

Ethics 101

What Every Leader Needs to Know

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STUDY GUIDE

CHAPTER 1: WHATEVER HAPPENED TO BUSINESS ETHICS?

How would you describe the state of ethics in business today? Most people are disgusted with it. They are sick of dishonesty and unethical dealings. The ethical scandals surrounding companies such as Enron, WorldCom, and Adelphia Communications, has had an impact on us as individuals and as a society.

UC Berkeley accounting professor Brett Trueman, who teaches at the Haas School of Business, remarked, “This is why the market keeps going down every day—investors don’t know who to trust. As these things come out it just continues to build.”

Of course, the ethical problems we’re seeing aren’t limited to just the business world. Ethical lapses are everywhere.

The Ethical Dilemma

Why is ethics in such a terrible state? When people make unethical choices, they do so for one of three reasons; _____, _____, _____.

1. We Do What is Most Convenient

An ethical dilemma can be defined as an undesirable or unpleasant choice relating to a moral principle of practice.

2. We Do What We Must to Win

People hate losing. Business people in particular desire to win through achievement and success. However, many think they have to choose between being ethical and winning. Many people believe that embracing ethics would limit their options, their opportunities, and their very ability to succeed in business.

3. We Rationalize Our Choices with Relativism

Many people choose to deal with such no-win situations by deciding what’s right in the moment, according to their circumstances. That’s an idea that gained legitimacy in the early 1960s when Dr.

Joseph Fletcher, dean of St. Paul's Cathedral in Cincinnati, Ohio, published a book called *Situation Ethics*. In it he said that love was the only viable standard for determining right from wrong. The result is ethical chaos.

Everyone has his own standards, which change from situation to situation. Making matters worse is people's natural inclination to be easy on themselves, judging themselves according to their *good intentions*—while holding others to a higher standard and judging them by their *worst actions*. Where once our decisions were based on ethics, now ethics are based on our decisions.

The Bottom Line on Ethics

It really is possible to do what's right and succeed in business. In fact, according to the Ethics Resource Center in Washington, D.C., companies that are dedicated to doing the right thing, have a written commitment to social responsibility, and act on it consistently are more profitable than those who don't. Embracing ethical behavior will not automatically make you rich and successful; however, it can pave the way for you to become successful.

Ethics + _____ is a winning equation.

CHAPTER 2: WHY THIS RULE IS GOLDEN

How do you rate yourself when it comes to ethics? William J. H. Boetcker, a German-born industrial relations lecturer and clergyman observed, "Men must be honest with themselves before they can be honest with others. A man who is not honest with himself presents a hopeless case."

Ethics Matters

As mentioned in the preface, educators, philosophers, theologians, and lawyers have made ethics an overly complex subject. Most people have been influenced by the view of those "experts." In contrast, I believe you will be able to use one guideline to govern your entire ethical decision making. It's based on the Golden Rule.

One Rule for Everyone

Research shows that just about every culture has some version of the Golden Rule, which makes it the closest thing to a universal guideline for ethics a person can find. There are really only two important points when it comes to ethics. The first is a standard to follow. The second is the will to follow it.

The Josephson Institute of Ethics, a nonpartisan, nonprofit organization that exists to improve the ethical quality of society, states it well when they say, “Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay. There are two aspects to ethics: The first involves the ability to discern right from wrong, good from evil, and propriety from impropriety. The second involves the commitment to do what is right, good, and proper. Ethics entails action; it is not just a topic to mull or debate.”

Why You and I Should Adopt the Golden Rule

Not everyone is looking for a simple, practical, and applicable guideline to live ethically. Some people choose to lie, cheat, steal, and do worse, while others live to mull and debate ideas. However, people who desire to find a good honest standard of ethical behavior to live by can find it in the Golden Rule. Here are the reasons why:

1. The Golden Rule Is Accepted by Most People

Everyone wants to be treated well. It is not unreasonable for any person to desire good treatment from others. Nor is it asking too much to expect people to treat others well.

2. The Golden Rule Is Easy to Understand

Former Saturday Review of Literature editor Norman Cousins, who taught at UCLA, observed:

“The words “hard” and “soft” are generally used by medical students to describe the contrasting nature of courses. Courses like biochemistry, physics, pharmacology, anatomy, and pathology are anointed with the benediction of “hard”, whereas subjects like medical ethics, philosophy, history, and patient-physician relationships tend to labor under the far less auspicious label “soft”...[But] a decade or two after graduation there tends to be an inversion. That which was supposed to be hard turns out to be soft, and

vice versa. The knowledge base of medicine is constantly changing...But the soft subjects—especially those that have to do with intangibles—turn out to be of enduring value.”

Cousins’ remark sheds light on a problem with ethics. People often have difficulty getting a handle on the subject because it seems complex and intangible. One of the wonderful things about the Golden Rule is that it makes the intangible tangible. You don’t need to know the law. You don’t need to explore the nuances of philosophy. You simply imagine yourself in the place of _____.

3. *The Golden Rule Is a Win-Win Philosophy*

When you live by the Golden Rule, everybody wins. If I treat you as well as I desire to be treated, you win. If you treat me likewise, I win. Where is the loser in that?

4. *The Golden Rule Is a Compass When You Need Direction*

The Golden Rule does more than just give people wins. It also has _____ for anyone who practices it. In a world with much uncertainty, I think many people are seeking direction. The Golden Rule can provide that. It never changes, even as circumstances do. It gives a solid, predictable direction every time it’s used. And best of all, it actually works.

The Golden Place to Be

To many people, the Golden Rule sounds like a soft approach to business. But nothing could be farther from the truth. The Golden Rule is good for employees. It’s good for clients. And it’s good for _____.

CHAPTER 3: THE GOLDEN RULE BEGINS WITH YOU

After a lecture on the leadership of our nation’s founding fathers, I received a letter from author and friend, Zig Ziglar. In it, he said:

“I believe the reason we had so many outstanding leaders in the early part of our country’s history is the fact that, according to the Thomas Jefferson Research Institute, in the days when the men you were mentioning were growing

up, over 90 percent of the educational thrust was of a moral, ethical, religious nature. And yet, by the 1950s the percentage of that same educational thrust was so small it could not be measured.”

The strong moral education, such as Zig identified, empowers a person to make good ethical choices. However, since few people today have received such a foundation, how does one get started? The best way to get started is to think about what *you* want.

How Do You Want to Be Treated?

People, at their core, are very much alike. Talk to individuals of any age, gender, race, or nationality, and they have certain things in common. Here is a shortlist of things all human beings have in common when it comes to how they want to be treated:

1. I Want to Be Valued

In the American marketplace today, 70 percent of the people who leave their jobs do so because they do not feel valued. Valuing others, not for what they can do but simply because they are _____, is the foundation of the Golden Rule.

2. I Want to Be Appreciated

The desire to be loved and valued is perhaps the deepest need of every person. Closely related to that need is our desire to be appreciated for what we can do. Human relations expert and author Donald Laird asserted, “Always help people increase their own self-esteem. Develop your skill in making other people feel important. There is hardly a higher compliment you can pay an individual than helping him to be useful and to find satisfaction in his usefulness.”

3. I Want to Be Trusted

“To _____ is a greater compliment than to be loved.”—George MacDonald

The Law of Solid Ground in *The 21 Irrefutable Laws of Leadership* states that trust is the foundation of leadership. While true, it can also be said that trust is the foundation of all good relationships. If you don't have trust, there can be no open and honest interaction,

and the relationship will be only temporary.

While you cannot control whether people give you their trust, you can control your actions toward them. And you can determine to give them your trust. It takes a leap of faith to put your trust in another person, especially one you don't know well. Yet that's what it takes to practice the Golden Rule.

4. *I Want to Be Respected*

"The respect of those you respect is worth more than the applause of the multitude."—*Arnold Glasow*.

Most people desire the respect of the people they work for. And when employers give it freely, it creates a very positive working environment. The kind of respect employees receive gives them the freedom to perform at their best and the incentive to work with excellence. And not only does it honor the person, but it's good for business.

5. *I Want to Be Understood*

Sometimes people problems are caused by an individual's callousness or indifference. But more often the difficulty comes from a lack of understanding. When dealing with others, seek first to _____, then to be understood.

6. *I Do Not Want Others to Take Advantage of Me*

When it comes to how others treat me, more than anything else I don't want anyone to take advantage of me. That's really the bottom line regarding_____. It doesn't matter whether you're talking about lying to your neighbor or defrauding a big corporation, any action ultimately impacts individual people—for better or worse. And if that action devalues or takes advantage of them, it hurts them in a way we would not like to be hurt.

Back to People

Some companies in the United States are rediscovering the value of valuing people, and they are making changes to promote the good treatment of their employees. Home Banc chairman Patrick Flood says,

“There have been some significant gaps in character that’s been displayed in leadership in corporate and government roles. CEOs have gotten way to full of themselves believing they’re the success of the business. The fact is, we play a role, but the real success are the people doing the heavy lifting—the workers.”

When a person has a good sense of how he wants to be treated—with dignity, respect, and trust—then he can easily figure out how to treat others.

CHAPTER 4: LIVING A 24-KARAT-GOLD LIFE

Character Counts

Character is the key to living a life of integrity and ethical excellence.

- **Character Is More Than Talk:** Many people talk about doing the right thing, but action is a true measure of character.
- **Talent Is a Gift—Character Is a Choice:** There are a lot of things in life a person doesn’t get to choose; however, there are some critical things every person does choose. We choose our faith, our attitude, and our character.
- **Character Brings Lasting Success with People:** Trust is essential when working with people. Character engenders trust.
- **People Cannot Rise Above the Limitations of Their Character:** There are really only three kinds of people. Those who don’t succeed, those who achieve success temporarily, and those who become and remain successful. Having character is the only way to sustain success.

If you desire to live a life of character that exhibits ethical excellence, then follow these guidelines:

1. Adopt the Golden Rule as the Integrity Guideline for Your Life

If you believe the Golden Rule is right and it works, then you need to adopt it as the integrity guideline for your every day, whenever the issue of _____ confronts you, ask this question: “How would I like to be treated in this situation?”

2. Make Your Decisions Based on This Integrity Guideline

As you apply the Golden Rule to your life and make decisions according to it, remember this:

- **Decisions, Not Conditions, Determine Your Ethics:** People of poor character tend to blame their choices on circumstances. Ethical people make good choices regardless of circumstances.
- **Wrong Decisions Leave Scars:** Every time people make wrong decisions, there is an impact, even if they don't immediately notice it.
- **The More People Involved, the Greater the Pressure for Conformity:** Ethical decisions made in private have their own pressure, because one may be tempted to believe that a private indiscretion will never become public knowledge. Public decisions involving other people carry a different kind of pressure—that of conformity. No matter how much pressure there is, you can't allow others to _____ you into making unethical decisions.
- **Inaction Is Also a Decision:** Some people's reaction to ethical decision making is to avoid taking action. However, it's important to remember that inaction is also a decision. To live an ethical life, you must hold to your principles as you make tough decisions.

3. Manage Your Decisions Based on This Integrity Guideline

To be accounted trustworthy, a person must be predictable. When you manage your life and all the little decisions by one guideline—the Golden Rule—you create an ethical predictability in your life.

4. Ask Others to Hold You Accountable for Your Actions

We don't like to be reminded of our shortcomings, and we don't like our shortcomings exposed to others either. But if we want to grow, we need to face the pain of exposing our actions to others. Integrity is the foundation of a person's life, and _____ is the cornerstone.

CHAPTER 5: FIVE FACTORS THAT CAN "TARNISH" THE GOLDEN RULE

Undermining the Golden Rule

There are lots of things that entice people to cross an ethical line; however, it usually boils down to five things. These are the five factors that most often come into play when someone compromises his ethics:

1. Pressure

According to Linda Trevino, professor of organizational behavior at Penn State's Smeal College of Business Administration, "Ethical breaches are often the result of the corporate culture or pressure from management, pressure that can emerge when a company finds itself unable to live up to financial forecasts or expectations and tries to bend the rules to achieve them."

2. Pleasure

The desire for pleasure can be a terrible master. The fact is that the pleasures most of us pursue are _____ and leave us unfulfilled. The things that tempt us rarely deliver on what they promise. If we allow it to, the desire for pleasure (or comfort) will talk us into doing things we will regret afterward.

What is the answer to the lure of pleasure? The first is to run from temptation. The second key is to develop discipline. In *Reasons to Be Glad*, author Richard Foster writes, "The disciplined person is the person who can do what needs to be done when it needs to be done."

Business leaders who have lost their hearts to pleasure and possessions regrettably make themselves _____ to their followers. Anyone who loves pleasure more than truth is headed for trouble—and it will take others with him.

3. Power

Power is like a mighty river. As long as it keeps its course, it is a useful thing of beauty. But when it floods its banks, it brings great destruction. How does one keep power in its banks? Take the advice of U.S. President Harry Truman. He recommended, "If a man can accept a situation in a place of power with the thought that it's only temporary, he comes out all right. But when he thinks he is the cause of the power, that can be his ruination." Anyone who realizes that he's guarding his power too much had better start examining himself for breaches of ethics. Power can be terribly seductive.

4. Pride

Having a sense of worth because of who you are is a good thing.

So is having confidence in what you can do. However, having an exaggerated sense of self-worth can be highly destructive. Nineteenth-century writer and art critic John Ruskin asserted, “Pride is at the bottom of all great mistakes.”

5. Priorities

Jim Collins, the author of *Built to Last* and *Good to Great* has done extensive research into what makes companies highly successful. When asked what his research indicated about the importance of ethics in building a successful company, Collins replied, “Our research points to one essential element in any successful company. Those that are the best have built a set of core values and lived by them.”

The same is true for individuals. Any time a person doesn’t know what his priorities are he is liable to make poor decisions. German poet and novelist, Johann Wolfgang von Goethe advised, “Things that matter most must never be at the mercy of things that matter least.”

CHAPTER 6: SEIZING YOUR GOLDEN OPPORTUNITY

Most people think their greatest opportunities come from a job, an investment, or a market niche. But the truth is that the greatest opportunity you have is to change who you are.

One Thing Leads to Another

If you want to be able to pursue golden opportunities, then pursue the development of strong character first. That will position you well to face any ethical challenges that may lie ahead and to make the most of your chances when your time comes. Here’s how to proceed:

1. Take Responsibility for Your Actions

If you desire to be trusted by others and you want to achieve much, you must take responsibility for your actions.

2. Develop Personal Discipline

People who fail to develop personal discipline are often tempted to _____ to keep up. Nineteenth-century clergyman and Oxford

University professor H.P. Liddon said, “What we do on some great occasion will probably depend on what we already are; and what we are will be the result of previous years of self-discipline.”

3. Know Your Weaknesses

People who know their weaknesses are rarely taken by surprise, nor do they allow others to exploit their areas of weakness.

4. Align Your Priorities with Your Values

Integrity can be described as making your beliefs and your actions line up. When individuals say they believe one thing and then deliberately do something else, it's obvious that they lack integrity.

5. Admit Wrongdoing Quickly and Ask Forgiveness

People of poor character in every profession are quicker to cover up than they are to confess wrongdoing. However, it takes a person of strong character to face a situation with integrity by acting according to the Golden Rule.

6. Take Extra Care with Finances

People are often tripped up when they make accumulating wealth a higher priority than it should be. Stoic philosopher Zeno of Citium said, “The avaricious man is like the barren sandy ground in the desert which sucks in all the rain and dew with greediness, but yields no fruitful herbs or plants for the benefit of others.”

Learning to have the right attitude toward money and how to handle it well (instead of being handled by it) paves the way for many other character victories in a person's life.

7. Put Your Family Ahead of Your Work

Having a strong and stable family creates a launching pad for many other successes during a career and provides a contented landing place at the end of it.

8. Place High Value on People

When most people think of developing character, they focus on what they must become, which is good, since that is the majority of the process. But to make yourself ready to seize golden

opportunities, you must do something more. You must value others enough to give them a part of yourself—your trust. That, after all, is really the essence of the Golden Rule.

In *Winning Management: Six Fail-Safe Strategies for Building High-Performance Organizations*, Wolf J. Rinke writes, “If you mistrust your employees, you’ll be right ___ percent of the time. If you trust people until they give you a reason not to, you’ll be right 97 percent of the time.”

CHAPTER 7: HOW TO DEVELOP THE “MIDAS TOUCH”

Real Gold

Real wealth isn’t found in what we acquire. As nineteenth-century slavery abolitionist and clergyman Henry Ward Beecher asserted, “In this world it is not what we take up, but what we give up, that makes us rich.”

Not Fool’s Gold

Giving truly is the highest level of living. It makes the world a better place. And it makes for better business. H.E. Steiner asserted, “We shall have a better business when everyone realizes that while it pays to invest money in their industries and develop natural resources, it pays still higher dividends to improve mankind and develop human resources.” If you desire more than just a full bank account and you desire to build riches—by investing in people—then strive to live out the following practices:

1. *Treat People Better Than They Treat You*

It’s easy to love people who love you. And showing kindness to people who treat you well is little more than common courtesy. It takes a person of strong character to treat others better than they treat you. As civil rights leader Martin Luther King Jr. said, “Forgiveness is not an occasional act; it is a permanent attitude.”

2. *Walk the Second Mile*

People who do the bare minimum never achieve much in life—for themselves or others. Television host Oprah Winfrey says, “Doing my best at this present moment puts me in the best place for the

next moment.” A person with an extra-mile attitude is someone who:

- Cares more than others think is wise.
- Risks more than others think is safe.
- Dreams more than others think is practical.
- Expects more than others think is possible.
- Works more than others think is necessary.

As Zig Ziglar says, “_____.” If you always do more than is expected, not only will you rise up above the crowd, you will help others to rise up with you.

3. Help People Who Can't Help You

Often we define our success by how much better we are than the next person. And when we do help others, we insist that it be a win for us as well. Let's face it: We don't often think like writer John Bunyan, who said, “You have not lived today successfully unless you've done something for someone who can never repay you.” Yet if we want to live at the highest level, that's what we must do.

4. Do Right When It's Natural to Do Wrong

It's not easy to do right when doing wrong is easier. It takes _____. But the rewards can be remarkable. That doesn't mean there is always a reward, because there isn't. But if you do wrong instead of right, there cannot be a good reward.

5. Keep Your Promises Even When It Hurts

A study conducted by Dr. Pat Lynch was recently published in the *Journal of Business Ethics*. Lynch asked more than seven hundred business people and graduate business students to rank their values in the workplace. Included in addition to promise-keeping were items such as competency, work ethic, seniority, and overcoming adversity. Lynch found that keeping promises was at the bottom of people's lists. That held true in the survey regardless of gender, supervisory experience, or religious background.

The irony is that promise-keeping is the cornerstone of

all _____, and it is absolutely essential for success in business.

CONCLUSION: GO FOR THE GOLD(EN) RULE

I believe there are two basic paths to achievement a person can choose. You can go for the gold, or you can go for the Golden Rule. There are many people out there who have gone for the gold and who appear to have achieved all life has to offer. But appearances can be deceiving.