# What Would Employee X Do?

## Workplace ethics programs lack sufficient attention.

By Aparna Nancherla

The emergence of the next big corporate scandal seems commonplace these days. We live in an era of uproar surrounding business giants including Adelphia Communications, AOL-Time Warner, Enron, Merck, WorldCom, and Xerox, and that was just during the early 2000s.

The minimum take-away lesson from these cases would be for companies to mandate an increased focus on business ethics and compliance programs. Shockingly, evidence cites that very few companies have a strong ethics program in place, if at all.

"The Ethics Landscape in American Business," a recently released joint study by the Society for Human Resource Management (SHRM) and the Ethics Resource Center (ERC), found that only 23 percent of HR professionals say that their organizations have a comprehensive ethics and compliance program in place. In contrast, 7 percent say they have no ethics program in place at all. Forty-three percent say that ethical conduct is included as part of employee performance reviews.

Pat Harned, president of the ERC, notes, "HR professionals are not a part of the policy process for making ethics regulations, but are frequently called in to arbitrate ethics infractions."

Many HR professionals reported that they are the primary resource for ethics-related problems and inquiries for their respective organizations. Eighty-two percent said that they reported ethical misconduct when it was observed, with the misconduct mainly consisting of abusive and intimidating behavior between colleagues and inappropriate use of email and Internet privileges.

"Organizations can benefit by bringing HR professionals into the early conversations when planning ethics-related programs," says Susan R. Meisinger, president and CEO of SHRM.

Only 61 percent of employees reported ethical misconduct, they observed, with these violations mainly being employees calling in sick inappropriately or taking credit for someone else's work.

To emphasize the importance of ethics programs within organizations, Harned advises, "It's essential to communicate that employees will be held accountable for not upholding certain standards, as well as if they personally observe some kind of wrongdoing, what they should do and what will happen when they report misconduct."

Another telling statistic is that only 77 percent of HR professionals think senior management would be held accountable if found violating ethics standards, as compared with 86 percent for supervisors and 91 percent for nonmanagement employees.

In addition, 19 percent of HR professionals and 11 percent of U.S. employees said they felt pressured from others (both internal and external to the organization) to compromise ethics standards, company policy, or the law. HR professionals also said they withheld knowledge about ethics violations when they could not remain anonymous in reporting them, or when they did not think the violators would be disciplined. "The single biggest thing that influences ethics conduct in the workplace is a good culture. Culture trumps every other thing," adds Harned.

The study, which interviewed 513 HR professionals on six business ethics themes, has been conducted three times since 1997. Results of the study were benchmarked with the ERC's 2007 "National Workplace Ethics" survey, which polled 3,452 employees.

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## The BIG Number

# 23%

of human resource professionals say that their organizations have a comprehensive ethics and compliance program in place.

>> **Federal Sentencing of Organizations guidelines considers a comprehensive ethics and compliance program—one that includes the following features:**



- written standards of ethical conduct in the workplace
- orientation or training on ethical conduct in the workplace
- means for an employee to anonymously report ethics violations
- a specific office, telephone number, email address, or website where employees can get advice on ethics issues
- evaluation of ethical conduct as part of regular performance reviews
- discipline measures for employees who commit ethics infractions.

Source: Ethics Resource Center, Society for Human Resource Management