

The Ethical Challenge Outline
Derrick Lloyd
Leadership Values and Ethics
Beulah Heights University
Dr. Michael Shanlian
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Abstract

Leaders in organization must have strong ethics and values. The leaders ethics and values will either cause the company to be success or contribute to the company's demise. The personal and business ethics and values should work together in tandem to form a perfect union. The leader of the company needs to live their ethic and values daily. When the leaders bend on their values and ethics is when the door of unethical and possibly illegal behaviors become a part of the company. Instead of the company being customer focus, they become more like Enron where individual short-term gains outweigh the contract with the customers.

The Ethical Challenge Outline

- I. THE ABUSE
 - A. Chapter 1-The reality of business ethics
 1. Misleading investors and employees
 1. Hiding profits
 2. Restatement of profits
 3. Loss of confidence is critical issue
 2. Enron partners companies misleading investors
 - a. J.P Morgan Chase
 - b. Arthur Andersen
 - c. Moody's
 - d. Standard & Poor's
 - e. Fitch's
 - f. Credit Sussie 1st Boston
 3. Enron's energy crisis
 - a. Driving up energy crisis
 - b. Manipulate moving energy
 4. Enron a sinking ship
 - a. Falling stock prices
 - b. Announced \$1 billion reduction
 - c. Bankruptcy
 - B. Chapters 2 & 3 Ethics, Culture, and Sustaining Values
 1. Must be a values-driven organization
 - a. Practice the right behavior
 - b. Live your values in both public and private life
 2. Create a community where every person the same
 - a. Dignity
 - b. Worth
 3. Three dimensions of growth
 - a. Physical
 - b. Rational
 - c. Spiritual
 4. Sustaining important personal and business values
 5. Teachable point of view (POV)
 - a. Leadership
 - b. Business
 - c. Public service

C. CHAPTER 4 BUSINESS ETHICS

1. Ethics in skeptical times
 - a. Marxism is ultimate form and skepticism
 - b. Skepticism is a critical business skill
2. Capitalism and ethics systems
 - a. Free market capitalism
 - b. Doing business ethically
3. Do no harm
 - a. Seek reforms consistent with your ethical structure
 - b. Follow the ethics code
4. Team effort
 - a. Strengthen ethics with yourself and team
 - b. Remember the organization represent the shareholder
 - c. Always remember your moral and legal observation
5. Creditability
 - a. Hard to acquire
 - b. Easy to lose

D. Chapter 5- Core Ethics

1. Four critical points
 - a. Skeptical
 - b. Rule of law
 - c. Reform overcorrection
 - d. Deal with Enron type scandals
2. Checks and balances
 - a. Tension is always inherent in the system
 - b. Never destroy vibrant quality
 - c. Never destroy structural implements of power
3. Board of directors
 - a. Implements to legitimize dissent
 - b. Present alternate perspective
 - c. Auditors
4. Reactions to Enron
 - a. Three basic causes of failures
 - i. Complicated peculiarities
 - ii. Inherited limitations
 - iii. Violations of ethics
 - b. Working together to manage organization
 - i. Leader depends on system and culture
 - ii. Leadership enforce controls
 1. Revenue recognition

2. Uniform Systems
3. No dysfunctional incentives
5. Violations Ethical Framework
 - a. Values
 - i. Integrity
 - ii. Personal Accountability
 - iii. Due Process
 - iv. Respect
 - v. Property Rights
 - vi. Rule of Law
 - b. Core variants
 - i. Legal requirements
 - ii. Experimentation
 - iii. Creating capabilities
 - c. Innovations
 - i. Clean and clear base
 - ii. Always remember values

- E. Chapter 6- Leaders, Teachers, and High Ethics
 - 1. Your teachable point of view
 - i. Provide leadership and direction
 - ii. Enforce the organizational business fundamentals
 - iii. Must be effectiveness and efficiency
 - 2. Leaders excel in teaching others
 - i. Virtuous Teaching Cycles
 - ii. Leaders are teachers and learners
 - 3. Virtuous Cycle
 - i. Teach in interactive and innovative ways
 - ii. Teach sound ethical lessons
 - 4. Transforming the organization and developing leaders
 - i. Leaders developing leaders
 - 1. Impactful
 - 2. Important
 - 3. Ethical Leader
 - ii. Institutionalize the leaning process
 - 1. Teach
 - 2. Discuss
 - 3. Learn
 - 4. Refine
 - 5. Live the message

- F. Chapter 7- Ethics and Business Values
 - 1. Honor yourself by being ethical
 - 2. Keeping customers
 - i. Combining ideas
 - ii. Resources
 - iii. Valuing the customers
 - 3. Bad ethics will destroy a company
 - 4. Being ethical is an act of courage
 - i. Measures the growth for the organization
 - ii. Evaluates leaders

THE AFTERMATH

- A. Chapter 8- Values
 - 1. Refocus the future
 - a. Seeing the world as it is
 - b. Making tough decision
 - c. Take the organization into the future
 - 2. Learning all the time
 - 1. Expand the organizations horizons
 - a. Technology
 - b. Markets
 - c. Digitations
 - d. Customers
 - 2. Continue to expand the organizations boundaries
- 3. Total Alignment
 - 1. Alignment
 - a. Head
 - b. Heart
 - c. Wallet
 - 2. Always learning something new
 - a. New tricks
 - b. New tool
 - c. New processes
 - 3. Bad values are deadly
 - a. Must stand on good values always
 - b. Bad things happen when bad people come together
 - 4. Moral Leaders
 - a. How leader talk about and run the company
 - b. Must have transparency
 - c. Must have external checks and balance
 - d. Define success

5. Uniting Values and Customs
 1. Globalization Marriage
 - a. Local customs
 - b. Organizational values
 2. Globalization is giving more than taking
 3. Strengthening Moral Leadership
 1. Forging learning
 - a. Must be comfortable with yourself
 - b. Deeply rooted in values
 2. Values
 - a. Consistent
 - b. Direct
 - c. Tough choices
- B. Chapter 9- Competence and Creditability
 1. Implicit Contracts
 - a. Dividing line between ethics is always moving
 - b. Honoring contracts
 - i. Investors
 - ii. Creditors
 - iii. Employees
 - iv. Executives
 - v. Constituents
 2. Brand Equity
 1. Good ethics
 - a. Builds reputation
 - b. Greater incentives
 2. Brand Equity equates into financial stability
- C. Chapter 10- Leadership Dilemmas
 1. Vivid impressions
 - a. Behaving ethically is a daily job
 - b. Keeping standard
 2. Peace
 - a. In making critical decision
 - b. Comfort in making the right decision
 3. Steelcase Ethics
 - a. Formulaic value of integrity
 - i. Must remember what is important
 - ii. Builds character
 - iii. Allowed to lead
 - b. People can change
 4. Honesty, Candor, & Judgement
 - a. Leadership is based on
 - i. Trust
 - ii. Integrity
 - b. Honesty comfort between leaders and employees
 5. Reinforce integrity

- a. Knowledge of a topic
 - b. Some illiteracy in the boardroom
- 6. Communication
- D. Chapter 11- Ethics and Fundamental Decisions
 - 1. Organizational norms can breed
 - a. Conflicts between what's right and what's expected
 - b. Hypocritical conformist
 - 2. Mindset
 - a. Transactional mindset
 - b. Alternative mindset
 - 3. Hypocrisy
 - a. Follows the established
 - b. Maybe irredeemable
 - 4. Transactional Mediocrity
 - a. Poor performance
 - b. Continual unrest
 - c. Distrust
 - 5. Fundamental Choices
 - a. Primary choices
 - b. Secondary choices
- E. Chapter 12- High Bar Ethics
 - 1. Evolution of the times
 - a. Values become more important
 - b. Standards change
 - 2. Transformation
 - a. Changing old mindset
 - b. Hold yourself accountable
 - c. Not an easy task
 - 3. Not another Enron
 - a. Stand on values and integrity
 - b. The customer first
- F. Chapter 13- Constant Change
 - 1. Rules Change
 - a. When there are no fixed points
 - b. Dependable principles
 - c. Stable benchmarks
 - 2. Constantly changing condition illustrate valuable traits
 - a. Ethics
 - b. Values
 - c. Principles
 - 3. Amplification
 - a. Virtuousness is self-perpetuating
 - b. Virtuousness produce positive effects
- G. Chapter 14- Long Term Impact
 - 1. Repeated transgressions will take down an organization
 - a. A positive reputation can savage the company

- b. Leadership works to insulate the company from repeated transgressions
- 2. Questions on Ethics
 - a. Predisposed to value their own self interest
 - b. Examine the impact your reputation on others
- 3. Pushing the limits
 - a. How far should ethical business go
 - b. Inspire employees to be in compliance with the law

III. THE ETHICAL FUTURE

A. Workplace Challenges

- 1. Adjusting reports
 - a. Self-perpetuating cycle could cause insolvable programs
 - b. Hiding or ignoring the information will lead to the company's detrimental
downfall
- 2. Rejected ideas
 - a. Integrity least shared value
 - b. People will not draw the same conclusion if they do not have same vision
- 3. Misrepresentations
 - a. Yielding your integrity crosses an unreturnable river
 - b. Possible loss of reputation
- 4. Honest Assessment
 - a. Higher ethical leads to stronger long-term business
 - b. Organizations can not lead with a strong ethical base
- 5. Padded projects
 - a. Drawing attention to importance of ethic
 - b. Rigorous training

B. Chapter 16- Trust and Global Development

- 1. Leadership and governance
 - a. Highly productive economies
 - b. Aligning the incentives wit standards
- 2. Degrading Markets
 - a. Exploits of the community
 - i. Degrade the environment
 - ii. Take out capital
 - b. The world judges America by it's ethical wrongs

C. Chapter 17- Beautiful Values

- 1. Flipping Out
- 2. National Food Programs
- 3. Financial Mainstream

References

Tichy, N.M., McGill, A.R., (2003). *The ethical challenge: How to lead with unyielding integrity*.

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