

Compliance Officers: The Role of  
**Ethical Leadership**

**Portland Regional Compliance Conference**  
**Friday, February 9, 2018**

## Objectives

- What is Ethical Leadership and why is it so hard
- Understand the Judgement trap
- Building credibility and influence through ethical leadership

# Ethics

## **Merriam-Webster Dictionary**

- the discipline dealing with what is good and bad and with moral duty and obligation
- a set of moral principles : a theory or system of moral values
- principles of conduct governing an individual or a group
- guiding philosophy
- consciousness of moral importance
- plural: a set of moral issues or aspects (such as rightness) debated

# Ethical Collapse

- “Crisis of trust” – 66% question if ethics in leadership exists (Darcy, 2010)
- “Shadow side of leadership” – negative influences of power, privilege, deception, inconsistency, irresponsibility, and misplaced loyalties (Frank, 2002)
- The Seven Signs of Ethical Collapse (Jennings, 2006)
  - Pressure to maintain those numbers
  - Fear and silence
  - Young ‘uns and a bigger-than-life CEO
  - Weak board
  - Conflicts
  - Innovation like no other
  - Goodness in some areas atoning for evil in others

## Ethical Leadership - Literature

- Simply a matter of leaders having good character and the right values or being a person of strong character (Freeman & Stewart, 2006)
- Service to followers is the primary responsibility of leaders and the essence of ethical leadership (Greenleaf, 1977)
- Ethical leaders deal with conflict among followers, and instruct them in the right way (Heifetz, 2006)
- Leaders internal virtues direct the leader's decision-making (Cumbo, 2009)
- Ethical maturity – leader is able to make choices between multiple seemingly right options without being influenced by own bias (Duffield and McCuen, 2000)
- Ethical leadership is knowing your core values and having the courage to live them in all parts of your life in service of the common good (Center for Ethical Leadership, 2013)

## Ethical Leadership

- Values in Action
- Consistency between personal and organizational values
- Consistency in actions
- Awareness of bias
- Openness to consider all sides
- Honoring commitments
- Recognition of lots of “right” answers
- Understanding individual and organizational rights and duties

## Rights and Duties

- You have a right to..., I have a duty to give you...
  - Honesty
  - Gratitude
  - Justice
  - Improved conditions
  - Not be harmed
  - Compensation when harmed
  - Promises kept
  - Privacy
  - Dignity and respect

## Why is it so hard?

- Too many right choices
- Poorly constructed and communicated rules, standards, values, and expectations
- The slippery slope
- Failure to recognize consequences and how broad the consequences may be
- Failure to recognize (or excusing) the warning signs
  - It's not my job
  - Winning is everything
  - I don't want to hear about it
  - Just do it this one time
  - Rank has its privileges
  - I expect 100% compliance at all times

## The Judgement Trap

- Recognize personal bias
  - Management is generally more ethical than staff
  - Union activism
  - Troublemaker
- Assuming motives
- Assumptions becoming “fact”
- Conclusion before investigation

## Building Credibility and Influence

Remember, your actions are watched closely

- Dignity and Respect
  - Listen
  - Open to the perspective of others
  - Compassion for the individual, even with errors, shortcomings, or failures
- Service
  - Organization
  - Staff and other employees
  - Patients, visitors, customers
  - Community

## Building Credibility and Influence

- Justice
  - Fair and consistent
  - Focus on behavior
  - Allow for, and recover from, mistakes
  - Recognize the work of others
- Honesty
  - Provide context and transparency for decision making
  - Separate opinion from fact
  - Do not misrepresent facts
  - Deliver on promises
  - Admit mistakes

## Questions for an Ethical Leader

- Did I consider all sides equally?
- Did I gather all the information I needed?
- Did I take any shortcuts (assumptions, bias, etc.)?
- Did I communicate my rationale adequately?
- Does the decision support my personal, professional, organizational, and societal values?
- Will this have long term benefits?
- Will this set a good example?
- Will this serve the greater good?

## Questions for an Ethical Organization

- Do we have clear, well communicated, values?
- Are our actions consistent with our values?
- Do we celebrate ethical behavior?
- Do our leaders model ethical behavior?
- Are we transparent in our decision making?
- Do we talk about our expectation for ethical behavior often, openly, and as a routine part of our work experience?

## Questions for Me??