Five Drivers of Unethical Behavior

The *AMA/HRI Business Ethics Survey 2005* identified five factors most likely to cause people to compromise ethical standards. They were:

1. Pressure to meet unrealistic business objectives/deadlines. This driver of unethical behavior was cited by 70 percent of the 1,000-plus respondents to the global study. The study suggests that such pressure can help create a cynical corporate culture in which ethics is not taken seriously.

2. Desire to further one's career. This was identified by 39 percent of those surveyed. Employees aren't likely to challenge unethical actions because of a strong desire to preserve their positions.

3. Desire to protect one's livelihood. Thirty-four percent of those queried identified this as a likely cause. If they don't practice unethical behavior themselves, people are reluctant to finger point for fear of being seen as a troublemaker.

4. Working in an environment with cynicism or diminished morale. Employees can determine whether a corporate ethics initiative is truly a concern of senior management or if it is the flavor-of-the-month program with little real interest by those in charge of the organization.

5. Improper training/ignorance that the act was unethical. Establishing codes of conduct and training programs was seen as the most important corporate practice for contributing toward an ethical culture.

For the complete study, visit www.amanet.org/research

For help in instituting your ethics effort, check out *AMA's One-Day Sarbanes-Oxley Workshop* at www.amanet.org

The State of Corporate Ethics, 2005-2015

For centuries, ethics has been among the great, deep subjects of philosophical study and debate, but only in the 20th century did the modern idea of what we now call "business ethics" truly emerge. Private enterprises have become powerful creators of wealth in today's world, but this power has, at times, been abused. So, there's a clear social need to investigate and influence the ethical foundations of these enterprises.

It's no wonder, then, that ethics has become a critical business issue.

During late Fall 2005, American Management Association commissioned the Human Resource Institute to take an in-depth look at the subject of business ethics, including its history, what is influencing ethics in today's organizations, what best-in-class ethics programs and practices look like and how business ethics may evolve over the course of the next ten years.

Among the findings of the *AMA/HRI Business Ethics Survey 2005* were the following:

■ The number one reason for running an ethical business, today and in the future, is protecting a company's reputation.

■ Maintaining an ethical business environment has become more important and more challenging in today's fast-changing global marketplace.

■ The pressure to meet unrealistic business deadlines or objectives is the factor most likely to cause people to compromise ethical standards in companies.

■ Business scandals have had a major impact on business ethics issues in recent years, but in the future globalization and competition will be the top *business drivers* of ethics.

■ Law and regulations are, and will remain, the most influential *external drivers* of corporate ethics, but issues related to the environment are expected to become considerably more important in the next ten years.

■ As technologies grow ever more powerful and pervasive, they will raise difficult ethical questions with which companies must struggle.

■ Globalization brings many ethical challenges, especially in developing nations where issues related to forced labor, child labor and poor working conditions are top concerns.

AMA Survey Results

The *AMA/HRI Business Ethics Survey 2005* found the top three drivers of corporate ethical behavior to be:

1. Protection of brand and reputation

2. The right thing to do

3. Customer trust and loyalty

For more results of the global study, visit www.amanet.org/research

The State of Corporate Ethics, 2005-2015

■ Corporate culture is crucial to creating and maintaining an ethical environment, but culture is notoriously difficult to shape and change. Doing so requires a systems framework approach.

■ Leaders who support and model ethical behavior and communicate such values are critical to a company's ethics.

■ Establishing codes of conduct and training programs are seen as the most important corporate practices for contributing toward an ethical culture. Also important are ombudsmen to provide confidential and informal guidance and help-lines to officially report malfeasance.

■ Having the right measurements and indicators is necessary to gauge the corporate ethics environment.

■ The companies with best-in-class ethics practices will increasingly gear their strategies toward "external" stakeholders, such as customers, suppliers, business partners, investors and communities.

To read the *AMA/HRI Business Ethics Survey 2005*, visit www.amanet.org/research. For a review of some drivers of unethical behavior, see the brief article on page 1, column 1.

A Purposeful Presentation BY THOMAS LEECH

As a speaker, what is your intention? What do you hope to achieve? What message do you want to get across? Answering these three questions calls for three steps:
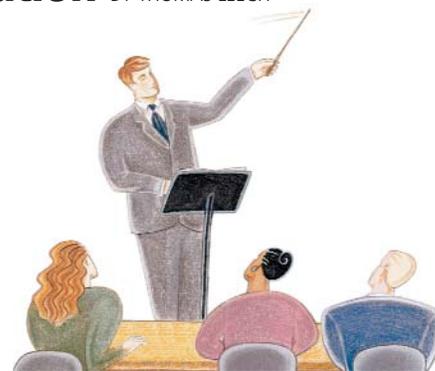
1. Defining the Basic Purpose. Frequently presenters either lose sight of their purpose or have not thought through clearly enough what their purpose should be. The result is often an inappropriate presentation or a confused audience. With the proviso that a presentation may have multiple purposes, the primary one is likely to be one of these: to persuade or convince, to inform or explain, to inspire or to entertain.

2. End Product. The end product is the outcome you desire from your audience in specific terms that helps you know—not guess—whether you succeeded. It is what they will do, believe and know. Writing down your end product helps clarify and focus your presentation.

Here are some questions you can ask yourself to help you identify your end result:

■ Is it achievable?
■ Is it a present or ultimate objective?
■ Is it measurable?
■ Is it sound business?

3. Main Message. If you could say only one sentence to your audience, what would it be? This may seem a trivial question, but let me assure you that it is not. Many presenters are vague about their main message—or even their purpose—in speaking.

Keep in mind that the main message is very different from the "subject." A frequent mistake of presenters, when asked to state their main message, is to give the subject matter of their address, not the message.

Thomas Leech is a nationally known presentation consultant. This article is excerpted, by permission of the publisher, from *How to Prepare, Stage and Deliver Winning Presentations* by Thomas Leech. Copyright, Thomas Leech. Published by AMACOM, AMA's book division. For more details on this and other AMA books, visit www.amanet.org/books

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Discuss, Clarify and Agree on Goals

The *AMA/HRI Business Ethics Survey of 2005* found that unrealistic goals were a major factor in unethical practices. Managers and employees lose perspective in trying to reach goals that should never have been set without an action plan to ensure that they are truly within reach.

It might be insulting to bring up such basics, but, as Joseph T. Straub observes in his book, *The Rookie Manager,* "goals should be achievable using your present resources." This isn't to say that goals can't be challenging at the same time.

Straub writes, "Goals that require personal and organizational growth insulate everyone against mediocrity. No one ever found the route to success by maintaining the status quo."

Still, it's foolish to be inflexible about goals. We need to revise goals if unforeseen circumstances arise. For example, a change in competitors' strategies, economic conditions, supplies of available materials or customers' buying habits might mean that production and/or sales goals will need to be revised part way through the year.

A basic of goal setting is to set no more than three to four goals and to prioritize these. Sort goals into short- and long-term categories. To prioritize, consider how the short-term goals will impact long-term goals that are critical.

Consider, too, how a department's goals will affect the goals of managers at the same or higher levels. Finally, consider the corporation's goals and mission.

And, most important, make your staff stakeholders in department goals. Involving them in the setting of goals makes them more likely to support those goals as a team instead of as a collection of individuals.

The Rookie Manager by Joseph T. Straub is published by AMACOM, AMA's book division. For more information on this book and others, visit www.amanet.org/books

For assistance in setting realistic goals with staff, check out AMA's courses for managers and first-time leaders. Visit www.amanet.org

The Future of HR Metrics BY JAY J. JAMROG AND MILES H. OVERHOLT

Over the last two decades, HR has advanced significantly in the area of strategic planning and metrics. The common wisdom today is that HR needs to be aligned to the business strategy. As a result, HR typically has a planning process that starts with the business plan and then develops cascading goals with cascading metrics to show how efficiently and effectively HR meets those goals.

Despite these advances, business leaders are becoming increasingly frustrated with HR, even when HR operations are executed exceptionally well. In most organizations, marketing, operations and budgeting metrics are connected deeply and logically to the business's strategy. But that hasn't usually been the case with HR metrics.

A Case in Point

A typical business strategy may include items like the drive to win, be flexible, embrace risk, be creative, think globally and be fast. Typical HR metrics, however, reflect only general goals like headcount, turnover rates, number of succession candidates, time-to-fill, training completed, client satisfaction surveys or other generic HR programs. So, there is a clear disconnect between traditional metrics and business strategy.

Traditional metrics do not help managers understand which HR issues are the strategic ones and which are mostly tactical.

Even the companies that are investing heavily in the latest HR measurement techniques—HR scorecards, HR financial reports, ROI on HR programs and studies of how HR programs enhance attitudes, skills and abilities—seldom use their metrics to influence key business decisions, such as acquisitions and entry into new markets.

Can HR measures truly drive business decisions and investments?

We think the answer is a definite "yes they can." And, more important, "yes they should."

HR Goals

The two most important goals for HR measurement should be to (1) enhance decisions about human capital and (2) connect human resources to strategy. Knowing how many hours of training have been delivered within the current budget provides pretty much the same amount of information as knowing how many advertisements the marketing department is running. In either case, nothing is said about the impact that those investments have had on achieving the organization's strategy.

Just as marketing needs to know the impact that the campaign has had on sales and brand recognition, HR needs to know the impact that it is having on the business, as key HR thinkers such as Prof. John W. Boudreau at the University of Southern California have argued.

To do this, HR must look beyond measuring the efficiency and effectiveness of operational programs and look outside the function to measure how well the HR profession is helping the organization execute the strategy.

Why is execution the key to the future of HR metrics?

The fast execution of strategy is one of the biggest challenges facing executives today. Having a great strategy is not enough. To be successful, companies must be able to turn great strategy into great performance.

Jay Jamrog is executive director of the Human Resource Institute and distinguished lecturer at The University of Tampa. Miles Overholt is director of systems development at HRI. For more information about the Human Resource Institute, visit www.hrinstitute.info

Rules for Conducting Strategic Conversations BY JESWALD W. SALACUSE

Leading other leaders is one-on-one leadership. It requires engaging leaders on a personal basis in strategic conversations in order to understand and help to satisfy their interests so that you may satisfy your own. An effective strategic conversation requires you to:

■ Define and stay focused on your goal.

■ Get to know the other person and particularly that person's interests.

■ Appeal to and shape those interests together.

■ Anticipate the possible actions of the other person.

■ Generate options together.

■ Evaluate the options using a fair process.

■ Decide and gain commitment for the decision.

Jeswald W. Salacuse is Henry J. Braker Professor of Law at The Fletcher School of Law and Diplomacy, Tufts University. The excerpt is from *Leading Leaders: How to Manage Smart, Talented, Rich and Powerful People* by Jeswald W. Salacuse. Copyright 2005, Jeswald W. Salacuse. Published by AMACOM.

For more information about this book and other AMA titles, visit www.amanet.org/books

For help with your strategic plan, check out AMA's seminar *Strategic Planning.* For assistance in communicating with other leaders, register for *Advanced Leadership Communication Strategies.* For details on both seminars, visit www.amanet.org

Here's what you'll find on the
AMA Members-only Website www.amamember.org

LEADERSHIP

"Houston, We Have a Problem": Leadership in Times of Crisis. A former astronaut offers strategies for leaders who want to acquire "the right stuff" to weather a crisis.

PROFESSIONAL DEVELOPMENT

Beyond Resolutions—Six Strategies for Success in 2006. This year, instead of making resolutions that have been forgotten by mid-January, why not try a new approach? Vow to focus on your strengths and to learn something new.

Never Beat the Boss at Horseshoes: Lessons Learned in the Pits. The game of horseshoes has a lot in common with the game of life. These five tips will increase your chances of winning—no matter which game you're playing.

MANAGEMENT

Making the Most of Change. Management guru Brian Tracy recommends a four-step program: acceptance, define the possible consequences, make adjustments and, finally, make improvements.

GLOBAL PERSPECTIVES

Pandemic Preparations. Governments around the world are making preparations, should experts' worst-case scenario become a reality. Will your company be ready?

Book of the Month: *The 100-Mile Walk: A Father and Son on a Quest to Find the Essence of Leadership,* by Sander A. Flaum and Jonathon A. Flaum with Mechele Flaum (AMACOM 2006). A father (65-year-old traditional CEO Sander A. Flaum) and his son (35-year-old Zen entrepreneur Jonathon A. Flaum) discuss their outlooks on life, work and the nature of leadership.

For more information about this book and AMACOM's extensive catalog of business titles, visit www.amanet.org/books

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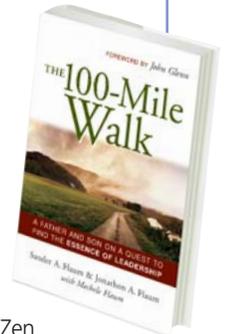
AMA Conferences/Special Events Calendar

FEBRUARY 8-9 • The Employee of the Future. AMA hosts this conference during HR-LA Week. Hear thought leaders discuss the changing dynamics of the workforce and global competition and how HR executives need to be positioned as key players in developing both short- and long-term strategies for a growth-driven organization.

MARCH 3 WEBCAST • AMA/HRI Innovation Survey Results. The January 2006 results of an AMA/Human Resource Institute Survey will be discussed by AMA President and CEO Edward T. Reilly and HRI Executive Director Jay Jamrog. Free.

MARCH 7, 14, 21, 28 WEBCAST • AMACOM Author Webcast Series. Five AMACOM authors will each host a one-hour Webcast highlighting his/her most recent book. See AMA Website for more details on authors and topics.

APRIL 4 WEBCAST • AMACOM Author Webcast Series. AMACOM authors will each host a one-hour Webcast highlighting his/her most recent book. See AMA Website for more details on authors and topics.

APRIL 21 • Senior Executive Teams. Conflict happens—but it isn't always negative. Learn how to achieve positive outcomes from leadership conflicts and ensure high-performance teams through "rules of engagement." Attend this half-day Executive Forum in Chicago with AMACOM author and consultant Howard Guttman followed by a panel of corporate executives who have gone through this alignment process.

APRIL 26 WEBCAST • Administrative Professionals Day. On the day celebrating administrative professionals around the world, AMA will host a Webcast highlighting the increasing roles and responsibilities of APs in the future.

APRIL 26 • The Employee of the Future. During HR-NY Week, AMA hosts leading thought leaders as they discuss the changing dynamics of the workplace and global competition and how HR executives need to be positioned as key players in developing both short- and long-term strategies for a growth-driven organization.

For details and to register for any AMA event, go to www.amanet.org or call 1-800-262-9699.

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January 2006 Issue

Executive Matters
Member Newsletter

1601 Broadway
New York, NY 10019-7420

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