



LEADERSHIP EFFECTIVENESS: THE COURAGEOUS CHOICE

Essential to leadership is having an ethical bright line—an integrity boundary—a line we won't cross when asked to do something, or when observing something we perceive to be illegal or unethical. Yet, history and current events demonstrate how leaders cross ethical lines so that they can keep their jobs, power, or ill-gotten gains.

What happens if you “go with the flow” even when you know that what you are observing is wrong?

Suppose you see activities that are unlawful, against industry regulations or company code of conduct? Certainly, there were observers of the malfeasance at VW, GM, Enron, Wells Fargo, Andersen, Tyco, and Bernard L. Madoff Investment Securities LLC.

Some of the above companies and their executives have emerged more or less whole . . . others have not. Lucky executives have ended up jobless; less lucky ones have done jail time or worse—see [The Most High-profile Business People Who Turned to Suicide during Scandals](#).

As to an *executive* emerging whole, a perceived lack of consequences may not be permanent. Consider the case of [Chris Collins](#) who was re-elected to Congress despite a federal indictment; he just resigned and is pleading guilty to charges. At a minimum, the relatives he engaged in insider trading were aware of Collins's breach of ethics; they too are expected to plead guilty. Was anyone in Congress concerned as he voted on health and pharmaceutical bills that he was on the board of a pharma company?

One scandal, resulting in jail time was the collusion of executives at Empire Blue Cross Blue Shield to have two sets of books: one for themselves and one for the government; see [New York Ex-officer of Blue Cross Is Sentenced to Jail](#). This scandal had a ripple effect in that not only did Blue Cross fraudulently get their rates increased, they succeeded in getting legislation passed based on false testimony. In the aftermath, in addition to the several heads that rolled inside Blue Cross, there was also collateral damage at the New York State insurance regulator.

The *organizational* impact of observers of wrongdoing not speaking up can be quite harmful. Some of the organizations listed above no longer exist. Others survived with tarnished reputations. If you have your choice of putting your money with a scandal-ridden institution rather than one known for integrity, which one would you choose, just for an example?

Where might those organizations (and executives) be now if leaders had had the courage to challenge the perpetrators of wrongdoing?

What is the best way to say “no”? How do you come forward?

The courageous choice is being open about why you are saying “no.” The benefits of speaking up or resisting a questionable request are that you are creating can be a teaching moment, possibly a warning or deterrent to others. Further benefit to the common good is that by challenging wrongdoers, you set an example, raise the bar for behavior, contribute to a culture of integrity and to the sustainability of the organization. Think of it as corruption prevention whether in a government context or a corporate one.

The best way to say no to a shady request is to clearly state the reason you are refusing it, e.g., “No, I can’t do that because, e.g., see Section 1. d. of the Code of Conduct.” If you are not clear about your reason, you are not accomplishing the goal of openly upholding company (or your own) values. You have the opportunity to cascade company values and create a culture of integrity.

How do you escalate the issue if you observe the CEO asking the General Counsel or CFO to do something that does not feel right?

- An Ombudsman is a confidential, independent, informal and neutral person who can escalate a matter while protecting the anonymity of the person who reported it. Their code of ethics states that the only exception to keeping absolute confidentiality is if they need to do disclose in order to prevent imminent serious harm.
- Some organizations have confidential reporting lines (800 numbers), ethics hotlines or something similar.
- The board of directors’ audit committee usually publishes their contact information for reporting such instances. If the problem involves the CEO, then that might be the place to go.
- Organizational codes of conduct usually lay out what the proper procedure for anonymous reporting is.
- The hope is that you don’t have to go external to the organization, but if the matter is senior enough, that might be the only recourse and certainly would be a choice of last resort. This is essentially the whistleblower option, where one might go to the press, a regulator, or lawyer.

It is essential that any and all of these systems be preserved and protected. For one thing, it is the law, for example, see Whistleblowers.gov. If people who report wrongdoing are not protected, the consequences provide a loud message to others in the organization: “If you see something, DON’T say something; if you do, it will be at great personal risk.”

Most organizations have integrity, ethics, doing the right thing or some version of that at the very top of their list of values. If that foundational value is not upheld, it is likely the other values won’t be either. The tone is set at the top. A culture of dishonesty cascades down through the organization just as a culture of integrity would.

How can you inspire your organization to be courageous, act with integrity and speak up when called for? Do you have to strengthen in any way your organization’s reporting mechanisms for malfeasance or are they working as designed?