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Exclusive TalentQuest White Paper:
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TalentQuest News

- ▶ **January 5:** [New Partnerships, Offices and Offerings Highlight 2008 Business Growth for TalentQuest](#)
 Human capital management firm also restructured executive team in response to increased business and talent management trends.
- ▶ **January 21:** [TalentQuest Report Urges Leaders to Prepare Today for Tomorrow's 'New World' Realities](#)
 White paper from HR consulting and software firm offers leadership lessons for executives in light of difficult economic times.
- ▶ **January 30:** [Chris Holmes, Ph.D., Joins TalentQuest as New Executive Consultant](#)
 Technology, research and HR veteran will focus on firm's selection, assessment, and workforce planning business efforts.

The 2008 Leadership Forum at Georgia Tech recently hosted Dr. Steve Salbu, Dean of the Georgia Tech College of Management.

In his presentation, Dr. Salbu discussed the social responsibilities of business organizations and examined reasons good people all-too-often make bad ethical decisions. He shared how the best ethical decisions are made under complex and uncertain conditions and how to avoid common pitfalls in ethical decision-making.

In the below article, Dr. Frank Merritt, TalentQuest's chief executive officer, offers his thoughts on the topic of ethical decision as a critically important component of great leadership.

In Theory: Leadership and the Power of Ethical Decision-Making



by Frank Merritt, Ph.D.

When we refer to 'business ethics,' are we referring to an individual's standards of conduct or an organization's? Consider Enron, one of the most infamous examples of a gross lack of ethic principles. Was the company unethical, or just some of its key leaders? Is there a difference between the two?

According to a recent survey by the American Management Association, 56 percent of the responding business executives indicated that ethical behavior was one of the most important characteristics required to be an effective leader. This was followed by sound judgment at 51 percent and adaptability/flexibility at 47 percent, both seemingly critical characteristics, though not as critical as ethical behavior.

It may seem that ethical decision-making should be an inherent quality business leaders either have or don't have. As human beings, we are guided by our conscience, which helps us determine right from wrong. Unfortunately, as Dr. Salbu pointed out, there's often not a clear right or wrong choice when it

comes to making ethical business decisions. There are countless shades of gray. The concept of 'right' in and of itself can be very subjective. What is 'right' for the organization? What is 'right' for our employees? What is 'right' for the community? What is 'right' for me?

As business leaders, we make countless decisions every day. While some may be simple and straightforward, executive-level decisions are, more often than not, complex and multi-faceted. These decisions must be made taking the interests of multiple stakeholders - employees, customers, shareholders and the general public - into consideration. Sometimes, the interests of these groups can contradict one another, adding to the situation's complexity. Our challenge is to consider all of the various shades of gray while adhering to our personal and organizational ethical standards.

It Isn't Just the 'Right' Thing to Do

Few will argue that being an ethical leader is the 'right' thing to do. It also makes very good business sense.

As with any leadership characteristic, demonstrating a commitment to uphold the highest ethical standards will carry throughout our organization. It will be reflected in the way our employees interact with one another, our customers and our community. When all of an organization's stakeholders view its individuals as being highly ethical, they will reward the organization with a high degree of loyalty and honesty. This will result in lower-than-average turnover of employees and customers, both of which have a direct and significant impact on our ability to achieve profitability and organizational success. It will also result in an increased commitment to contributing to the organization's success, which translates to a highly committed, efficient and productive workforce.

If we, as leaders, demonstrate a commitment to carefully and thoughtfully consider our ethical obligations, we have the power to induce others to do the same.

In Practice: Can Ethical Decision-Making be Learned?

As conscience-driven humans we all want to do what's right. As business leaders, we all want to succeed. The question is, how can we do both? The good news is, we can. We have the ability to promote ethical behavior throughout our organization by leading by example and coaching other organizational leaders to do the same.

While conscientious consideration may be difficult to learn, ethical decision-making is not. As with any other leadership characteristic, it can - and arguably must - be learned as part of an ever-evolving development program.

Creating and Leading an Ethical Organization

The first step to creating and leading an ethical organization is to clearly define what the organization stands for in terms of ethical behavior. While some of these ideals can be constant for all organizations, e.g. 'doing what is right in every circumstance,' it is imperative to translate high-level ideals to your organization. What does 'doing what is right' really mean? Make this process a team effort, engaging select leaders throughout the organization. This will not only help you clearly and appropriately define your core values, it will help to ensure buy-in and support from your leaders.

Once you have established a set of core values and guiding principles for your organization, share them every day and in every possible way to ensure all of your stakeholders know how your organization is committed to doing business. Consider publishing them on your website, sharing them with your clients and displaying them prominently in your office. Most importantly, use your core values as a foundation for all of your performance management activities to ensure they are demonstrated in everything you and your employees do.

- **Candidate Assessments:** By incorporating your core values into the candidate assessment process, you will ensure they are a good fit not only for the position and its required skills and core competencies, but also with your organization's over-arching ethical principles.
- **Performance Management:** Motivate and encourage your employees by recognizing their demonstration of the organization's core values. Conversely, hold employees who are not doing so accountable for their behavior.
- **Leadership Development:** Regardless of how much experience we have, our development as leaders is never complete. Continually challenge yourself and your leaders to consider all shades of gray in ethical decision-making.
- **Coaching:** Organizations that employ an executive coaching or mentoring program do their leaders a great service. Who among us doesn't rely on the counsel and candid feedback of other leaders from time-to-time?

A strong, unwavering commitment to your organization's core values and guiding principles will go a long way in creating and fostering a culture of commitment to the highest ethical standards.

Knowing what is right is important. Doing what is right is absolutely critical.

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