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5 wise moves to avoid ethical traps

Ethical lapses don't occur in a vacuum. Usually, faulty assumptions or actions contribute to bad outcomes. Five examples:

1. Confusing what's customary with what's right. Some CEOs assume that what constitutes common practice is acceptable. But if you're the first organization caught doing something wrong, your defense ("Everyone else does it") will fizzle.

2. Treating legal advice as ethical guidance. Lawyers provide technical information. They will explain the legal repercussions of taking (or not taking) certain actions. But it's the CEO's call to determine what actions to take. You can act unethically even if you're operating within the bounds of what's legal.

3. Trusting your managers under investigation to investigate themselves. Enlist a compliance officer, internal audit manager or neutral third party to run investigations.

4. Fixing a problem without fixing the larger culture. If you treat an ethical violation in isolation, you might fix the breach without addressing the climate that gave rise to it. Saying, "As soon as we discovered the problem, we fixed it" is not enough. Instead, change the culture to dissuade others from misbehaving in the future.

5. Failing to separate the message from the messenger. When you learn of an ethical problem, ignore the source and focus on the merits of the information. Don't scoff at what you hear because you don't like the person who alerts you of possible malfeasance.

— Adapted from "The Biggest Ethical Mistakes Made By CEOs and How To Avoid Them," Mark Pastin, www.chiefexecutive.net.

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