Understanding Ethics ©

Introduction

"What shall I do? How do I know what is right?

- Ethics is about the values and standards by which an individual or organization behaves, makes choices, and interacts with others.

  Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success.
  New York: John Wiley & Sons, Inc. p. 3

- A rational discussion on ethics includes the reasons people give for the choices they make, and the language they use to describe those choices. It is also about what we can expect from other people (society's responsibilities) and what they can expect from us (our responsibilities).

  Thompson, Mel. 2006. Teach Yourself Ethics. New York: McGraw-Hill Companies, Inc. p. 1, 14

2

Introduction

"**Ethics** is not first and foremost a set of rules or principles that we learn from a book or a teacher. It is first and foremost a kind of sense in our bones.

Ethics, in this sense, **is the ability to move in this world without unnecessarily violating the ability of other bodies to move in their own way:**

How to give space to others; how to restrain oneself where one's exuberance or anger might impede the ongoing exuberance of another person.

Abram, David. "Earth in Eclipse: An Essay on the Philosophy of Science and Ethics." From Merleau-Ponty and Environmental Philosophy, (edited by Suzanne L. Cataldi, William S. Hamrick). New York: SUNY Press, 2007

Introduction

"Ethics as how not to do violence, is seems to me is something we learn first and foremost as bodily beings.

To the extent that we are living today in a technologically-mediated world that cuts us off from our senses and has us living in a field of abstractions, almost oblivious to our bodily senses and the sensuous earth around us, it is difficult to be ethical.

It is difficult to live in right relations to others - both with other people and other shapes and forms of our world ."

Abram, David. "Earth in Eclipse: An Essay on the Philosophy of Science and Ethics." From Merleau-Ponty and Environmental Philosophy, (edited by Suzanne L. Cataldi, William S. Hamrick). New York: SUNY Press, 2007

What's the point of ethics?

In practical terms, including a discussion on the ethical nature and implications of situations can offer two things:

- It helps one appreciate the choices that others make, and evaluate the justification they give for those choices.

- It assists in the reflective sharpening of one's own awareness – a conscious examination of values and choices, of how these have shaped one's life so far, and (perhaps more importantly) of how they can be used to shape the future.

Thompson, Mel. 2006. Teach Yourself Ethics. New York: McGraw-Hill Companies, Inc. p. 10

"Ethics as reflecting the shared experience"

- "Ethics is a way of teaching you how to live as though you were one with the other."

- "Poetry is a language of ethics – something that has to be penetrated. Poetry evolves a precise choice of words that will have implications and suggestions that go past the words themselves."

Campbell, Joseph. 1991. The Power of Myth. New York: Anchor Books (A Division of Random House, Inc,) p. 281/283

6

Searching for "Shared Ethics"

- "We need to search for a shared ethics for an interdependent world – that is as former British Primer Minister Tony Blair suggests - a world in which a crisis somewhere is necessarily a crisis elsewhere and sometimes a crisis, everywhere."

- "It is about trying to find those values we hold in common and imagining how we might go about doing so."

Somerville, Margaret. 2006. The Ethical Imagination: Journeys of the Human Spirit. Toronto: House of Anansi Press Inc., p. 2

7

Searching for "Shared Ethics"

- "It is about the importance to human ethics of stories, myths, poetry, imagination, "examined emotions," intuition – especially moral intuition – and the human spirit.

- While reason, common sense, objective facts, and science are often assumed to be the only matters important to ethics, it is important to use the full richness of <<our human ways of knowing>> to 'do ethics' in our contemporary societies."

Somerville, Margaret. 2006. The Ethical Imagination: Journeys of the Human Spirit. Toronto: House of Anansi Press Inc. p. 2

Definitions

- "Ethics" comes from the Greek word, *ethikos*, which relates to "ethos" or "character."

- "Moral" comes from the Latin word *moralis* – and is more concerned with which actions are right or wrong, rather than with the character of the person who performs these actions.

Vardy, Peter and Grosch, Paul. 1994. The Puzzle of Ethics. London: Fount (HarperCollins Publishers). p. 4

A Distinction

- Although many people use these words interchangeably, it may help if we refer to:

  - moral as behaviour customary in our (or someone else's) society or culture and

  - ethical as behaviour considered right or wrong according to our own beliefs, no matter the culture or society.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 8

Three Sub-Branches of Ethics

- **Meta-Ethics**

  Where ethical notions come from and what they mean

  e.g., "What do we mean by good?"

- **Normative Ethics**

  The search for principles that guide or regulate human conduct.

  e.g., "What should we do to be good?"

- **Applied Ethics**

  The study of specific issues,

  e.g., "Is a certain action (say, euthanasia) right?"

Vardy, Peter and Grosch, Paul. 1994. The Puzzle of Ethics. London: Fount (HarperCollins Publishers). p. 14

Choices

- Many choices, and the actions that spring from the choices we make, are said to be simply matters of personal preference.

- They only become the subject of debate because of the intentions behind them, their results or consequences, and the values – of society or of the individual – that they reflect.

- A central question for ethics is that of freedom. Assuming that there are actual situations where we are truly not free to choose what we do, can we be held ethically responsible for our actions and their consequences?

Vardy, Peter and Grosch, Paul. 1994. The Puzzle of Ethics. London: Fount (HarperCollins Publishers). p. 4

Thompson, Mel. 2006. Ethics. New York: McGraw-Hill Companies, Inc. p. 7

Skills Required in Making Ethical Choices

- The ability to distinguish ethical and legal actions from those that are simply in our self-interest. It is easy when the right choice is in our personal interest; the difficulty is when what is ethical, say for the common good, is not in our personal interest.

- Readiness to draw the line between negative ethics (bright line prohibitions that take the form of "Thou shall not") and positive ethics (the more blurry-lined obligations that take the form of "Thou shall" and usually require virtuous behaviour and more energy to fulfill).

- Independent enough to separate our actions from the stage of our acts – the influence of surroundings, people, place, context.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 49

Skills Required in Making Ethical Choices

- Discerning enough to refrain from rationalization, which purposefully blurs right and wrong (a process of constructing a justification for a decision we suspect is really flawed) versus reasoning – a process of analysis for forming judgments.

- Informed enough to commit to "action-based" (a set of rigid rules that we wish everyone to follow all the time, despite the outcome or consequence of that action) or "consequence-based" ethics (the action is right or wrong depending on what the outcome or consequences are – leading to the concept of the greatest good for the greatest number).

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 49

Determining ethical issues

- Whether you think a behaviour is ethical will depend upon several factors including:
  - your values and standards
  - How you frame your values and standards (e.g., Negative: "You shall not…" which are prohibitions and create bright lines versus Positive: "You shall…" which tend to be more aspirational and create less bright lines)
  - how you see the world
  - how you see or interpret the behaviour
  - how you reason
  - how you rationalize
  - the words or language you use to describe the issue, and
  - the ethical arguments you use to decide what is right.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 34

Determining ethical issues

- For an example of language used:

  If we ask…

    "Do you favour killing babies for research?"

    This draws an unfavourable distortion as no one is in favour of such a thing…is draws an unfavourable distinction.

    However, if we ask,

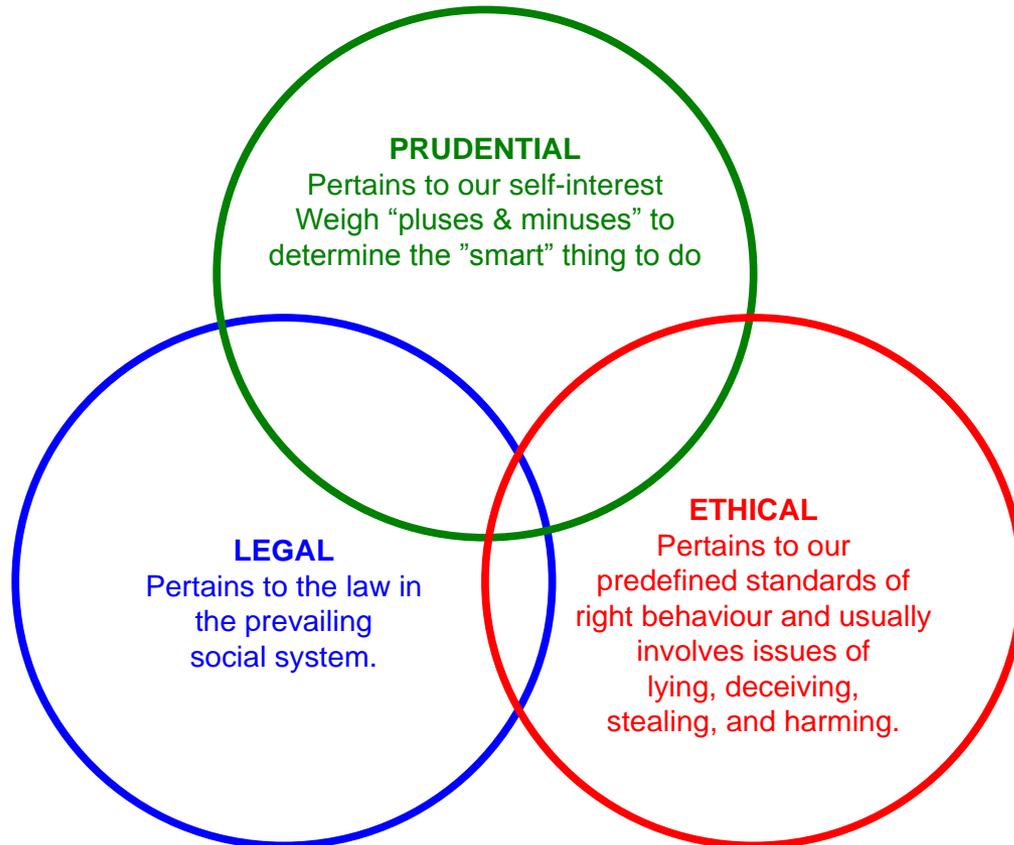   "Do you favour using fetuses in stem cell research?"

    we get a more reflective answer.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 34

Determining ethical issues

- Facts alone do not decide whether something is right or wrong. Context and perspective are also key to being able to label behaviour. "Workers are subject to bullying in the workplace" is not an ethical statement.

- But, if you add, "…and you are doing nothing to help," then it becomes an ethical issue if the person addressed believes that bullying is wrong and is in a position to help but does not do so." It may also be a moral statement if the society or culture disapproves of such behaviour.

Thompson, Mel. 2006. Teach Yourself Ethics. New York: McGraw-Hill Companies, Inc. p. 9

Dimensions of an Action

PRUDENTIAL
Pertains to our self-interest
Weigh "pluses & minuses" to
determine the "smart" thing to do

LEGAL
Pertains to the law in
the prevailing
social system.

ETHICAL
Pertains to our
predefined standards of
right behaviour and usually
involves issues of
lying, deceiving,
stealing, and harming.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 34

Ethical Thinking Flowchart
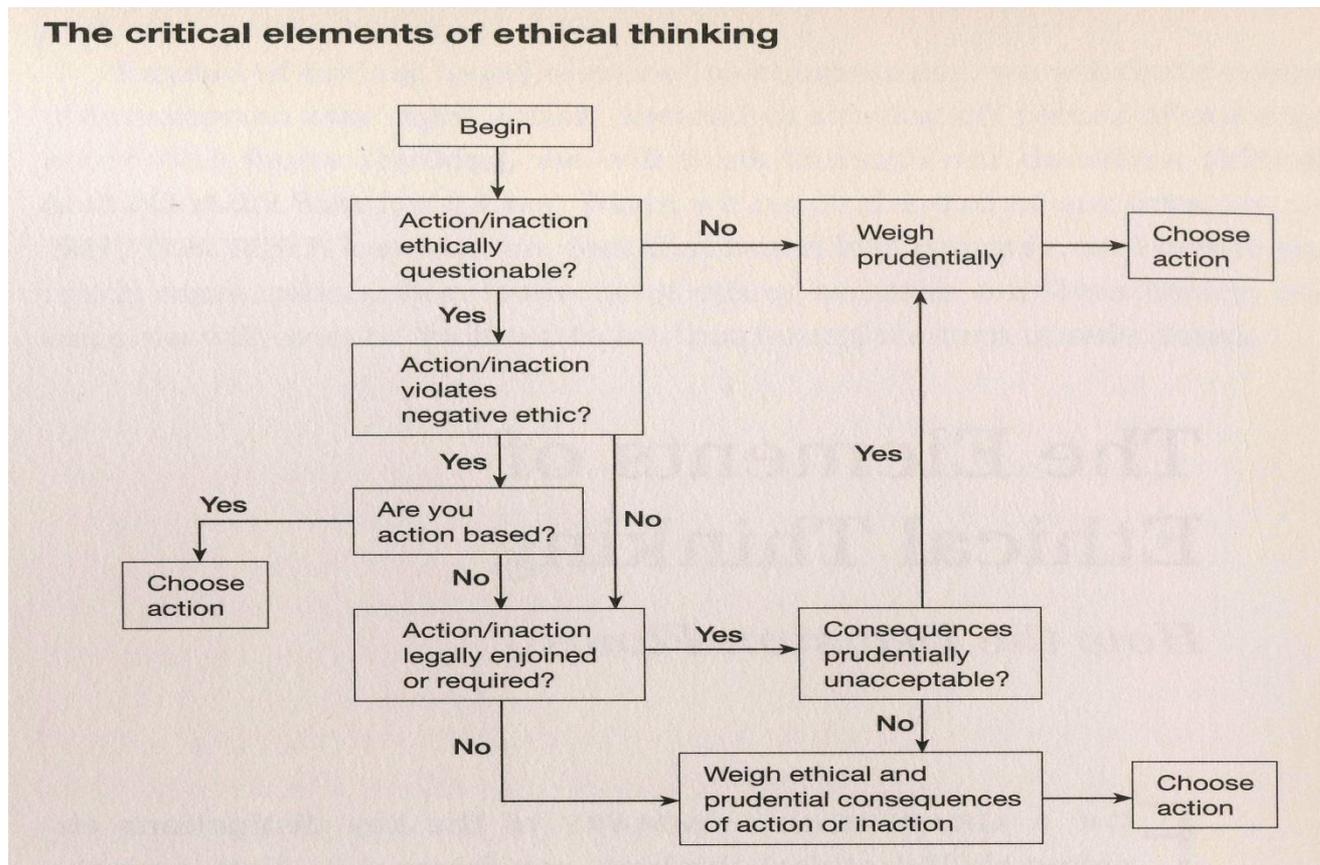
The critical elements of ethical thinking

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 156

"Maturity, Ethics & Integrity"

- Maturity is about taking responsibility for your own life and making rational decisions that reflect personal values.

- In one sense, the whole of ethics is about maturity: what it is to think and act in a way that reflects the full stature and integrity of a rational human being.

- The touchstone of maturity is personal integrity – applying basic values to the decision-making process and therefore living in a way that allows your personality to be expressed in what you do.

Thompson, Mel. 2006. Teach Yourself Ethics. New York: McGraw-Hill Companies, Inc. p. 12

Ethics in Business

- At its perimeter, ethics has to do with deciding what is right and wrong.

- An ethical corporate culture is one that encourages employees toward right rather than wrong behaviour through a clearly defined set of beliefs, norms, and practices that are shared by an organization's members.

Brooks, Leonard J. and Selley, David. 2008. Ethics and Governance: Developing and Maintaining an Ethical Corporate Culture. Toronto: Canadian Centre for Ethics & Corporate Policy. P. 7

Ethics in Business

- Employee shared beliefs and norms are driven by, and dependent upon the set of stated organizational values, mission statements, codes of conduct and other reinforcing communications, as well as those informally observed by employees from existing practices

- However, employee beliefs are also determined in reference to their personal values, as well as those they believe are held by their managers, and those rewarded by their company.

Brooks, Leonard J. and Selley, David. 2008. Ethics and Governance: Developing and Maintaining an Ethical Corporate Culture. Toronto: Canadian Centre for Ethics & Corporate Policy. P. 7

22

Maintaining Ethics in Business

- To have a successful organization with a healthy corporate culture, one needs compliance combined with ethics.

- Employees need to know more than the rules (let's call them the "dos and don'ts") of compliance. They must understand their own values and believe in those of the corporation and then judge their conduct and decisions according to those shared values.

- Ethical conduct in business goes beyond mere compliance and deciding between right and wrong; it means choosing the best, most ethical course of conduct by applying the company's values.

Dr. John D. Copeland, as quoted in Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success. New York: John Wiley & Sons, Inc. p. 150

Can ethical behaviour be learned?

- An effective ethics and compliance program helps develop, sustain, and protect a healthy corporate culture based on values that guide corporate decisions.

- Ethical behaviour can be taught to most people regardless of a lack of prior ethics training.
  - You teach workers what behaviour the company expects from them.
  - You install a program that rewards ethical conduct and penalizes unethical behaviour.
  - Employees learn to apply the company's values to business decisions. You cannot always change hearts, but you can affect conduct.

Dr. John D. Copeland, as quoted in Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success. New York: John Wiley & Sons, Inc. p. 152

Effective Ethics & Compliance program components

- Establish standards of conduct reasonably capable of reducing the likelihood of criminal [and inappropriate] conduct.

- Assign overall responsibility for compliance to a specific high-level officer.

- Do not delegate discretionary authority to individuals with a history of illegal conduct or other conduct inconsistent with a compliance program [or the organization's values].

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"US Federal Sentencing Guidelines for Organizations," as quoted by Dr. John D. Copeland, in Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success. New York: John Wiley & Sons, Inc. p. 154

Effective Ethics & Compliance program components

- Communicate standards and procedures to employees and agents.

- Establish [independent] monitoring, [oversight], auditing, and reporting systems.

- Enforce standards with discipline and incentives.

- Take reasonable steps to [surface and] respond to discovered criminal [and inappropriate] conduct.

"US Federal Sentencing Guidelines for Organizations," as quoted by Dr. John D. Copeland, in Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success. New York: John Wiley & Sons, Inc. p. 154

Integration and Monitoring

- While values are key "touchstones" in establishing patterns of motivation, norms, and behaviours among employees, an effective ethical system of governance requires more than "signposts" pointing in the right direction.

- Ethical governance needs to be appropriately integrated and effectively monitored without trial and error, and effectively communicated to generate a sense of "organizational justice."

- Convincing employees requires an "all-out effort…Employees will buy into an ethics program only when there is a strong, dedicated, well-resourced effort directed at developing and maintaining an ethical corporate culture.

Brooks, Leonard J., and Selley, David. 2008. Ethics and Governance: Developing and Maintaining an Ethical Corporate Culture. Toronto: Canadian Centre for Ethics & Corporate Policy.

The Tone at the Top is Critical

- The tone at the top permeates the entire organization. The Business Roundtable's 2002 Principles of Corporate Governance say that senior management is responsible for setting the tone to establish a culture of integrity and compliance.

- Employees behave as the company's leadership behaves, especially those in mid-level management positions.

- All leaders demonstrate the tone at the top through their actions… Leaders [including all managers] are role models, and their conduct must consistently align with the company's values.

Dr. John D. Copeland, in Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success. New York: John Wiley & Sons, Inc. p. 154

What Employees say about Ethics…

- 94% of employees say it is critical that they work for an ethical company.

- More than 1/3 of employees report leaving jobs for ethical reasons.

- 56% say their employer embraces ethics and corporate values in everything it does.

- 30% say that their company merely "toes the line" by following the law and company policies.

"New Research Indicates Ethical Corporate Cultures Impact the Ability to Attract, Retain, and Ensure Productivity Among US Workers," LRN, August 3, 2006, www.lrn.com/about_lrn/media_room/press_releases/263 as reported in Biegelman, Martin T. 2008. Building a World-Class Compliance Program: Best Practices and Strategies for Success. New York: John Wiley & Sons, Inc. p. 154

Benefits of an Effective Ethical Corporate Culture (after 12 months)

- Between six and 12 per cent reduction in observed misconduct or violation of values and principles.

- A range of nine to 16 per cent improvement in *prevention* of misconduct.

- Between 39 and 48 per cent improvement in comfort among employees in *reporting* misconduct to a supervisor.

- 27 to 46 per cent improvement in belief that appropriate *action* will follow reporting of misconduct.

KPMG Ethics Survey, 2005-2006 as found at http://www.us.kpmg.com/RutUS_prod/Documents/9/ForIntegritySurv_WEB.pdf

Benefits of an Effective Ethical Corporate Culture (after 12 months)

- Between 43 and 54 per cent improvement in employee perception that the CEO and other top executives set the right tone at the top.

- 37 to 49 per cent improvement in employee motivation to "do the right thing."

- Conclusion: An ethics governance program leading to the development and maintenance of an ethical corporate culture not only improves perceptions of behaviour but also is critical to the ongoing success of a corporation.

KPMG Ethics Survey, 2005-2006 as found at http://www.us.kpmg.com/RutUS_prod/Documents/9/ForIntegritySurv_WEB.pdf

Research on Employee Behaviour

- Between 10 and 20 percent of employees will *never* bend the rules, steal, or commit fraud;

- Between 10 and 20 per cent of employees will bend the rules, steal, or commit fraud *irrespective of any system to prevent such acts*; and

- Between 40 and 60 per cent of employees will bend the rules, steal, or commit fraud *if they think that they can get away with it*. [Making the right choice is difficult for many people when there is not the appropriate level of support. Thus, an awareness of what is required, that help is available, and that there are consequences of non-compliant behaviour is critical.]

Brooks, Leonard J., and Selley, David. 2008. Ethics and Governance: Developing and Maintaining an Ethical Corporate Culture. Toronto: Canadian Centre for Ethics & Corporate Policy.

32

Rules + Values Approach

- An emerging consensus deems that today's corporate ethics programs should take an integrated integrity management approach, incorporating both:

  - "**compliance, rules-based**" (i.e., ensuring strict adherence to legal, regulatory and corporate policy requirements) and

  - "**engagement, values-based**" (i.e., using values & ethical standards to shape a culture of integrity and empowering employees to apply the spirit as well as letter of those values & standards in their decision-making).

"The Evolving Role of the Ethics and Compliance Officer." November, 2006. Ottawa: The Conference Board of Canada.

Rules + Values Approach (cont'd)

- Companies with effective ethics and compliance programs are those that exercise due diligence to prevent and detect criminal [and other inappropriate] conduct…[and that] otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law. (US Federal Sentencing Commission)

- Research by Linda Trevino (University of Pennsylvania) and Gary Weaver (in "Managing Ethics and Legal Compliance") found that although compliance-type programs deliver some benefits in terms of reduced misconduct, values-based programs represent more powerful influences on employees' attitudes and behaviours."

"The Evolving Role of the Ethics and Compliance Officer." November, 2006. Ottawa: The Conference Board of Canada.

34

Leading Causes of Ethics & Compliance Failures

- Improper conduct at the top

- Systemic culture of pressure and fear

- Inadequate compliance and accounting controls

- Lack of due diligence in the merger and acquisition process

- Poor oversight of vendors and agents

Brooks, Leonard J., and Selley, David. 2008. Ethics and Governance: Developing and Maintaining an Ethical Corporate Culture. Toronto: Canadian Centre for Ethics & Corporate Policy.

Benefits of Understanding Ethical Choice

- We will be able to see ethically awkward situations from afar and avoid them.

- We will be able to make smart choices about the organizations we join.

- When confronted with temptations, we will more often be able to transform them into opportunities for character-building and relationship-building.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 153

Benefits of Understanding Ethical Choice (cont'd)

- We will find good reasons to take the right action rather than to compromise.

- We will think through our decisions skilfully, rather than shaving off pieces of our character with faulty thinking.

- We will live more satisfying lives.

Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 153

Einstein on our "Universal Connectivity"

"A human being is part of a whole, called [the] universe, a part limited in time and space. [Human beings] experience [themselves], [their] thoughts and feelings as something separated from the rest…a kind of optical delusion of [their] consciousness. This delusion is a kind of prison for us, restricting us to our personal desire and to affection for a few persons nearest to us. Our task must be to free ourselves from this prison by widening our circle of compassion to embrace all living creatures and the whole of nature in its beauty"

Albert Einstein, as quoted in Howard, Ronald R., and Korver, Clinton D. 2008. Ethics for the Real World: Creating A Personal Code to guide Decisions in Work and Life. Boston: Harvard Business Press. p. 154

Where do your company's ethics reside?

WITH

YOU!