

## CEP Magazine – February 2023



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### Integrity is not negotiable

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By Jessica VanLeeuwen

It has happened again. The collapse of cryptocurrency exchange FTX in November 2022 has renewed focus on whether more regulation and oversight would prevent the type of catastrophic losses sure to follow.

There is little argument that certain industries and institutions require some level of oversight to protect the consumer. A defined code of ethics that is shared and enforced at all levels is essential to make certain the organization operates within the bounds of the law.

However, simple compliance with rules and regulations is not enough. Rules and regulations will not insulate an institution from intentional wrongdoing and bad actors. Education is essential to ensure that employees at all levels know the rules and have a keen understanding of what is and is not acceptable ethical behavior.

But having an established written code of ethics and a robust training program is also insufficient. For an organization to successfully navigate the ethics landscape, employees at all levels must willingly engage in ethical behavior and act with integrity in every aspect of their work.

#### **Moving beyond the rules**

Organizations must move beyond the rules. Creating and maintaining an ethical workplace culture is essential to avoiding the pitfalls of misconduct.

Workplace culture combines rules and procedures, behaviors concerning the rules, and employee perceptions of what is valued and accepted. Culture is the heartbeat of an organization.

It is more than having an annual training program that is often nothing more than an exercise to “check the [compliance] box.” Now more than ever, organizations must focus on aligning the workplace culture with the rules, creating a culture where integrity is not negotiable.

#### **Challenges affecting today’s workplace culture**

Unfortunately, unethical behavior permeates our society today in business, politics, schools, and daily life. Wealth, prestige, personal gain, and self-gratification seem to be the primary goal, often at the expense of organizational and personal integrity and compliance with the code of ethics.

According to a recent Gallup Panel study, “24% of respondents reported seeing or being aware of unethical behavior in the workplace in the past 12 months.”<sup>[1]</sup> Yet less than half reported the issue. Based on survey results, the main reason for the lack of reporting is because of workplace culture.

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FTX is just one of several recent examples of companies whose leadership openly viewed success as unlimited wealth and prestige, regardless of how it was obtained. Lying became part of the game, and the corporate culture encouraged turning a blind eye.

In a Twitter direct message exchange with Vox writer Kelsey Piper, Sam Bankman-Fried, the former FTX CEO, revealed his views about ethics. In response to Piper's comment that he was "really good at talking about ethics, for someone who kind of saw it all as a game with winners and losers," Bankman-Fried replied, "ya . . . hehe . . . I had to be . . . it's what reputations are made of, to some extent."<sup>[2]</sup>

He went further: "I feel bad for those who get f\*\*\*\*ed by it . . . by this dumb game we woke westerners play where we say all the right shibboleths and so everyone likes us."

While Bankman-Fried's behavior is an exaggerated example of what can happen when ethics are second to winning, the reality is that just one individual's unethical behavior or lack of integrity can destroy a company.

To avoid a fate like FTX's, ethical behavior and integrity must be integrated into the organizational culture. Employees must be able to trust their leadership and feel safe reporting observed misconduct.

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