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Amid string of scandals, businesses placing new premium on ethics
In response to political ethics scandals and the #MeToo movement — both turbocharged by social and traditional media — the business world is recognizing how toxic leadership and culture can threaten a company’s image, profits and long-term survival. More “enlightened” CEOs are taking a stand on issues like immigration and more boards are holding executives accountable for ethical organizational culture.

**Why it matters:** Corporate boards and executives are taking a broader view of their key stakeholders — not just the vaunted shareholder but also their employees and customers.

Companies have had to follow through on their ethical commitments in a glaring spotlight:

- After Trump’s comments about the white nationalist rally in Charlottesville, Merck CEO Ken Frazier led a mass exodus from the president’s corporate advisory councils. Apple’s Tim Cook, Goldman Sachs’ Lloyd Blankfein, Unilever’s Paul Polman and other CEOs also weighed in.

- The rise of the #MeToo movement in late 2017, following the Harvey Weinstein exposé, prompted a new awareness of CEOs' pervasive influence on company culture, seen also in the departure of Steve Wynn from Wynn Resorts and the subsequent restructuring of its board.

- Intel, Rambus, Paramount TV, Texas Instruments and Papa John’s have all recently fired CEOs or chairmen over “code of conduct” violations, a sign that boardrooms are indeed taking these issues more seriously.
Disney fired the director James Gunn last weekend over years-old but recently unearthed offensive tweets, demonstrating that CEOs and boards must respond swiftly to stay in sync with their customers and public opinion.

**Where it stands:** Integrity programs are becoming more integrated into performance management, especially now that toxic leaders and their cultures have become too hard to keep in the shadows. Boards increasingly want reporting from C-suite officers who oversee ethics, compliance, risk and corporate responsibility. Likewise, companies are creating cross-disciplinary teams to deal with these issues and the reputation risks they pose, which have been dramatically amplified by social media.

**What to watch:** The hardest work will involve bringing these ethics standards and performance metrics into the political realm, by shifting the stakeholder focus from lobbyists and donors back to citizens and the national interest.

*Andrea Bonime-Blanc is the founder and CEO of GEC Risk Advisory.*