

## 13.15: Introduction to How Managers Can Encourage Ethical Behavior

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What you'll learn to do: describe practical steps that managers should take to model ethical behavior and encourage ethical choices

Management cannot guarantee that employees will behave ethically. But there are processes that significantly improve average behaviors. For some companies, these processes are legally required.

In response to the Enron accounting scandal, the government passed the Sarbanes-Oxley Act, which requires that companies listed or applying to be listed on a public stock exchange establish and enforce a code of ethics. Even companies that are not required to have a code of ethics should take steps to encourage ethical choices. Although it is important to establish an effective code of ethics, it is crucial that ethical employees first be hired. An effective ethics program should also be set in place to deal with violations. Despite a company's best efforts to prevent any wrongdoing, offenses will happen, so action must be taken against the offender. And when employees report wrongdoings, they need to be offered whistleblower protection.

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