

Ethics Play Big Part in Business Success

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Entrepreneurs face many ethical tests as they struggle to get their businesses off the ground. They may be tempted to lower their taxes by understating revenues, to pay employees less than the fair market rate, to issue misleading advertisements or to engage in manipulative selling practices. It's easy to have strong ethical beliefs; it's more difficult to behave ethically when times are tough and the survival of the business is on the line. But ultimately, a business has the same responsibility to be honest, fair and socially responsible that an individual does.

As the leader of their business, entrepreneurs represent values by which their employees will operate. For this reason, they must handle ethical dilemmas precisely as they want their employees to handle them. If employees feel there is a double standard at work, they won't take an ethics program seriously.

The best way to communicate ethical expectations is through daily interaction. If safety, quality and customer service come first in the business, make sure employees know what is expected of them and that they will be rewarded for upholding the ethical code and those who don't will be removed.

Mutual trust and respect are prerequisites for running an ethical organization. In too many businesses, employees feel pressured, unappreciated and mistrusted. Often, unethical behavior is caused by a perception that the employer's behavior is itself unfair or unethical. The anger and disillusionment that results can lead to poor performance, low morale and indifference to the well-being of the business.

Being fair earns employees' trust and loyalty. Employees want an opportunity to succeed and a reputable product to sell. If they work hard and do what is required, they should have a reasonable expectation of reward.

Employers also should take worker safety and health into consideration. Not only is it humane, healthy workers are happier, more productive and less prone to absenteeism and health insurance and workers' compensation costs may be lower.

There also are legal obligations. In the wake of well-publicized lawsuits, the average worker is quite knowledgeable about workplace health and safety issues and won't hesitate to make legal claims against employers who fail to rectify unsafe conditions. The best way to meet legal responsibilities for keeping the workplace safe is to involve workers.

Schedule regular safety meetings and ask employees to identify problems and suggest solutions. If employees can voice safety concerns, they're less likely to complain to authorities.

Today's businesses also must consider ethical treatment of the environment. The 20th century was an era of exploitation of natural resources and pollution. Today, things are changing. For many businesses, it's no longer socially, legally or economically acceptable to pollute the environment.

The Environmental Protection Agency is responsible for most environmental regulations in the U.S. Their response to dealing with particular violations usually depends on the business owner's willingness to cooperate, the severity of the situation and any unusual or mitigating factors.

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SOURCES: Marilyn Schlake, Associate Director, Center For Applied Rural Innovation, NebraskaEDGE program; NX Level Guide, 2000