Good News or Bad? Ethics Causing a Rise in CEO Exits

In 2011, 42 CEOs were forced out of their jobs due to breaches in ethics, according to research by Challenger Gray and Christmas. Even more will be removed in 2012. In fact, current pressure and scrutiny on performance has shortened the tenure of the average CEO from approximately 10 years to about 5 1/2 years since the 1990s, CEO John A. Challenger says.

The good news: Boards are getting tough. Shareholders and employers are demanding—or finding, due to social media and increasing media scrutiny—the information un-ethical executives have formerly been more easily able to hide. Increasingly strict disclosure rules and public scrutiny are forcing more executives to behave in a way that is ethical or to face the increasing reality of being removed from their jobs.

The bad news: Dishonorable behavior is more prevalent than ever. A quick summary in a recent USA Today gallery of famous dishonest executives includes no fewer than 23 names in its ranks. This is a dismal statement on the current business economy.

Today I issue a personal call to entrepreneurs, business leaders, managers and workers to turn the epidemic around—to behave honorably in business, as well as in life. I issue a call for superior ethical behavior, for one and all.

Every day I note the tales of fellow Americans who have chosen to lie, cheat, betray, deceive or harm someone at work; a client, a vendor, investor; or even a close family member. As the sordid histories unfold, we witness the rapid disintegration, destruction and loss of relationships, corporations and personal lives.
Employees lose jobs, leaders go to jail, families are crushed, lives are broken, misery rules. No institution is safe from a lapse of the moral code of conduct.

Has America always been this way? Have we behaved badly forever? Do we not teach the difference between right and wrong any more; at home, at school, at church?

My own first significant and memorable test of ethical behavior came as a second grade pupil—a test I failed and will never forget. I needed praise. I needed to feel important. I wanted my admired teacher to heap attention on me. However, there was one classmate who seemed to receive an inordinate amount of affection from Mrs. Gibson. You see, Jimmy was a very fine artist. Hoping to be as beloved as he, I decided in my heart I could surpass Jimmy if I were to draw something even more excellent.

I had one large obstacle blocking my plan. I couldn’t draw. I couldn’t even draw stick figures well. What to do? One day, as I rummaged through my parents’ drawer, I found the most amazing ink drawing of a famous building. It had been created by an uncle who attended a college art class. Voila! If I could not draw a picture myself, perhaps I could use this one instead.

The next morning I went back to school with deceit in my heart and my uncle’s drawing under my arm. When the moment arrived, I happily showed Mrs. Gibson the fine work of art I had created the night before. I waited for a big hug and her smile of approval for my masterful achievement. It didn’t come.

Instead, I received a lukewarm pat on the head and a look of doubt. Didn’t she believe me? Where was the love? Where was the marching band and parade to honor my excellence? Somehow I knew I had blown it. I felt embarrassment beyond human pain.

Such powerful lessons in moral behavior never fade. To America’s leaders and entrepreneurs: We can do better. Let us commit to live a higher standard of ethical behavior. Let us be known by the world for our greatest results—and not for our regrettable behavior.

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