded when organizations handle unethical conduct inconsistently based on whether the culprit is a senior staff member or an employee. If leadership misconduct is kept quiet and then exposed by another party, such as the press, the organization will not only have to deal with the inherent discrimination between senior staff and employees, but also with its earlier secretive handling of the matter. This is likely to exacerbate the consequences, which can include a nega-

tive impact on its reputation, its customer relationships or its share price.

### ALIGNING SAYING AND DOING

Gaps between what is said and what is done are very destructive in an organization, eroding trust and respect, and undermining its ethical standards. These gaps are made all the more harmful because actions serve as a very effective communication medium. The ethical status of an organization or a leader is judged not on stated intentions, but rather on demonstrable behaviour. And, the most junior employee is easily able to recognize the lack of congruency – if not outright contradiction – between what is being said and done.

To avoid the risks and negative consequences of these (and other) ethical gaps, there needs to be an alignment between what is said and done within the organization. Both saying and doing need to be focused on what's right for the business, its people and its stakeholders.

### FROM COMPLIANCE TO COMMITMENT

To be as impactful as possible, this needs to extend beyond mere “tick-box” compliance which aims only to meet the minimal requirements. While compliance with laws, rules, codes of conduct and policies is essential for sound ethics, it is rarely sufficient. Instead, organizations should strive to also build genuine commitment to doing the right thing. The social and ethics committee, which is mandated by the Companies Act, serves as an example where companies could either adopt a minimalist approach to comply with the letter of the law in dealing with ethics, or strive to meet the spirit of the law to manage workplace ethics more effectively.

In order to encourage a shift towards greater levels of commitment, companies need to focus on their rules and regulations and their values.

### RULES

Compliance-based behaviour is largely a response to rules, which are considered to include laws, company-specific rules and regulations, a code of conduct and company policies. To ensure optimal compliance, an organization needs to formulate rules, a code of conduct and policies that:

- Clearly translate the company's ethical standards and values into behaviours, creating a clear link between

their values and consequent rules

- Are formulated in a transparent and understandable way
- Are fair to all and are consistently applied
- Clearly spell out the consequences of non-compliance
- Are accessible to all employees and others affected by them
- Are relevant and comprehensive for the organization and the industry (but without a rule for every minor eventuality)
- Are reviewed and updated regularly, for example, to stay abreast of new legislation.

### VALUES

Commitment-based behaviour is generally allied to values. Building greater levels of commitment rests on the organization's values being as effective as possible. This is dependent on the following:

- Whether values are prioritized and treated as a key feature of the organization. Commitment to company values, for example, should be recognized as a key performance measure.
- Whether values are lived, shared and understood: To be lived and shared, employees need to understand what the company's values mean for them in their job.
- How values are arrived at, implemented and maintained: The way the code of values is developed and implemented is crucial to its initial success or failure. The ideal is a broad consultative process including as many members of staff as possible. The way in which the code of values is subsequently maintained is also crucial to its long-term success or failure.

These two focus areas can contribute to an important shift in behaviour and attitude from a compliance approach of doing something because “you have to”, to an approach based on commitment, where you do something because you want to and because you choose to do so. The difference is profound, especially as regards employee engagement and motivation. It also lends itself to the creation of an ethical culture, when ethics comes to be the normal way things are done in your organization. ✓

*Cynthia Schoeman is managing director of Ethics Monitoring & Management Services which has developed The Ethics Monitor, a web-based survey which enables leaders to measure, monitor and proactively manage their organization's ethical status.*

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