INTRODUCTION

Good managers do four things really well: hire good people, define clear expectations (including ethical expectations), recognize excellence and praise it, and finally, show their people that they care.\(^1\) We’re going to focus on those managerial “basics” in this chapter, since managers are responsible for the entire range of human resources activities such as hiring, firing, disciplining, and evaluating performance. Consequently, some of the ethical responsibilities of managers and employees are different and require special thought and preparation. Also, since managers are responsible for employee supervision, the courts can hold them accountable for the activities and behavior of the people who report to them. Finally, because managers are role models for the workers in their department, it’s critical that managers be able to discuss the ethical implications of decision making and provide advice to employees who find themselves in an ethical quandary. These facts of corporate life have frustrated many managers. “How can I possibly manage the ethics or morality of the people I manage? Is it even possible to manage ethics? Where are the special pitfalls for me as a manager?” In this chapter, we examine what responsibilities managers have and how you as a manager can encourage employee engagement and influence your direct reports to make ethical decisions. We also explore how organizational culture influences manager decisions and how managers can help reinforce the ethical culture of their organization.

Managers and Employee Engagement

An extremely important element in any corporate endeavor—whether it’s an ethics program, productivity effort, employee engagement initiative, or anything else—is the quality of an organization’s managers. To employees, managers are the company, and if managers are not able to manage the basics well, it will be extremely difficult to inspire people to meet business goals or live organizational values.

As more companies study how people work and what makes employees most productive, a clearer picture is emerging of exactly what motivates employees and encourages ethical behavior at the same time. We believe that those seemingly
unconnected activities—encouraging employee engagement and ethical behavior—are actually intertwined. Research indicates that perhaps the best way to encourage ethical behavior is to create an organizational culture that is built to enhance employee engagement and that uses as its linchpin the quality of managers.

What do we mean by “employee engagement?” In short, it is discretionary effort, or how committed employees are to their work. Are they willing to provide excellent customer service? Are they willing to work overtime if needed to meet a deadline? Are they willing to go the extra mile in providing solutions? We can divide employees into three groups along an engagement continuum. For our purposes, let’s just call them actively engaged, not engaged, and actively disengaged. Here’s how we might describe the characteristics of each of the three groups:

<table>
<thead>
<tr>
<th>Actively Engaged</th>
<th>Not Engaged</th>
<th>Actively Disengaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passionate and enthusiastic</td>
<td>“Checked out”</td>
<td>“It’s not my job.”</td>
</tr>
<tr>
<td>Feel profoundly connected to the company</td>
<td>Sleepwalking</td>
<td>Negative drag on the culture</td>
</tr>
<tr>
<td>Drive innovation</td>
<td>Put time—but not passion or energy—into their work</td>
<td>Little or no company loyalty</td>
</tr>
<tr>
<td>Move the company forward</td>
<td>May or may not go the extra mile</td>
<td>Undermine what engaged coworkers accomplish</td>
</tr>
<tr>
<td>Eagerly go the “extra mile”</td>
<td></td>
<td>May well sabotage company initiatives and employee goodwill</td>
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It’s hard to overstate the importance of increasing an organization’s levels of employee engagement. Gallup, one of the first companies to put employee engagement research on the map, claims that actively disengaged employees cost world economies billions of dollars each year. On the positive side, however, actively engaged employees help an organization through such benefits as lower turnover and absenteeism, higher customer loyalty, higher profits per employee, and fewer accidents.

Although the connection between employee engagement and productivity is easy to see, the connection between engagement and ethical behavior may be less obvious. Take just a moment and think about the characteristics that describe each group along the engagement continuum. Which group do you suppose is most likely to engage in unethical behavior? Which group is more likely to misuse corporate resources? Which group is more likely to serve as role models for ethical behavior? Which group is more likely to include mavericks who have their own (not a corporate) agenda? Which group is more likely to raise an issue about suspected wrongdoing? Which group might tend to go to a regulator or newspaper reporter or some other external source if they perceive wrongdoing?

We think it’s evident that improving levels of employee engagement can also improve an organization’s ethical culture (see Chapter 5). But how does a company begin to do that? First, it needs to focus on the four drivers of engagement; second, it needs to identify and develop great managers. According to James Shaffer, an expert
in communication and employee engagement, the four drivers of engagement are as follows:

1. **Line of sight.** Employees understand the company’s strategic direction, how the company makes money, and how their individual efforts play a role in that revenue-generating enterprise. *Note:* Business goals and ethical values are important elements in an organization’s strategic direction.

2. **Involvement.** Employees are involved in the enterprise; they actively participate, and their ideas are heard. *Note:* This kind of employee involvement encourages the two-way communication that is critical for ethical issues to be identified and resolved.

3. **Information sharing.** People get the information they need to be effective, when they need it, and information goes in all directions—up, down, and across the organization as needed. *Note:* Cultures that encourage information sharing are more likely to be open organizations that identify and resolve ethical issues rather than sweeping them under the rug.

4. **Rewards and recognition.** Business goals and values are clearly spelled out, and employees know what they need to do and how they need to behave to get rewarded. *Note:* It is critical for companies to pay close attention to the incentives that goals and values will provide for ethical (or unethical) behavior.4

While there are a number of employee engagement models, we think this one makes a lot of sense and that the four drivers of employee engagement are critical building blocks of an ethical culture.

In addition to focusing on the four drivers of engagement, organizations need to recognize on a fundamental level the critical role that managers play in increasing engagement and building an ethical culture. According to Towers Watson, the international human resources consulting firm, the following key senior manager behaviors influence employee engagement (and we believe these behaviors, when modeled and endorsed by senior managers, trickle down to lower-level managers and supervisors and can greatly influence employees’ ethical behavior).

- Senior management is sincerely interested in employee well-being.
- Senior management communicates openly and honestly.
- Senior management is visible and accessible.
- Senior management effectively communicates the reasons for key business decisions.
- Senior management’s actions are consistent with stated values.5

Think about these manager behaviors. Which do you think play a direct or an indirect role in building an ethical culture? Which might build engagement but not influence ethical culture? Which do both?
MANAGING THE "BASICS"

A manager’s most important responsibility is to bring good people into the organization and then manage in a way that makes those good people want to stay. The new people may be permanent employees, or they may be part-time employees, temporary workers, or consultants. Effective managers need to be proficient at hiring the best people who fit the organizational culture, evaluating their performance, recognizing and praising excellence, and disciplining or even terminating poor performers.

Hiring and Work Assignments

HIRING CASE

You’re planning to hire a new sales manager, and the most promising candidate is really homely. You are concerned about how your customers—and even his colleagues—would react to him. The specific job he’s applying for requires extensive customer contact, and his appearance is frankly disconcerting. On the other hand, his credentials are excellent, and he’s certainly qualified for the job.

Federal law prohibits discrimination based on race, religion, sex, color, ethnic background, and age, and it protects those who are pregnant or disabled.

In this case of a homely candidate, the solution is ambiguous. He is certainly qualified for the job, and unattractive looks are not included in protectionist handicapped legislation, so the law isn’t helpful. But the larger issues are what qualities should determine whether or not an individual should be hired, and is it ethical to consider a prospective employee’s attractiveness?

All protectionist legislation points to the answer, as does the concept of fairness. Hiring, promotions, and terminations should be based on qualifications, period. However, it’s one thing to ignore someone because of your own prejudice and quite another to hesitate to put someone in a situation where he or she might suffer discrimination from an external audience, such as your customers, that’s out of your control. It’s difficult to say whether you’re doing someone a favor by setting him or her up for possible failure in an environment that’s hostile.

Prejudice is difficult to overcome. As we’ve noted in earlier chapters, everyone has biases. Some people don’t like very tall people, or very short people, or fat ones, or skinny ones, or old ones, or young ones. Others have biases against brown eyes, or blue eyes, or eyes with wrinkles, or big noses, or aquiline noses, or balding heads, or hair that looks too long. Some people favor individuals from certain schools or from particular parts of the country. What if someone interviews for a job and, as in this case, he is just plain unattractive; or she’s deaf; or he had cancer three years ago; or she speaks English with an accent? Do those qualities have anything to do with an ability to do the job or with talent? What kind of response would the Golden Rule prescribe? Kant’s categorical imperative? How about Rawls’s veil of ignorance?
Some employers have a “corporate profile” in mind when they hire, especially when they’re trying to fill positions with “extensive public contact.” Some large Fortune 100 companies are well known for their penchant for hiring certain types of employees. They look for healthy young people with regular features, moderate height, a medium build, and no discernible accent. Do employers with a conscious or subconscious “corporate profile” think that the public or their customers are somehow homogeneous? If history had used a corporate profile as a yardstick, Abraham Lincoln, Benjamin Franklin, Marian Anderson, Albert Einstein, Sammy Davis Jr., and Franklin Roosevelt may have been relegated to positions with “no public contact.”

Talent and ability come in a variety of packages. When managers use anything other than those two factors to evaluate qualifications for hiring, promotions, or work assignments, they shortchange not only the individual but also their employer and their customers (who surely come in a variety of packages). They also help perpetuate stereotypes, instead of trying to build a workforce that reflects real life. One way to hire is to deeply understand your own organizational culture and to hire based on how well a candidate will “fit” into the existing culture. Both the organization and the employee are likely to be more satisfied when a good fit is achieved. For example, think about a family-oriented organization, like Starbucks, that tries to demonstrate great care for its employees. What would happen if a manager hired an edgy, highly competitive person who doesn’t care about relationships? How would that type of person fare in a touchy-feely company? It would be far smarter for a manager to look for candidates who demonstrate the same qualities that the company values, because those are the people who will succeed in the company culture. On the other hand, companies that stick too closely to a corporate profile can risk being accused of discrimination (as happened to Abercrombie & Fitch when the “look” the company was attempting to achieve seemed to exclude qualified individuals from certain minority groups). Or, they risk becoming too homogeneous and therefore resistant to needed change. So managers must strike a delicate balance. They need to hire people who fit the current culture, but also they need to be open to people who fit, but may be different. To be successful, organizations need to nurture strong cultures that have enough differences to encourage innovation and balance and that counter the tendency to hire to a “profile.”

Performance Evaluation

You were recently promoted to manager of a department with five professionals and two clerical staff. One of the professionals, Joe, is a nice guy; but he simply hasn’t been able to match the performance of the others in the department. When he tells you he has been interviewing for another job in a different part of your company, you pull his personnel file and see that your predecessor had rated Joe’s performance as “good to excellent.” You frankly disagree. Joe has asked you for a recommendation. Based on the written appraisals, you could give him a good one—but your personal observation is at odds with the written evaluations. Joe’s prospective manager—your peer in another department—asks for your opinion. What do you say?
When we talk about performance evaluation, we’re really talking about two things. First, there’s a written assessment of an employee’s performance. Most large companies have a formal performance management system, with forms to standardize the process, and a mandate to complete a written evaluation on every employee (usually once each year). These written appraisals usually have some influence on any salary adjustments, and they usually become part of the employee’s permanent personnel file. Second, there’s the informal process of performance evaluation that ideally is an ongoing process throughout the year. When a manager gives continuous feedback—when objectives are stated and then performance against those objectives is measured—employees generally aren’t surprised by the annual written performance appraisal.

Why is continuous evaluation important? First, rewards and recognition are one of the four drivers of employee engagement. Excellent managers recognize and reward excellence as well as manage and improve the performance of workers who are at a lower rung on the performance ladder. A training manager in New York City tells a story about the importance of accurately and continuously appraising performance. “Imagine you’re bowling,” he says. “A bed sheet is stretched across the lane and you can’t see what you’re doing. Your manager is the only person who can tell you how you’re doing. What would happen if your manager told you how you were doing only occasionally or once a year? How would your performance be affected if he or she told you about your performance only when you got gutter balls? What would happen if he or she commented just when you did well?” It’s only when your manager gives you consistent feedback—reflecting the complete range of your behavior—that you can improve your performance.

As we noted in Chapter 5, performance management systems do more than almost anything else to signal what the organization cares about (including whether ethics-related behaviors really matter) and to bake desired behaviors into the organizational culture. If managers don’t do a good job at coaching employees and influencing their performance, this valuable tool to drive culture and performance is undermined. And if managers don’t communicate clearly that ethics-related performance matters, employees will focus on what does.

The practical problem with performance evaluation is that most managers hate to do it. They especially hate to deliver negative feedback. It’s certainly easier to recognize an employee’s achievements than his or her shortcomings. In any case, many managers are so busy that they fail to recognize either. Pointing out an employee’s deficient performance is extremely difficult for most managers. It’s such a thorny issue that in a survey of 4,000 Fortune 500 executives, five out of seven executives said that they would rather lie to employees about performance than confront them about performance problems. We even know of managers who have attempted to conduct performance appraisals via e-mail in order to avoid their discomfort. But performance evaluation is one of the most important activities managers do, and it should be conducted regularly and in person. Most employees can and will accept honest feedback if it is delivered in a clear, honest, and sensitive manner and if expectations were clear in the first place. It is especially important to provide the
employee with the specifics of any problem behavior, explicit goals for improvement including a timeline, and follow-up.

In the last example, you as the manager think Joe has been inaccurately (and perhaps even dishonestly) evaluated in the past. Since most employers require a rating of "good" or "satisfactory" before an employee can transfer to another job, you will probably feel pressure to supply such a recommendation so Joe can qualify for the transfer. This is a common problem. Many organizations have employees like Joe, who are less than stellar performers but who are never confronted with their poor performance and given guidance to improve. In Joe’s company, no manager has been brave enough to bite the bullet and either try to get Joe to improve his performance or initiate the termination process. It’s easier to pass Joe along to someone else—to turn him into a Ping-Pong ball, bouncing from department to department, never really improving his performance because no one will confront him with the truth. (In some organizations, passing poor performers around the organization is called “turkey farming.”) Because his previous written appraisals have been less than honest, prospective managers get buffaloed into thinking Joe’s performance is adequate. It’s a vicious cycle and a real disservice to the employee, his or her coworkers, and the organization. Coworkers who are doing a good job will perceive the system to be unfair if someone like Joe is getting a rating similar to theirs for his inferior work. They may even find themselves picking up the slack for Joe. Perhaps the party most disadvantaged by this kind of problem is the organization and its culture. Joe’s manager has sent the message that “not very good” or “just OK” is good enough. It’s a dishonest message that erodes organizational efforts regarding quality, integrity, and ethics.

One good way to ensure continuous performance evaluation is to establish a formal system with the employees who report to you—whether or not your company requires it—and certainly use it more than once each year. Meet regularly with every employee and jointly agree to job objectives and how to measure success for each objective. Make sure that your department goals are directly linked to corporate goals and that the individual goals of the people who report to you are directly linked to your department goals. Also ensure that ethics-related performance expectations are included in goals and evaluation discussions. For example, have you talked about your expectations for respectful interactions with coworkers, trusting relationships with customers, fair treatment of subordinates, honesty and integrity in all business dealings?

Remember the importance of driving employee engagement: establish a clear line of sight between the goals of individuals and the organization and between the results of the organization and the individual. Then meet weekly or monthly with each employee and discuss how the employee is meeting his or her objectives. When objectives and measurement standards are established in advance and progress is tracked, it’s much easier for employees to perform. They know what the target looks like, how to get there, and how they’ll know when they’ve met it. They will understand and internalize what it means to create value. An ongoing process eliminates the need to blast a nonperformer once a year and can greatly reduce misunderstanding, resentment, and charges of discrimination or bias.
Probably the best way to handle the situation with Joe is to meet with him and be completely honest. “I can’t write you the kind of letter you want for the following reasons. [Spell out the performance problems.] We can either wait until you get your performance on track, or I can write you a letter that reflects my honest evaluation of your work at this time. It’s your decision.” This approach will obviously be much easier if you’ve been providing Joe with honest appraisal of his performance all along.

**Discipline**

Steven is a salesman who reports to you, the regional director of sales for an office supply company. He has a great track record and has consistently surpassed his sales targets, but he has one terrible flaw: He’s not on time for anything. He’s late both for meetings with you and for lunches with clients, and the problem extends to his paperwork. His expense reports, sales reports—everything is handed in a week late. As his manager, you’ve counseled him about his tardiness, and he has improved. Now instead of being 15 minutes late for a meeting, he’s only 5 minutes late. And instead of submitting his expenses a week late, they’re only two days late. His lateness seems minor in view of his achievements, but it’s driving you and his coworkers crazy.

Most managers view disciplining employees as something to be postponed for as long as possible. Many people in a work environment simply ignore a worker’s shortcomings and hope the situation will improve. Discipline, however, is important not only to ensure worker productivity but also to set the standard that certain behaviors are expected from all employees, and to meet the requirements of the U.S. Sentencing Guidelines. As we discussed in Chapter 6, the Sentencing Guidelines specify that all employees in an organization must receive consistent discipline for similar infractions. For example, in the case of employee theft, a secretary and a senior vice president must be treated in the same way. The guidelines are violated if people in different job classifications are treated differently—if one receives a slap on the wrist and the other is suspended or fired.

In the case of Steven, the salesman who is always late, you as a manager could be tempted to view disciplining his lateness as nitpicking. He’s a star after all, right? However, it’s unrealistic and unfair to expect promptness from all of your other employees and not from Steven.

As we noted in Chapter 7, research has given us clues about the most effective ways to discipline employees. First, the discipline must be constructive and done in a professional manner. For example, although you might be tempted to scream at Steven and call him a jerk, that’s not going to change his behavior. It’s much more effective to meet with him, explain the consequences of his lateness, and focus the discussion on his behavior, not on him personally.

Second, the discipline should be done privately. Employees should never be criticized in front of other employees. It’s just as embarrassing as being criticized in
public by your parent or your spouse, and it encourages nothing but hard feelings. Those discussions should always be held behind closed doors.

Third, employees should have input into the process and be encouraged to explain their side of the story. The entire idea of “team” management revolves around individuals being encouraged to share their view of a situation. The real problem may not be with the particular employee you want to discipline. Steven, for example, may be late with reports because people are late in submitting data to him. To solve problems at the simplest point, it’s wise to ask for an employee’s explanation.

Finally, discipline should be appropriately harsh and consistent with what other employees have received for similar offenses. This aspect of discipline is perhaps the most important in ensuring good performance in the future.7

For example, a highly respected financial professional (let’s call her Beth) was fired from her position at a large financial services company for providing an inaccurate calculation in a report to senior management. The director of human resources had given Beth an almost impossible assignment: use a new formula to calculate the company’s pension obligations to all current employees. The assignment was given at 6:00 p.m. on a Tuesday, and the report needed to be written, typed, and copied for a senior management meeting the next morning at 9:00 a.m. Beth and her secretary stayed at the office all night long, doing calculations, writing the report, and finally preparing it for the meeting the next morning. When one of the senior managers discovered an error in one of the complex calculations, Beth was summarily fired by the human resources director. It sent a huge message not only to Beth, but to the entire human resources department. Other mistakes had been made—even by the director—and if those errors had been punished, it had been with a reprimand, certainly not a firing. And, of course, the impossible deadline constituted an extenuating circumstance in everyone’s opinion except the director. The effects of unreasonable discipline are far reaching, and that’s why discipline needs to be appropriate to the offense and consistent with what others have received. In the case of Steven, the tardy salesman, unless you’re willing to be consistent and accept tardiness in all other employees, his behavior needs to be addressed. Just don’t follow the example of the human resources director—she had been placed in the role as part of her company’s grooming process of high-potential executives. If she had succeeded, she surely would have moved on to bigger and better things. However, the executive team viewed her behavior with Beth and others as erratic and ill advised. She left human resources after a few years and ended up in a senior marketing role somewhere in one of the company’s subsidiaries—not in the enterprise-wide role she had been on track for before the debacle.

How companies manage “star” employees is one of the most telling characteristics of their ethical cultures. If an organization treats stars in a way that is consistent with their organizational values, the culture of the organization will be strengthened. On the other hand, if an organization states one thing in its values statement and permits star behavior to deviate from the organization’s stated values, the entire culture can be undermined. For example, if a star employee is allowed to be abusive to
coworkers in an organization that has stated that people management and respect are core values, those values will be suspect. Employees will instead look to the very visible star and perceive that his or her attributes are the ones that are really valued by the organization (regardless of what appears on its values statement). Perhaps the biggest cultural question is who gets to be considered a star in the first place. Does only quantitative performance matter, or does performance based upon ethical values also figure in (as we recommend)? In a strong ethical culture, a star would be someone who not only performs well in terms of the bottom line but also achieves that bottom-line performance in a way that is consistent with other values such as respect for people and integrity.

Terminations

You’re a manager in a large commercial bank. You discover that Patricia, a loan officer who reports to you, has forged an approval signature on a customer loan that requires signatures from two loan officers. When you confront Pat with the forgery, she apologizes profusely and says that her husband has been very ill. The day she forged the signature, he was going into surgery and she just didn’t have time to find another loan officer to sign the authorization for the loan. Pat has been with your bank for 15 years and has a spotless record.

Terminations come in many varieties, none of them pleasant. There are terminations for cause—meaning that an individual has committed an offense that can result in instant dismissal. “Cause” can represent different things to different companies, but generally theft, assault, cheating on expense reports, forgery, fraud, and gross insubordination (including lying about a business matter) are considered as cause in most organizations. Many companies define cause in their employee handbooks.

In the case above, Patricia will most likely be fired for cause. In banking, few things are as sacred as a signature, and a professional with 15 years of banking experience would certainly be expected to know this. Forgery of any kind cannot be tolerated in a financial institution. It’s a sad case, and any manager would feel compassion for Patricia. However, some offenses are unpardonable in a financial institution, and this is probably one of them.

There are also terminations for poor performance. This type of firing is most often based on written documentation such as performance appraisals and attendance records. Many employers have a formal system of warnings that will occur before someone is actually terminated for poor performance. A verbal warning is usually the first step in the process, followed by a written warning and then termination. The process can differ from company to company.

Then there are downsizings or layoffs. Layoffs can result from many kinds of reorganizations, such as mergers, acquisitions, and relocations, or they can be the result of economic reasons or changes in business strategy. A layoff can
result from a decision to trim staff in one department or from a decision to reduce head count across the company. Whatever the reason, layoffs are painful not only for the person losing his or her job but also for the coworkers who’ll be left behind. Coworkers tend to display several reactions: they exhibit low morale; they become less productive; they distrust management; and they become extremely cautious.8

In addition, layoff survivors are generally very concerned about the fairness of the layoff. They need to feel that the downsizing was necessary for legitimate business reasons; that it was conducted in a way that was consistent with the corporate culture; that layoff victims received ample notice; and that the victims were treated with dignity and respect. If management provided “a clear and adequate explanation of the reasons for the layoffs,” survivors are more likely to view the layoffs as being fair.9 Once again, if a company espouses respect and concern for employees in its values statements or executive speeches and then lays off employees in a particularly brutal way, it undermines employee confidence in the organization. Layoffs and other terminations speak volumes about what a culture truly values. Smart companies make sure that their actions are aligned with their values. These are just a few reasons that layoffs have to be handled well.

Whatever the reason for a termination, you can take certain steps as a manager to make it easier for the employee being terminated and for yourself.10 Again, the main goals are to be fair, to deliver the news in a way that is aligned with your organization’s values, and to allow the employee to maintain personal dignity.

1. Do your homework before you meet with the employee. Prepare a brief explanation of why this termination is necessary, and have ready an explanation of the severance package being offered to this employee, including financial and benefits arrangements. It’s also helpful to check the calendar and consult with your company’s public relations department to ensure you’re not firing someone on his birthday or on the day she receives recognition from an industry group or professional association.

2. If at all possible, you should arrange to have an outplacement counselor or human resources professional on hand to meet with the employee after you have spoken to him or her. Most outplacement counselors advise managers to give the bad news to terminated employees early in the day and early in the week, if possible. This gives the employee time to meet with a counselor if necessary. (Obviously, this advice doesn’t apply to employees who are fired for cause.)

3. It’s generally a good idea to terminate someone on neutral ground—in a conference room, for example, rather than in your office. In that way, you can leave if the situation becomes confrontational. If possible, try to assess what the employee’s reaction might be. If you’re about to fire a violent person for cause (like assaulting a coworker), you might want to have security nearby when you deliver the news.
4. Speak privately with each individual and deliver the news face-to-face, not by e-mail, telephone, or in a meeting or other kind of public forum. When you deliver the news, be objective, don’t be abusive in any way, be compassionate, do it quickly (if possible), and never, never get personal.

5. Finally, keep all information about the termination private. Never discuss the reasons for a firing with anyone who doesn’t have a need to know. The exception to this advice is when numerous layoffs occur. Survivors—coworkers who are left behind—will require some explanation of why layoffs were needed. In this case, you will want to speak about the business reasons that made the layoff necessary. Never explain why particular individuals were involved and others weren’t. (For more information on downsizing, see Chapter 10.)

Terminations for cause don’t go unnoticed, and the employee grapevine will assuredly carry the news of a termination around your organization. That’s a good thing because it’s important for employees to understand that bad acts get punished. However, it’s generally improper to publicly explain why an individual has been punished; the primary objective is to protect the dignity and privacy of the person who has been punished.

Why Are These Ethical Problems?

Hiring, performance evaluation, discipline, and terminations can be ethical issues because they all involve honesty, fairness, and the dignity of the individual. Rice and Dreilinger say that the desire for justice is a “fundamental human characteristic. People want to believe that the world operates on the principles of fairness; they react strongly when that belief is violated.” In fact, most calls to corporate ethics hotlines (discussed more fully in Chapter 6) relate to precisely these types of human resources issues.

Costs

Much federal legislation exists to protect the rights of individuals in situations that involve hiring, performance evaluation, discipline, and terminations. There are myriad legal remedies for employees who feel they have suffered discrimination (see discrimination costs in Chapter 4 for more details). In response to increased litigation, employment practice liability insurance is a hot product among corporations. This insurance covers organizations that are sued by employees over charges such as harassment, discrimination, or wrongful discharge. The insurance, which was virtually unheard of 10 years ago, has been purchased by many Fortune 500 companies. This is surely the result of the huge increase in litigation and in settlements. The Equal Employment Opportunity Commission received more than 93,000 workplace discrimination complaints in 2009, and monetary relief for victims totaled more than $376 million.

Besides perhaps paying legal costs and fines, organizations that are charged with discrimination can expect to pay a price in terms of employee morale and
organizational reputation. Research evidence indicates that employees who perceive that they have been unfairly treated are less satisfied, less likely to go the extra mile, and more likely to steal from the organization. But smart organizations look beyond monetary costs when it comes to training managers to manage the “basics” of the employer-employee relationship. Savvy companies understand that managing the basics is the aspect of organizational culture that’s probably most visible to employees. Those day-to-day activities—hiring, firing, discipline, rewards, praise, and so on—are concrete signals to employees about how an organization really values its workers. If an organization pays no attention to those basics and does not identify and train managers to perform those basics well, it will be an uphill struggle to inspire workers to produce excellent results and to convince them that the culture values employees and their efforts.

MANAGING A DIVERSE WORKFORCE

Experts predict that the workforce is becoming more diverse and that the key to many managers’ success will be how well they can persuade diverse groups to sing together as a well-tuned chorus. Companies that best address the needs of a diverse population will probably be in a better position to succeed than companies that ignore this new reality. Managers must be able to deal with individuals of both sexes and all ages, races, religions, and ethnic groups. Managers need to have this ability themselves, and they need to encourage this ability in team members. Managers must become “conductors” who orchestrate team performance—sometimes teaching, sometimes coaching, always communicating with employees and empowering them to learn and make good decisions.

The second skill set required of the new manager involves positively influencing the relationships among other team members and creating an ethical work environment that enhances individual productivity. Everyone we work with has a range of issues that could affect the ability to perform well. Many people are responsible for children, parents, or other relatives. Many workers have chronic illnesses or conditions or allergies, and those workers who are lucky not to have a chronic condition can suddenly become ill or injured. Other employees have chemical dependencies, such as an addiction to drugs or alcohol. Managers must be able to accomplish tasks and the mission of a department or team despite the often painful events and conditions that can distract team members.

Since a bias-free person hasn’t been born yet, managers also must be able to counsel team members in their relationships with one another. Because every team will include a wide range of personalities, a manager frequently needs to be a referee who mediates and resolves disputes, assigns tasks to the workers who can best accomplish them, and ensures that fairness is built into the working relationships of team members.

The examples that follow are similar to those in Chapter 4 but are presented from the perspective of the manager rather than the individual. And, as we said earlier in this chapter, managers have a different level of responsibility.
Diversity

One of your best customers is a very conservative organization—a real “white-shirt” company. Reporting to you is David, a very talented African American who could benefit greatly from working with this customer account—and the customer account would benefit greatly from David’s expertise and creativity. The issue is that David dresses in vibrant colors and wears a kufi, an African skullcap. Your company long ago recognized David’s brilliance, and his dress within the company isn’t an issue. But you know your customer would react to David’s attire with raised eyebrows.

A diverse workforce consists of individuals of both sexes and myriad races, ethnic groups, religions, and sexual orientations. The role of a manager is to create an environment that maximizes the contribution of each individual. Since the population of the United States is remarkably diverse, it makes perfect sense to believe that products and services offered to this population should be developed, produced, and marketed by a diverse workforce.

The danger of ignoring this diversity was illustrated during an interview with a chemical company executive. One of the company’s products is wallpaper. Even though the wallpaper was of a very high quality and priced competitively, sales were down. This was even more of a mystery since home repairs and renovations, especially by do-it-yourself decorators, were at record numbers.

Baffled by the problem, several senior marketing managers conducted customer surveys and found that the company’s wallpaper patterns were the problem. Consumers viewed the patterns and styles as being outdated and old-fashioned. The managers then investigated the process the company used to select patterns and styles. What kind of market research was performed before selecting patterns for the next season?

They discovered that even though female consumers made more than 90 percent of all wallpaper purchases, no women were on the team of chemical company employees who selected patterns for production. Male employees were making all style decisions. The marketing managers and other executives insisted that women and other diverse voices be included on the selection committee. The results were immediate. As soon as the new styles of wallpaper appeared in stores, sales increased substantially.

In the example at the beginning of this section, David’s attire could be viewed as problematic by some managers. In this case, and others like it, honesty is the best policy. You may want to tell David frankly that you want him to work on this account because his ability would benefit the customer. You may perhaps say that the customer is conservative and that his attire may distract the customer from his ability. Let David decide how he wants to dress when meeting with the customer.

You may also be frank with your customer: Tell him or her that David is extraordinarily talented and is the best person to add value to your relationship. To lessen the surprise of the initial meeting, mention in advance that David often wears ethnic
garb. This approach lets David know how the client might interpret his clothing, but it doesn’t force him into some narrow corporate box. It also prepares the client to deal with diversity. The point is to balance your interpretation of what a customer might appreciate with David’s individuality and diverse voice.

Dress codes tend to raise some people’s hackles. The intention of most dress codes is not to restrict individuality, but to ensure a professional appearance in the workplace. Ethnic garb shouldn’t really be an issue, as long as it’s modest. The aim of most dress codes is to eliminate clothing that could be viewed as immodest or too casual to a customer. Dress codes are also a very visible manifestation of your organization’s culture, and how employees are advised to dress should be aligned with other elements of culture. For example, if a company is casual and egalitarian, informal dress is part of that. Managers may encourage formal dress in certain situations (such as when employees meet with conservative clients), but the reason should be explained. This issue is all about having words match actions.

Harassment

Your profession has been traditionally a male-dominated one, and Marcia is the only woman in your department. Whenever Sam, your senior engineer, holds staff meetings, he and the other males in the department compliment Marcia profusely. They say things like, “It’s hard for us to concentrate with a gorgeous woman like you in the room,” or “You’ve got to stop batting your eyelashes at us or the temperature in this room will trigger the air conditioning.” They compliment her apparel, her figure, her legs, and her manner of speaking. Although flattering, their remarks make her feel uncomfortable. She has mentioned her discomfort to you on several occasions, and you’ve told Sam and the others to cut it out. They just laughed and told you that Marcia was too sensitive. You think that while Marcia was being sensitive, she did have justification for being upset about her coworkers’ remarks. (For a review of the legal definitions of sexual harassment, see Chapter 4.)

Do compliments constitute harassment? They do when they embarrass someone and serve to undermine an individual’s professional standing in front of coworkers. If Marcia is disturbed by the remarks of her coworkers, it’s your responsibility as her manager to do something about it. In cases like these, it’s sometimes helpful to reverse the situation. Imagine that your department was predominantly female and that the women continually said to the lone male, “You’re just a hunk.” “We all get aroused when you bat your eyelashes at us.” “That’s a great suit you’re wearing; those slacks really show off your gorgeous thighs.” How ridiculous does that banter sound?

In this case, Marcia’s discomfort is the issue, and it’s irrelevant whether you or others think she’s being a “little too sensitive.” She has already taken the appropriate steps, first by telling her coworkers to stop and then by approaching you when they didn’t. You should meet immediately with the members of your department, either
individually or as a group. To show the men how ridiculous their comments would sound if women were saying such things to men, you could reverse the situation. Explain to them that inappropriate compliments are not acceptable and that anyone who behaves inappropriately in the future will be disciplined. Make it clear that every member of the team has the right to feel comfortable on the team and to be treated with respect. If you don’t act swiftly and firmly, and then back up future offenses with disciplinary action, you may be inviting a lawsuit.

Here’s another kind of harassment:

One of your direct reports, Robert, belongs to an activist church. Although you have no problems with anyone’s religious beliefs, Robert is so vocal about his religion that it’s becoming a problem with other employees in your department. He not only preaches to his fellow employees, but criticizes the attire of some of his female coworkers and continually quotes religious verse in staff meetings. You’ve received complaints about his behavior from several employees. A few weeks ago, you suggested to Robert that he tone down his preaching, and he reacted as if you were a heathen about to persecute him for his beliefs. His behavior has since escalated.

It’s the manager’s job to maintain a balance between the rights of the individual and the rights of the group—in this case, the attempt by one individual to impose his or her opinions or behavior on other team members. The objectives are fairness and respect for each individual.

It appears that Robert has crossed the line from expressing diverse views to harassment. Although it’s important to recognize the value of diverse backgrounds, it’s just as important to have an environment where one individual can’t constantly attempt to impose his beliefs on other team members. Robert has ignored your requests and those of his coworkers, and he continues to preach. This kind of behavior will no doubt disrupt the team’s performance and the relationships among team members. In this case, it’s probably reasonable to begin documenting Robert’s performance since you’ve already verbally warned him. His hostility and his refusal to respect the opinions of his coworkers and his manager can be viewed as insubordination. In organizations that have a due process approach to discipline, the next step might be a written warning to curb his attempts to influence the religion of his coworkers, or termination will result. Then, if Robert’s harassment of his coworkers doesn’t stop, he could be fired.

**Family and Personal Issues**

One of your direct reports is Ellen, who just returned from maternity leave. She now has two children; her infant is four months old, and her older child is three years old. Ellen is not only a talented worker but also a wonderful person.
Before the birth of her second child, she had no problem handling the workload and the demands on her time; she had a live-in nanny who could care for her child regardless of when she returned home. Recently, however, her live-in left, and Ellen is now sending her children to a day-care facility with strict opening and closing times. Although Ellen is very productive when she’s in the office, her schedule is no longer flexible—she must leave the office no later than 5:00 p.m. This has caused a hardship for all of her peers, who must complete team assignments whether or not she’s present. Although you don’t want to cause problems for her, the situation doesn’t seem fair to her coworkers.

Family and personal issues are those situations and conditions that, though not directly related to work, can affect someone’s ability to perform. People simply can’t leave their personal and family problems at home. The difficulty in situations like these is achieving a balance between maintaining a worker’s right to privacy and ensuring fairness to coworkers. The yardstick is that if someone is performing well, and his or her attendance is satisfactory, there’s probably no cause for action by the manager, beyond offering assistance if the worker wants it.

In Ellen’s case, she has a temporary inability to match her coworkers’ schedules. Sooner or later, every worker must deal with situations that place limitations on the ability to maintain certain working hours. Similar situations could result from a variety of other causes, including illness, family responsibilities, home construction, and commuting schedules. The issue here is fairness in attendance, not in performance or productivity. The ideal solution may be to build more flexibility into the working hours, not just for Ellen but for the entire team. The ideal solution would involve confronting the problem head-on by asking the people in your area to collaborate and find a solution. For example, you could make an attempt to hold all team meetings in the middle of the day, when everyone can attend. Individual activities could be relegated to the afternoon, so that it would not be essential for Ellen—or anyone else—to stay late and work as a group. If your organization has flexible work hours, you could talk to your manager about the possibility of your area incorporating flexible work schedules that allow people to arrive and leave at varying times, but ensure that the office and department are always covered. The objective is to make life easier for individual employees and fair for the entire group, and as a result enhance the team’s overall productivity.

Personal illnesses and chemical dependencies of employees present a different set of issues. These situations can affect work schedules as well as an individual’s ability to perform. Most corporations have explicit policies for managing employee illness. Generally, employees are guaranteed a specific number of sick days and then must go on some sort of disability program. If, however, an employee hasn’t received a formal diagnosis and is simply taking sick days, acting erratically, or showing a change in his or her performance, you might suspect a physical or mental illness. Encourage the employee to see a doctor, and consult with the company medical department (if you have one) if you continue to be concerned about an employee’s
health. It’s important to remember that illnesses of any kind—depression, cancer, AIDS—are private and should be kept confidential. These conditions cause no danger to coworkers, and many people who suffer from them can resume normal or modified work schedules. Managers can help these employees by protecting their privacy and by being fair and compassionate.

Drug or alcohol abuse is a different matter. Most corporations have policies that prohibit any kind of drug or alcohol use on company premises, and many companies have severe penalties for employees who are caught working under the influence of alcohol or drugs. Both alcoholism and drug addiction are costly in terms of the abuser’s health, and they can both cause extreme danger in the workplace. A corporate bond trader who’s high on cocaine can wreak havoc on himself, his employer, and his customers. A pilot who’s drunk poses obvious risks to an airline and its passengers. Would you like to ride with a railroad engineer who just smoked a few joints, or have the sale of your home negotiated by a real estate broker who’s inebriated, or have your child’s broken leg set by a doctor who’s high on amphetamines?

If you suspect that one of your employees is abusing drugs on or off the job, keep track of any changes in behavior and performance, in writing. (Even if an employee uses drugs or alcohol only off company premises, the residual effects of the substance may affect job performance.) This is an important step because some medications smell like alcohol on the breath, so it’s important to be sure that you’re dealing with abuse and not a medical condition. Once you’re fairly certain that abuse is the problem, contact your human resources department. Substance abuse is considered an illness (and generally not an offense that will get the employee fired—at least in many large corporations), and the employee usually will be counseled by human resources. If abuse is present, most large employers offer substance abuse programs for employees and will probably insist that your employee participate in such a program. In most large companies, employees are given one or two chances to get clean. If the problem recurs, substance abusers can be terminated. The important issue here is to get fast help for the employee—for the sake of the employee, the company, and your customers.

Why Are These Ethical Problems?

These are all ethical issues because they concern fairness and respect for the individual. A large percentage of the ethical issues that arise in business are related to human resources, and they can usually be addressed by local managers who act quickly, fairly, and compassionately.

Costs

The personal, professional, and corporate costs of discrimination and sexual harassment are described earlier in this chapter and in Chapter 4. The costs for mishandling most issues connected to diversity are not clear-cut, and they’re often difficult to quantify.

To glimpse how costly the publicity associated with such cases can be, we have to look no further than the now infamous Texaco case, which is described in detail at
the end of Chapter 5. Texaco executives were heard on tape complaining about Hanukkah and Kwanzaa interfering with the celebration of Christmas, and recounting the destruction of documents connected to a pending discrimination case. In the wake of a firestorm of bad publicity, Texaco was forced to settle the case for $176 million. Obviously, the costs to Texaco—both financially and in damaged reputation—were significant. Yet those costs are just the tip of a giant iceberg. If we could combine all of the fairness issues—performance evaluation systems, harassment, subtle and not-so-subtle discrimination, and how managers handle family, substance, and illness issues—and figure out how much it costs businesses when employees are treated unfairly, the result would probably be astronomical, and not just in terms of financial costs and damaged reputations. How many people leave a job because of unresolved problems with a coworker? How many people choose not to go the extra mile because the organization doesn’t treat its employees fairly? How many of the best performers choose to work for a company that allows them flexible hours to care for a child or an aging parent? How many people are depressed and frustrated because they’re picking up the slack for a coworker who’s a chronic alcoholic? The toll in human suffering, morale, loyalty, productivity, and lost opportunity is inestimable.

THE MANAGER AS A LENS

Managers perform a crucial role in organizations because they interpret company policy, execute corporate directives, fulfill all of the people management needs in their particular area of responsibility, cascade senior management messages down the chain of command, and communicate employee feedback up the chain. More than almost anything else, managers communicate the culture of the organization up close and on the ground to everyone who reports to them. Managers are probably the most important ingredient in an organization’s success, and they are frequently the most overlooked. But make no mistake—managers are the lens through which employees view the company as well as the filter through which senior executives view employees. As we noted earlier in this chapter, managers are the critical ingredient in growing employee engagement: to many employees, managers are the company. Managers can be the inspiration for someone to stay with an organization or the impetus for someone to leave. As a result, managers have more influence and need more senior management attention, more training, and more communication skills than any other employee group.

The Buck Stops with Managers

If we could take a peek at the innermost thoughts of managers, we might very well encounter this sentiment: “I hope we do good work and get recognized for it. But most of all, I hope there’s nothing going on that I don’t know about that could hit the fan.”

As a manager, you’ll soon discover that your employees can bring you glory as well as get you into big trouble. But the good news is that you can make investments over time to help ensure that nothing hits the fan; or if it does, that you find out about
it before it mushrooms out of control. As a manager, you can design your own little insurance policy to help protect you and your organization from employees who might cause problems.

You can begin to protect yourself by understanding and internalizing the idea that the people who report to you are looking to you for guidance and approval. That means that you need to actively manage ethics. Your employees want to know what your rules are, so you need to think carefully about your standards and consciously try to communicate and enforce them. Most important, you need to understand that you are a role model and your employees will follow your example. (Read more about the importance of ethical leadership in Chapter 5.)

Boris Yavitz, former dean of Columbia University’s Graduate School of Business and a member of several large corporate boards, had sage advice for managers. First, communicate your expectations and standards publicly and privately. Employees are more likely to respond to a direct verbal challenge from you—“Are we doing it right?”—than they are to an expectation that’s expressed only in a policy manual. Second, managers should prove their commitment through personal example. They need to “walk the talk,” or no one will take their expectations seriously. Finally, since employees are naturally inclined to protect managers from bad news, managers need to explicitly tell employees that they don’t want that kind of protection. “Tell me everything.” The best policy is to communicate loudly and clearly that you don’t want protection. Of course, that also means that you can’t shoot the messenger who brings you bad news, or it will be the last time you ever hear from a messenger.

BEGIN WITH CLEAR STANDARDS All organizations have standards, and many organizations even have written standards. Written standards—usually in the form of a mission statement or guiding principles—can be a double-edged sword. It’s great if an organization has written standards that actually guide how it does business. It’s a huge problem if those written standards are just window dressing, and the real standards have nothing to do with the ones that are printed up and hanging on the wall. The disconnect between written standards and reality (referred to as cultural mis-alignment in Chapter 5) destroys credibility, and a company can’t be effective over the long term without credibility.

The same is true for managers. Any employee can tell you what the rules are for working for a particular manager. “You must tell the truth here or you’ll be fired,” might be a rule, or “Don’t rock the boat,” or “Don’t tell me how you do it, just do it.” The very best way for managers to gain credibility among employees (as well as their respect) is to set clear standards, live by those standards, very deliberately communicate them, and insist that everyone adhere to them.

The truth is that employees are always trying to figure out if managers mean what they say and if they support the values that the company has communicated so well. Think about this case: The manager of a food processing plant consistently talks about the importance of quality. “The consumer should always come first,” he says. Then one day, a shipment of food is delivered for processing. The factory equipment is ready to go, the employees have been waiting for this huge delivery—and the food
is just on the wrong side of spoiled. “It’s good enough,” the manager says. “The processing will kill any contaminants and the consumer will never know the difference because this will be flash-frozen after the processing. We’ll lose a lot of money if we don’t process something now.” What message has he just sent to his employees? Suppose that a month later, an employee finds a few rodent droppings in a food processing unit. It’ll cost a lot of money to stop the machinery and clean it, plus the food already in the hopper would have to be destroyed. What do you think the employee would do? Would he or she believe that the consumer comes first? Or would the employee decide that it’s okay to cut a corner to save money?

It’s important to understand that, as a manager, you are setting standards and communicating organizational culture all the time. In fact, failing to deliberately set ethical standards is a standard in itself, since your employees may very well interpret it as meaning you have no standards. In this era of teams and empowered employees, managers need to be very deliberate in spelling out what they stand for and “how things are going to be done around here.” Those ethical standards have to be demonstrated by the manager and enforced, or people won’t believe them. It’s what “walking the talk” really means. Plus, employees figure out what really matters to an organization by observing manager behavior. This is how culture gets baked into an organization (and once employee perceptions are baked in, they are very difficult to change).

**DESIGN A PLAN TO CONTINUALLY COMMUNICATE YOUR STANDARDS**

Good communication skills are at the very heart of effective ethics management. Without them, it’s virtually impossible to encourage ethical behavior. Regardless of where you are in the management hierarchy, if you haven’t made effective communication your top priority, you had better get ready for some big surprises. Here’s a Big Truth: If you don’t communicate with your employees, they won’t communicate with you. You won’t know what’s going on; you’ll be out of the loop; you’ll be ignorant; you’ll be inviting ethical transgressions. And in business, ignorance is definitely not bliss.

Communicating with one group of employees is not enough, because you’ll know what’s going on only with them. You’ll see information about other employee groups only through the filter of that one group. That’s why “management by walking around” always gets such high marks from management experts. Managers can be knowledgeable only when they regularly interact with and listen to many different people on many different levels. (You may think this is simplistic, but think about how many top executives think they are communicating when they do it just with the executives who report to them.)

Consider this example. A young, newly named CEO decided to create an executive floor and bring all of his most senior people together to improve communication within the group and make it easy to work together. It happens all the time in companies around the world. Is it a good idea? Maybe not, since he effectively isolated not only himself but also the rest of the executive team. He also created an atmosphere of elitism within the organization.

You can improve the communication within your department by holding regular staff meetings where you discuss the company mission, business results, and the way
you want things done. Talk about what you stand for and what you want your department to stand for. Use ethical language—for example, when employees are designing a new program or product, ask them in a staff meeting if they have considered everyone who could be affected by their plans. Ask them if they think they’re doing the right thing. Framing business decisions in ethical terms goes a long way toward increasing moral awareness, communicating your standards, and emphasizing the importance of ethical behavior. It also helps reinforce ethical culture.

Once you have deliberately articulated and communicated your standards both privately to individuals and publicly in front of your team, you need to think about how approachable you are. You need to think long and hard about how you react when people raise issues or ask questions or deliver criticism. If you kill the messenger or react with hostility if someone asks a question, or if you seem too busy to clarify directions, you are asking for trouble. Your people may well consider you unapproachable, and managers who aren’t approachable lay the groundwork for being blindsided. The first time they hear about a problem may not be from an employee, but from a lawyer, a newspaper reporter, or a regulator. So, if you are a manager, work hard at being approachable. Drop in on people who work in your area and shoot the breeze. Ask them what they’re doing in and out of the office. Take your people out to lunch, and stay interested in what they are thinking and feeling. Get to know one another. Build a relationship. Learn to trust one another. Those relationships will be invaluable when problems occur, as they surely will.

Managers Are Role Models

A number of years ago, then famous professional basketball player Charles Barkley made sports headlines when he proclaimed, “I’m not paid to be a role model.” A colleague on the courts, Karl Malone, responded in an issue of *Sports Illustrated*, “Charles, you can deny being a role model all you want, but I don’t think it’s your decision to make. We don’t choose to be role models; we’re chosen. Our only choice is whether to be a good role model or a bad one.” Like Barkley, some managers may not want to be role models. But Barkley and managers are indeed role models—not because they want to be, but because of the positions they hold. Being a manager and a good role model means more than just doing the right thing; it means helping your employees do the right thing. A manager who is a good role model inspires employees, helps them define gray areas, and respects their concerns.

Managers can provide guidance to employees who encounter ethical dilemmas by encouraging them to gather all of the facts and then evaluate the situation using some of the advice detailed in Chapter 2. And after that, managers need to go further. What happens if one of your employees raises an issue with you, and you don’t see where there’s a problem? The employee goes away, satisfied for the moment with your response that nothing’s wrong. But soon she is back because she still doesn’t feel right about the situation. What do you do now? Probably the most responsible thing you can do at that point is to offer to pursue it with her to make sure there is no
problem. This sends a huge message to the employee and to her colleagues. First, you’re saying that you’re glad she brought this to your attention. Second, you’re taking her seriously even if you don’t particularly agree with her. Third, you’re saying that you trust her instincts and that she should, too. Fourth, you’re declaring that ethics are important to you and to your organization—so important that you’re willing to pursue this issue, even though you don’t agree, in an effort to make her feel more comfortable. These are all critical messages to send to employees. (You also may find that she is right in her suspicions.)

The most important thing for managers to remember about their job as role model is that what they do is infinitely more important than what they say. They can preach ethics all they want; but unless they live that message, their people won’t. As a manager, all eyes are upon you and what you’re doing. Your actions will speak much louder than your words, and if there is a disconnect between the two, you will have no credibility—and employees may even question the credibility of your organization.

**MANAGING UP AND ACROSS**

Gone are the days when a person could advance in an organization by impressing only the next level of management. The new team structures mandate that workers treat everyone well. An example of how some corporations are institutionalizing this approach is an increasingly popular method of performance appraisal that some companies call 360-degree feedback. This means that when reviewing an employee’s performance, a manager asks for input from the employee’s coworkers and subordinates. Feedback of this sort, which comes from all directions, is probably a much more effective barometer of performance than old methods that measure only how well people manage up. Of course, it means that workers need to carefully consider all of their work relationships: up, down, and across. It’s also an indicator of what astute workers have always known: since you never know who you might end up reporting to, or who is going to be crucial to your success in the future, it’s critical to effectively manage all of your work relationships.

In team situations, managers can still profoundly affect your future. They sign off on or approve performance appraisals, pay raises, transfers, and generally are a primary influence on your career mobility and trajectory. It can be difficult to overcome a poor relationship with a manager unless you have solid relationships with individuals on or above your manager’s level. That’s why it’s important for you to cultivate your manager’s respect.

Although it may appear that your peers don’t have as direct an impact on your career as your manager does, they nevertheless can significantly affect your future success. Since you generally “get as good as you give,” if you don’t cooperate with your peers, they’ll probably refuse to cooperate with you—perhaps even sabotage you behind the scenes—and that lack of cooperation could cripple you. In addition, peers can be promoted to management positions; this outcome can be truly unfortunate if you haven’t developed good relationships with them.
Honesty Is Rule One

Michael is a lawyer who reports to Paula, the corporate counsel for a chemical company. During one particularly busy period, Paula asks Michael to prepare a summary of all pending lawsuits and other legal activity for the company’s senior management. Michael has several court appearances and depositions cluttering his schedule, so he assigns the report to one of his paralegals, who completes the report in several days. Since he’s so busy, Michael simply submits the report to Paula without reviewing it. When Paula asks him what he thinks of the report, he assures her that it’s fine. The next day, Paula asks Michael into her office and says that she has found a major omission in the report. Michael has no choice but to admit that he didn’t have time to review it.

Probably nothing trips up more people than the temptation to lie or stretch the truth. And probably nothing will trip up your career faster than a lie or an exaggeration. In business, your reputation is everything, and lying or exaggerating can quickly undermine it.

Michael has basically lied to his manager. Even if he can weasel his way out of the hot seat by saying he didn’t have time to thoroughly review the report, he has created an indelible impression on Paula. She may question not only his future reports but also his activities in general. Michael could have told Paula up front that he didn’t have time to prepare a report. He could have suggested that one of the paralegals prepare it. He could have asked for more time so that he could carefully review it. Paula may not have been thrilled with his analysis of the situation, but she probably would have understood and helped him look for another solution. However, by implying that he had completed and reviewed the report when in fact he hadn’t looked at it, Michael has severely damaged his reputation with his manager. A worker’s responsibility includes identifying a problem and then proposing a solution. If you provide a solution when you report a concern, you stand a good chance of having your idea implemented. If you just report an issue with no solution, you’ll probably have a solution imposed on you.

Managers and peers rely on the information they receive from the people who report to them and who work with them. Obviously, that information must be truthful and accurate, or someone else’s work will be skewed. Once someone has reason to doubt your veracity, it may be impossible for you to recover. As one executive said, “Lying will end someone’s relationship with me, period.” The message: Be completely honest about all aspects of your work, including your ability, the information you provide, and your ability to meet deadlines. Keep your promises.

Standards Go Both Ways

It began when Bruce asked Andy to lie to his wife about his whereabouts. “If Marcia calls, tell her I’m in Phoenix on a business trip,” he told Andy. Of course, he had also confided to Andy that in case of an office emergency, he
could be reached at a local golf tournament or at a nearby hotel where he was staying with another woman. Since Bruce was senior to Andy and was a powerful contributor in the department, Andy went along with his request. When Marcia called, Andy told the lie about Bruce being in Phoenix. Bruce asked several more “favors” of Andy, and Andy complied. Then Bruce asked for a big favor: he instructed Andy to inflate monthly sales figures for a report going to senior management. When Andy objected, Bruce said, “Oh, come on, Andy, we all know how high your standards are.”

Just as it’s important for managers to set standards within their departments, it’s equally important for workers to set ethical standards with their managers and peers and stick to them. The best way to ensure that you’re not going to be asked to compromise your values is to clearly communicate what people can expect from you.

In Andy’s case, he made his first mistake by going along with Bruce’s lie to his wife. Although it’s tempting to help out a colleague—especially one who’s powerful and senior to you—you’re sliding down a slippery slope when it involves a lie. The chances are excellent that Bruce would not have asked Andy to lie about the monthly sales figures if he hadn’t already known that he could manipulate Andy. If Andy had refused to lie for Bruce on that first occasion, Bruce would probably have vastly different expectations of him. When Bruce asked Andy to lie to his wife, Andy could have replied, “Hey, Bruce, don’t drag me into that one! I’ll tell her you’re not in the office, but I’m not going to outright lie to her.” Andy could have said it in an unthreatening way and Bruce probably would have understood. Bruce might even have been embarrassed. But once Andy got caught up in Bruce’s conspiracy, Bruce felt he would probably go along with other untruths. The message: Say it politely, but say it firmly and unequivocally. If a coworker or manager asks you to betray your standards—even in the tiniest of ways—refuse to compromise your standards, or you’ll end up being confronted with increasingly thorny dilemmas.

CONCLUSION

Employees are strongly influenced by the conduct of management, and managers build and reinforce organizational culture with everything they say and do. That’s why it’s so critical that individual managers understand how they are viewed by employees. It’s also critical that managers understand that if they set high standards, foster good communications, and act as ethical role models, they will have the power to create an environment that encourages employees to behave ethically. Good managers also understand their pivotal role in influencing subordinates, building ethical culture, growing employee engagement, and inspiring people to do their best work. It’s equally important that workers appreciate the importance of managing their relationships with the manager and their peers and know how to alert the company’s senior executives to wrongdoing in the safest way possible.
DISCUSSION QUESTIONS

1. Why is employee engagement important, and what is its relationship to ethics?
2. How does employee engagement relate to organizational culture? How do managers contribute to the ethical culture?
3. In addition to identifying and training good managers, what else could an organization do to increase levels of employee engagement?
4. What specific action could a manager take to help move employees up the employee engagement continuum—for example, from not engaged to actively engaged?
5. Why should performance be measured as an ongoing process, and not just as a once-a-year event?
6. Should high performers be allowed to work by rules that are different from those that apply to other workers? Why or why not?
7. Imagine that you’re the manager of a facility where 200 layoffs are scheduled. Design an action plan for how the layoffs would occur. How would you handle both those being laid off and the survivors?
8. Are there ways in which managers can avoid harassment issues among employees who report to them? What would your strategy be?
9. Imagine that someone who reports to you is on a prescription medication that makes his breath smell like alcohol. How would you handle this situation?
10. Imagine that one of your employees complained about being harassed by a coworker. Also imagine that you suspect the motives of the person who is complaining to you. How would you handle this situation? Is there a way you could discern motivation, or does it matter? When would you involve your company’s human resources department?
11. As a manager, how would you respond when a worker’s performance has declined and you suspect a problem at home is the cause?
12. List some ways you can communicate your ethical standards to your employees and to your peers.

EMPLOYMENT BASICS

You’ve recently been promoted to a supervisory position and are now responsible for coordinating the work of four other employees. Two of these workers are more than 20 years older than you are, and both have been with the company much longer than you have. Although you’ve tried to be supportive of them and have gone out of your way to praise their work, whenever there is some kind of disagreement, they go to your boss with the problem. You’ve asked them repeatedly to come to you with
whatever issues they have; they just ignore you and complain to other workers about reporting to someone your age. Design a strategy for dealing with these workers and your manager.

**MANAGING A DIVERSE WORKFORCE**

After two years of sales calls and persuasion, a large, multinational petroleum company—Big Oil Ltd.—decides to sign with your employer, Secure Bank. Since Big Oil is headquartered in Saudi Arabia and most of the meetings with the client have been in the Middle East, Secure Bank’s senior executive in charge of oil and oil products companies, Julie, has not attended. Although the Secure Bank employees who have met with the company have told the Big Oil executives that the lead on their account will be a woman, the news must not have registered, perhaps because of language difficulties. Today, the Big Oil reps are in Chicago to sign on the dotted line and meet with Secure Bank’s senior managers; and of course, they’ve met with Julie. A member of your sales team calls you to say that Big Oil’s senior team member has told him he does not want Julie to work on their account, period. Because of cultural issues, Big Oil execs are uncomfortable dealing with women from any country. As Julie’s manager, what do you do?

**MANAGING UP AND ACROSS**

As an operations professional, you need to be able to interact effectively with many internal customers—from corporate managers to field representatives. One of your peers is Jessica, who is a talented operations professional but who is downright rude to her internal customers. Her attitude is so bad that people around your company ask specifically to deal with you instead of Jessica. You’ve heard many tales about her sarcasm and her unwillingness to deliver anything other than the absolute minimum to other employees. You’ve thought about talking to Bruce, the manager to whom both you and Jessica report, but you and everyone else knows that they’re dating. In the meantime, your workload is increasing because of Jessica’s reputation. How do you handle Jessica and Bruce?

**NOTES**

4. Ibid.
11. Rice and Dreilinger, “After Downsizing.”