

"Building Beyond Basics"

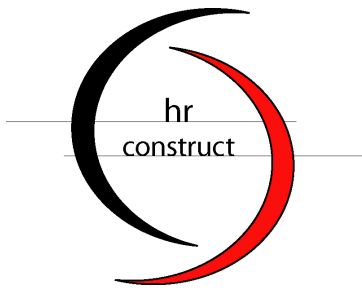
Leadership and Integrity

How to ensure it exists in your organization

Throughout my career in Human Resources, I have had managers ask how, if they found themselves in a difficult situation, they could be sure to say the correct thing. "When in doubt think about these two things: treat people the way you would like to be treated and if you don't want to read it or see it in the news, don't say it!"

It's simplistic, yes, but advice that the VP HR at Enron could have been doling out. In the absence of strategic leadership and clearly reinforced corporate culture or values, these are two basic considerations for managers running an organization today.

There is a steady rise in the awareness of employees, shareholders, and the general public of serious lapses in good governance and corporate ethics. One needs look no further than the newspapers to read about the misfortunes of large, high profile corporations, quasi-governmental agencies, and non-profit organizations. In just the last two years, we have been inundated with the likes of Enron, Hollinger, WorldCom, Boeing, Freddy Mac, and even the American Red Cross. Most recently, Nortel, a company Canadians were proud to 'call their own', is newsworthy and noteworthy.

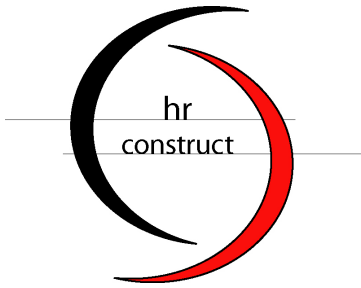


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There are now increasing demands on members of the Board of Directors in companies to take steps to 'avoid risk', to be more 'aware' of how the company is managed and to do risk analysis. The current trend in measuring the quality of governance in organizations is to measure their success in applying good governance principles at the Board level. However, we must remember that members of the Board do not lead or manage an organization on a day-to-day basis and the overall general 'health' of the organization's integrity and ethics rests in the hands of the managers inside the company. Boards ask for reports. But where do those reports come from?

This is an important concept that bears repeating. ***The overall general 'health' of the organization's integrity and ethics rests in the hands of the managers inside the company – every day.*** I know the companies we've been reading about had policies – that's standard practice, a must! But simply having a policy won't instil integrity or consistently ethical behaviour in an organization.

What consistent thread has been missing in the news reports we read on these companies? The fundamental issue is the lack of demonstrated ethics and ***Leadership Integrity***. These have become lost treasures where they are not consistently and deliberately reinforced by example and through systems and programs. Strategic Human Resources management will build programs and processes that continually reinforce and reward integrity throughout the organization.



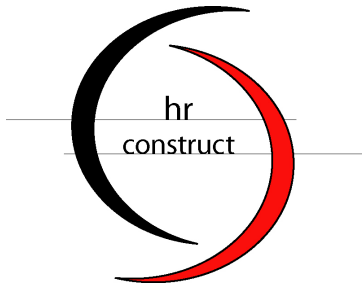
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Effective Leadership

One thing effective leaders have in common is a strong set of core values and among the top values you will find ethics and integrity. Strong leaders use their core values as a set of guiding principles or a moral compass. If they work for someone else, they understand the need to ensure that the corporations' and their core values are in sync. If they are starting a new company or working in a start up, they know they must establish and communicate these values. These values will be the centre of the corporate culture and if used properly will reduce risk and increase productivity and profitability.

But in the face of the constant news of unethical behaviours in companies around the world, one might well ask, "Where have all the strong leaders gone?" Companies need to, and should, focus on sales and profit, but if those are the only considerations the organization can become sociopathic in its focus - to the exclusion of doing what's right for the company and its employees.

Even good leaders can succumb to a profit driven "sociopath" culture. Overcome by exceptions to policies and ill-defined compensation plans, they begin to believe that success is profit, no matter how attained. We've seen it happen. Yet sustainability cannot be achieved through profitability alone and **great leaders** know this. Great leaders work to build a culture that requires ethics and integrity in all actions; and if they are unable to do this, they leave.



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Human Resources as an Integrated Business System

While some companies utilize their Human Resources staff to the fullest, others have failed to realize that HR can impact the bottom line positively. Worse still, they miss the mark by not looking for strategically minded HR staff to use as a key resource in the battle to reinforce Integrity and Ethical behaviours throughout the organization.

If the Human Resources role is expected to be a business support system in the same way as Finance or IT, it can be a powerful tool. Key programs like selection, performance management and coaching and succession can be designed to identify those who demonstrate the appropriate behaviours and sustain a culture of integrity.

Gay Miller is founder of 'HRConstruct' and 'The PartnerFirm Inc.' where she is a Principle Architect and Vice-President, respectively. Her career has focused primarily on human resources management, however, her experience in direct "line" positions have contributed to her business understanding and business success focus.

Her Passion is designing HR Business Systems that support the organization's core values and business strategy, while delivering necessary talent and results.