



Chumir Ethics Forum

Sheldon Chumir Foundation for Ethics in Leadership



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President's Message: Ethical Governance

For both the investing and non-investing public, the issue of ethical corporate governance has been perceived as an economic imperative in recent months. Similarly, the political world has seen its share of ethical imbroglios feeding into the widespread public perception that all politicians are on the take. Yet with equity prices falling and reports of corporate misdeeds rising, these same political leaders are now being expected to patch the holes left by leaky corporate oversight regimes.

In the federal government's most recent Throne speech, they pledged to devote additional resources to the Office of the Superintendent of Financial Institutions and the Royal Canadian Mounted Police to fight corporate crime. The United States responded legislatively to the wave of corporate scandals with the Sarbanes-Oxley Act, which was designed to reinvigorate investor confidence by closely regulating potential conflicts-of-interest in investment banks and accounting firms. The bill was signed into law with overwhelming bipartisan support, while at the same time, in Canada, numerous prominent members of the financial community were arguing against regulatory solutions to the apparent problems.

Many believe that it is a combination of greed and arrogance, a sense of entitlement and lust for power that have led to some of the obvious failures of political and financial leadership. And many also suggest that the problems of competitive and social imbalances and the growing disparity between the well off and the less well off are, in part, results of these moral failings.

Whether and to what extent this is so, there seems little doubt that the public

perception of a widespread failure of ethical behaviour in public life has been growing over the past year or so.

Responses range from increased attention to codes of ethics in politics and business, renewed emphasis on ethics training in business and professional schools and a burgeoning of the market for ethics consultants. A cynic might be forgiven for wondering both whether these trends will survive the next major upturn in the markets and whether the flurry of ethics training initiatives will result in any fundamental change in corporate or political behaviour. The age-old questions of whether people would behave ethically if they knew that unethical behaviour would go unrecognized and unpunished and how we can combine ethical behaviour with a reasonable degree of advantage for a corporation or political group remain; for merely to say that ethical behaviour is good for the bottom line does not make it so.

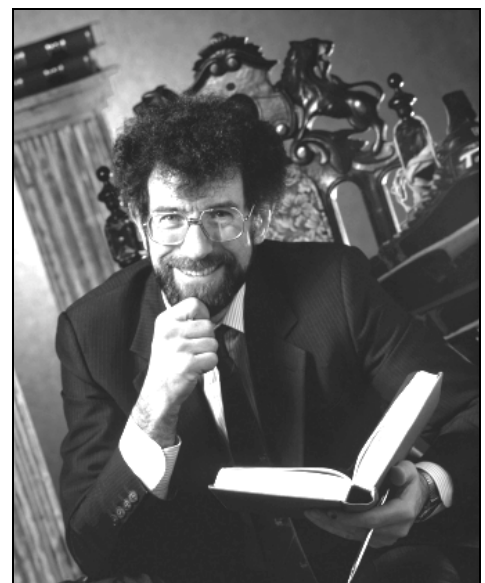
We at the Foundation have some ideas on this topic, and you will hear more from us on this in the coming months as we endeavour to make a contribution to the debate. As President, I am particularly delighted that Alison Dempsey, (about whom you can read on the next page) has joined us as our first Program Director. Her particular background in policy and governance make her ideally suited to take on some of the challenges of extending the Foundation's role in these areas. I look forward to working closely with her on these matters.

Marsha Hanen

thanks to Alex Barber for contributions to this message.

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Sheldon M. Chumir

Appointment of the First Foundation Program Director

The Sheldon Chumir Foundation for Ethics in Leadership takes pleasure in announcing the appointment of Alison Dempsey as the Program Director of the Sheldon Chumir Foundation for Ethics in Leadership. Alison grew up in Calgary, and graduated from Western Canada High School. She has a Bachelor of Arts (Hons.) from Queen's University, a Bachelor of Laws from the University of British Columbia and Master of Laws from the University of Exeter, England.



Alison Dempsey

Alison articulated and practised law in Calgary before her interest in the complex legal, economic and social challenges of the European Union took her to England where she obtained her Master of Laws, specialising in European Law. She was then selected for an internship with the Canadian Government's Mission to the European Union in Brussels, Belgium where she gained insight into the workings of government and policy in a unique multinational context. During the internship she researched and authored a handbook on the EU legislative and administrative system for internal government use and prepared a report on the European Court of Justice's decision-making powers in the context of external economic and diplomatic relations.

Alison remained in Europe working in London, England as a solicitor with a prominent City law firm and then as a management consultant, first with a specialist consultancy and most recently with a global business advisory firm. She has a specialist interest and knowledge in the area of governance and corporate accountability having considerable experience in working with companies seeking to sustain positive relationships with their shareholders and stakeholders in increasingly complex domestic and international markets.

Alison is qualified as a lawyer with the Law Societies of Alberta and England & Wales and is a member of the Association of Women Solicitors of England & Wales and of WorldatWork.

Alison believes in the Foundation's Mission and in the value of strong ethical leadership in all sectors of society. With her unique combination of knowledge, skills and international experience she will be a valuable addition to the Foundation.

Chumir Foundation Forum in Victoria

The Sheldon Chumir Foundation for Ethics in Leadership will hold its first forum in Victoria, British Columbia November 21st, 2002 at the University of Victoria. The event entitled "Escape from Politics" is co-sponsored by the Faculties of Humanities, Law, and Social Sciences and the Division of Continuing Studies at UVic. The forum's main speaker will be Dr. Reg Whitaker, Distinguished Research Professor Emeritus York University; Adjunct Professor of Political Science, University of Victoria with commentary from Dr. Maureen A. Maloney and Dr. Gordon Smith, Executive Director Centre for Global Studies, University of Victoria.

The idea for the forum came largely from Dr. Whitaker's article for the journal *Inroads* entitled "The Flight from Politics: Why neither Left nor Right play the game anymore." In the piece, Dr. Whitaker examines trends in Canadian politics over the past several decades. What he finds are political developments, rooted in Canada's legitimacy crisis of the 1960s, that have undermined the salience of democratic compromise and conventional electoral politics. The result, Dr. Whitaker opines, has been a serious democratic deficit. However, he concludes, within these trends are the seeds for democratic renewal. The forum will seek to address some of these issues and attempt to find some workable solutions for greater public involvement in the political process.

Given the current political climate in B.C. this topic is extremely timely. The forum continues the Chumir Foundation's tradition of bringing together diverse points of view in the spirit of tolerance and reasoned discussion. The evening promises to be lively and enlightening for all those in attendance.

The Foundation plans to hold similar forums in Edmonton and Winnipeg during the winter, as well as continuing our program of forums in Calgary. For more information about the Victoria forum and a link to Dr. Whitaker's article please visit our website:

www.chumirethicsfoundation.ca

The Sheldon M. Chumir Foundation

presents

John Harker (B.A. M.A. LLD)
2002 - 2003 Public Policy Fellow

**"Corporate Conduct, Community Response:
Towards Sustainability in Ethics and Business"**

Tuesday, December 10, 2002 from 7:30-9:30 pm

at the EPCOR Centre
Engineered Air Theatre
205 - 8th Street S.E. Calgary Alberta

Reflections on Ethics in Leadership

Four years ago I was asked by the committee searching for my successor as president of the University of Winnipeg to discuss with them the challenges facing the university, and my thoughts on an appropriate candidate for the following five to ten years. I remember telling the search committee – presumptuously, I guess, but they asked! – that perhaps the most important consideration for them should be **ethical** leadership. But what on earth did I mean?

Throughout society, we see a real hunger for ethics in our institutions and for leadership that is honest and trustworthy. People have become increasingly impatient and even disgusted with forms of behaviour – corruption, theft, lying, harassment – that once were tolerated. The proliferation of ethics codes, courses, consultants, watchdogs and public revolts against self-serving leadership underscores this concern. We see it in relation to governments, media, professions and businesses – think of the reactions to the recent revelations about Enron, Arthur Andersen and WorldCom.

Our society's romance with relativism has led to the idea that to seek any kind of common morality in a diverse society is futile because we will never achieve agreement. Then there is the problem of cynicism, both in the form that says that leadership almost **requires** that its practitioners engage in corruption and conflict of interest, and in the form so prominent in our "cool" and ironic times, which holds that any belief that things might be made better is, at best, hopelessly naïve. There is also the culture of rights and entitlements, frequently asserted without any acknowledgement of concomitant responsibilities; and there is the sense of powerlessness to affect outcomes, causing many people to decline to participate.

What would count as more ethical behavior? And, more specifically, what do we mean by 'Ethics in Leadership'? First, I think, is concern for the effects of our actions on others – a sort of negative version of the Golden Rule: "Do not do to others what you would not want them to do to you." And we might expect integrity: our leaders should not be involved in corrupt practices, in conflicts of interest, in manipulating public affairs for private gain. We want our leaders to make only those promises they can and will keep and to tell us the truth – the maxim might be: "Don't lie, don't cheat, don't steal". In short, we want them to be trustworthy.

"As to cynicism, it seems to me that it is ultimately self-defeating in that our expectations of leadership become lowered so significantly that ethical leadership is discouraged. Indeed, our cynicism actually makes us complicit in the failure to encourage ethical leadership."

But integrity, while *necessary* to an ethical organization, is not *sufficient*. I think of integrity as a sort of formal condition of ethical behaviour – a set of basic rules or principles that can be encapsulated in a code, adherence to which is expected of all leaders.

Sadly, it sometimes appears that part of the purpose of such codes is to protect those in power against charges of failing to take responsibility for their organizations rather than actually to ensure that unacceptable behaviour does not occur. And it's not clear how well we handle breaches of the codes or how much we do on the prevention side which is, after all, what really matters. Leaders need to *care* about what is right, and we need to *do* what is right, avoiding blaming others when things go wrong. As one U.S. politician said: "The top officials of both parties should set an example of propriety and ethics which goes beyond the strict minimum required by law." That was said just over fifty years ago, and the politician was Richard Nixon: a pretty good case of "Do as I say, not as I do."

One of the first requisites of ethical leadership is not to care too much about your position or about being loved: you need to care about the enterprise and the people, but you need to be able to withstand disapproval and to know when you are being asked to compromise your principles too much.

What else is important? The obvious answer has to do with the *substance* of what leaders do. It is possible to imagine leaders behaving with complete personal integrity, who yet promulgate laws and policies contrary to the public good.

As to cynicism, it seems to me that it is ultimately self-defeating in that our expectations of leadership become lowered so significantly that ethical leadership is discouraged. Indeed, our cynicism actually makes us complicit in the failure to encourage ethical leadership.

One of the most interesting things about the recent revelations of corporate malfeasance is the array of reactions they have engendered. It fascinates me that, amid all the finger wagging about the culprit being rampant greed, nearly all the proposed solutions involve proposals for increased regulation to reform corporate conduct and governance together with stringent and very public penalties for those convicted of corporate fraud. The assumption is that the greed can be controlled if we make an example of a few bad actors.

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An interesting alternative view holds that the problem is a failure of community-mindedness and concern for others – a kind of arrogance of power, a focus on the self alone, and a belief that leaders are not subject to the normal constraints of fairness and equity. We need to think about the obligations of leaders rather than their entitlements – obligations for ethical stewardship of limited resources, for personal restraint, for recognition of the needs of those on the bottom rung and for commitment to the common good.¹

The *content* of leadership is critical, whether in corporations, education or politics; and it has always surprised me how little talk of leadership anywhere is focused on ethics. When it is, we tend to think of ethics as a mere add-on to the important stuff of strategy and competitive advantage. The view that suggests that the only way to ensure ethical leadership is through ever more stringent rules and enforcement seems to me to have it backwards, but not because I have some blind faith in self-regulating organizations. Rather, I suggest that where we need to be headed is toward a leadership culture whose *fundamental* values are ethical in nature, focusing on the effects of our actions on others and on what is best for our communities.

Perhaps the recent proliferation of revelations of unacceptable behaviour in business and government actually provides a special opportunity at this moment, while people's consciousnesses are raised, for us all to focus our attention on a kind of leadership that is less self-serving and more attuned to justice and fairness for all.

Marsha Hanen

This article is based on a speech given by Dr. Hanen at the University of Northern British Columbia's program "Women in Leadership: Managing Our Future" held in August, 2002.

¹ see, for example, Max De Pree, *Leadership Jazz*, New York, 1992.



The new office includes a Project Room



Sharon Abra Hanen, Alison Dempsey, and DJ Guzda deliver boxes to the new home of the Foundation... That's right! **We've moved!** Our **New Address** is below.

New Offices for the Foundation

We are pleased to announce that we have moved into our new offices, located on the 9th floor of the Calgary Non-Profit Center, located in the Centre 12 Building at Centre Street South and 12th Avenue.

We are delighted with the space and light, and especially for the opportunity for connections arising from being in close proximity with other Calgary nonprofit organizations.

We would enjoy showing you around our new office, so if you are in the area, please drop by, or give us a call to arrange a visit.

New Address

SHELDON M. CHUMIR FOUNDATION FOR ETHICS IN LEADERSHIP

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web site: www.chumirethicsfoundation.ca

Join Our Email List

We would be pleased to inform you of upcoming forums, symposia and events throughout the year.

To join our email list, please contact Elaine at:

elaine@chumirethicsfoundation.ca

See you on-line!

My Year in Review

When I began my term with the Sheldon Chumir Foundation I confess to knowing little about how one would apply ethics to the debates concerning the public good. I recall reading the objectives of the Foundation on our website, which seemed laudable and straightforward, but I was still unclear as to how to turn principles into action. As the months went by and my knowledge of what the Chumir Foundation was about improved I began to realize that, in fact, I had it backwards. Ethics was not a remote concept reserved for tribunals and codes, but instead it was a necessary prerequisite for collective progress in politics and life.

The cold reality of this hit me while watching the scandal at Enron unfold. Reading media accounts of people losing their jobs and life savings because of unethical behaviour by wealthy corporate executives was at once sickening and instructive. As similar scandals followed, in both the corporate and political worlds, it soon became apparent that the principles embodied in various codes and statutes are, in fact, meaningless unless there is a conscious effort to practice them in everyday life. I realized Sheldon, through his legacy, was on to something quite fundamental about how our societies are governed. When people sense that those whom we have asked to look after our collective interests decide to act selfishly or unethically we all pay a price.

Perhaps what helped me realize the importance of the Foundation's activities was helping to organize the 2nd major event in April of 2002: Community Values in an Age of Globalization. Meeting my fellow staff members and everyone who attended the event was both an exhilarating and enlightening experience. Having people from all walks of life come together and discuss important global issues is a rare event. Making an occasion such as this possible was exhausting work but the result was well worth the effort. I sensed that people emerged

from the weekend refreshed and determined to make a difference both locally and globally. The speakers covered an extraordinary breadth of themes, each building on the last. The cynicism one so often encounters in public affairs was temporarily replaced by tolerance and reasoned discussion. I left Calgary with a wonderful impression and shattered stereotypes.

At last, I felt, I had witnessed ethics in action; people meeting and discussing important public issues in the spirit of tolerance and community-mindedness. Perhaps if an event such as this was more commonplace we might have avoided some of the ethical pitfalls of the past year. When people consider how their actions will affect the community which they are a part of, it seems to me that they are more likely to modify pernicious behaviour.

As I prepare to leave the Foundation I do so with a profound sense of gratitude. I had the opportunity to gain valuable experience and learn some important lessons about how one ought to conduct themselves as a person and a citizen. Whether it was engaging with other organizations interested in ethics, editing transcripts, or putting up flyers, I learned something important at every turn. Although I never had the opportunity to meet Sheldon in person, I feel as though, in a strange way, I already have.

Alex Barber—Research Associate with the Foundation from November 2001 through November 2002

Research on Ethics Codes and Whistleblowing

Media fellow Jennifer Williams's research into ethics codes and whistleblowing is on-going. She is surveying whistleblowers about their experiences and how ethics policies might be improved based on what they have learned.

The hardest group to study are the "whistle swallowers," who may initiate internal procedures for investigations, or not, but who ultimately let the matter drop. These are the people who whistleblower protection might encourage to speak up and save jobs and even lives (the Krever report following the blood tainting scandal recommended whistleblower protection).

One of the issues she is delving into is what is the tipping point when a potential "whistle swallower" decides to become a whistleblower, either inside an organization or by going public. Any "whistle swallowers" or whistleblowers who want to participate in the survey, named or anonymously, are encouraged to contact Jennifer at:

jen.williams@telus.net



Elaine Wojtkiw in the new Reception Area

Cultivating Ethics

Recent human history has involved some of the most technological progress imaginable, resulting in undeniable benefits, as well as challenges, for humankind. But in pursuing the benefits of technology, have we neglected to advance the role of ethics with similar vigour?

The Olympic figure skating scandal of last winter provides an interesting framework for questioning the relationship between technology and ethics. In a follow-up to the case of the Canadian pair who came second as a result of what was later found to be corrupt judging, it was recently announced (CBC, November 4, 2002) that a new technology is being tested that would prohibit the judges from cheating while assigning marks to athletes.

Notwithstanding the innovation and creativity it took to design and produce such technology, the idea of reliance on such a remedy seems to miss the point. It suggests that we are lacking the means to prevent corrupt judging by addressing ethical thinking and behaviour, and that we are willing to abdicate responsibility for the cultivation of ethics in our society.

Too often, instead of looking to prevent future crises, we wait until a crisis occurs and then scramble in response. Technology is an appealing "quick fix" in such situations. In the case of sports judging, a technological fix obscures the underlying fundamental ethical concern. The technology does not address the lack of ethics. It merely placates fears of unethical behaviour in a specific situation and bolsters the illusion of ethical control. Little is accomplished to strengthen ethical intention and integrity. The risk of similar crises remains.

Monitoring people in an attempt to ensure they behave ethically will not foster truly ethical actions and behaviour, no matter how close the observation. What happens when the all-seeing eye of technology blinks? Another scandal? Or worse? Are we inviting a crisis that will shake the very core of Canadian society? A superficial solution is not the appropriate answer to a deep ethical problem, and it should not be accepted as such.

Now we are faced with this challenge: how can actions be guided so that we are ethical by inclination, rather than in response to external control? Granted that action in accord with ethical principles, even if out of fear of sanctions, is preferable to unethical action, we still need to ask how people can be motivated to act ethically even in the absence of the machinery of reward and punishment. Only then can we begin to move beyond the façade of an ethical society and towards cultivating deep and lasting ethics.

DJ Guzda - 2002 - 2003 Intern

From 9-11 to G-8: Thoughts on an Internship

I came to the internship at the Chumir Foundation on September 10th 2001 with some vague academic ideas about concepts such as civil society and what I might be able to contribute to the discussion. The events of the following day and the months that followed helped transform these ideas from abstract discussions to very real conversations. I was immediately involved in thinking about practical ways to bring people from different backgrounds together in non-confrontational environments, with the belief that promoting such occasions should lead to the growth of a more civil and just society.

The Chumir Foundation organised a number of initiatives which attempted to do this – from the small roundtable held in November 2001, to the major Symposium in April 2002, held in advance of the G8 summit. In addition it was very rewarding to be invited to outside meetings which shared similar goals such as those held by Diversity Calgary and a working group organized by John Pentland at the United Way. These meetings gave me an opportunity to see how civic leaders thought and which issues they perceived to be most pressing. In another sphere, I was fortunate to be invited to give a seminar on ethical leadership to some young aboriginal people from the Alexis First Nation east of Edmonton. I also observed marvelous educational programs such as Chevron's *Open Minds*, the EPCOR Centre's *Playwright's Web* and Child and Youth Friendly Calgary's *Youth for the Future*.

These occasions all had one thing in common, namely, the creation of an environment conducive to meeting and discovering what motivates others. Ethical leadership requires making the effort to do this. This responsibility to try and understand others is one that we all share, for we are all potential leaders – it is the behaviour of everyday people – everyday leaders – that determines the type of community that we live in. Lack of communication, remaining in closed, comfortable groups, is perhaps the biggest barrier that we face in today's globalized world. I feel extremely fortunate to have been given the opportunity to spend time working on these issues. I hope that in the years to come, more people in Calgary, Canada and around the world will become aware and take advantage of the tremendous opportunities for critical and creative interaction that the Chumir Foundation offers.

David Hughes - 2001 - 2002 Intern