

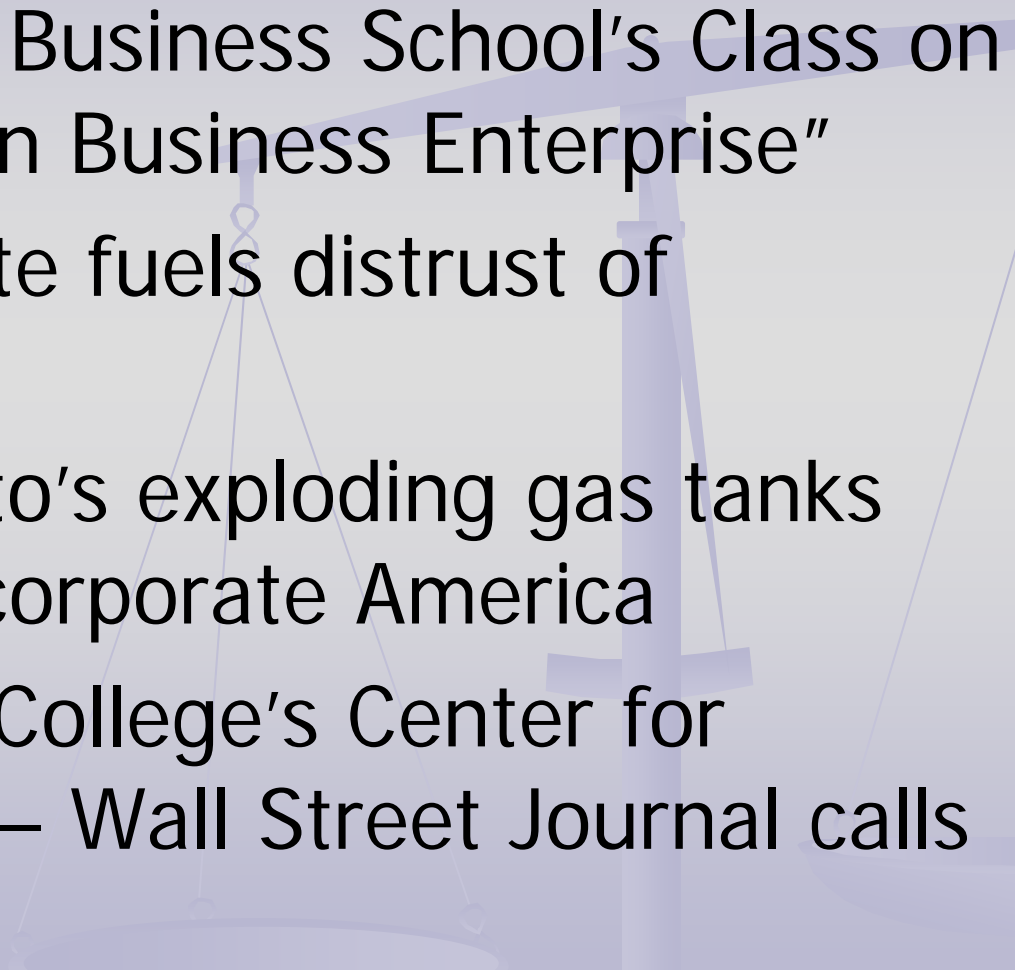
Ethics

***What is it and where can we
get some?***

Donna J. Hodges, J.D.
Mississippi Department of Environmental Quality

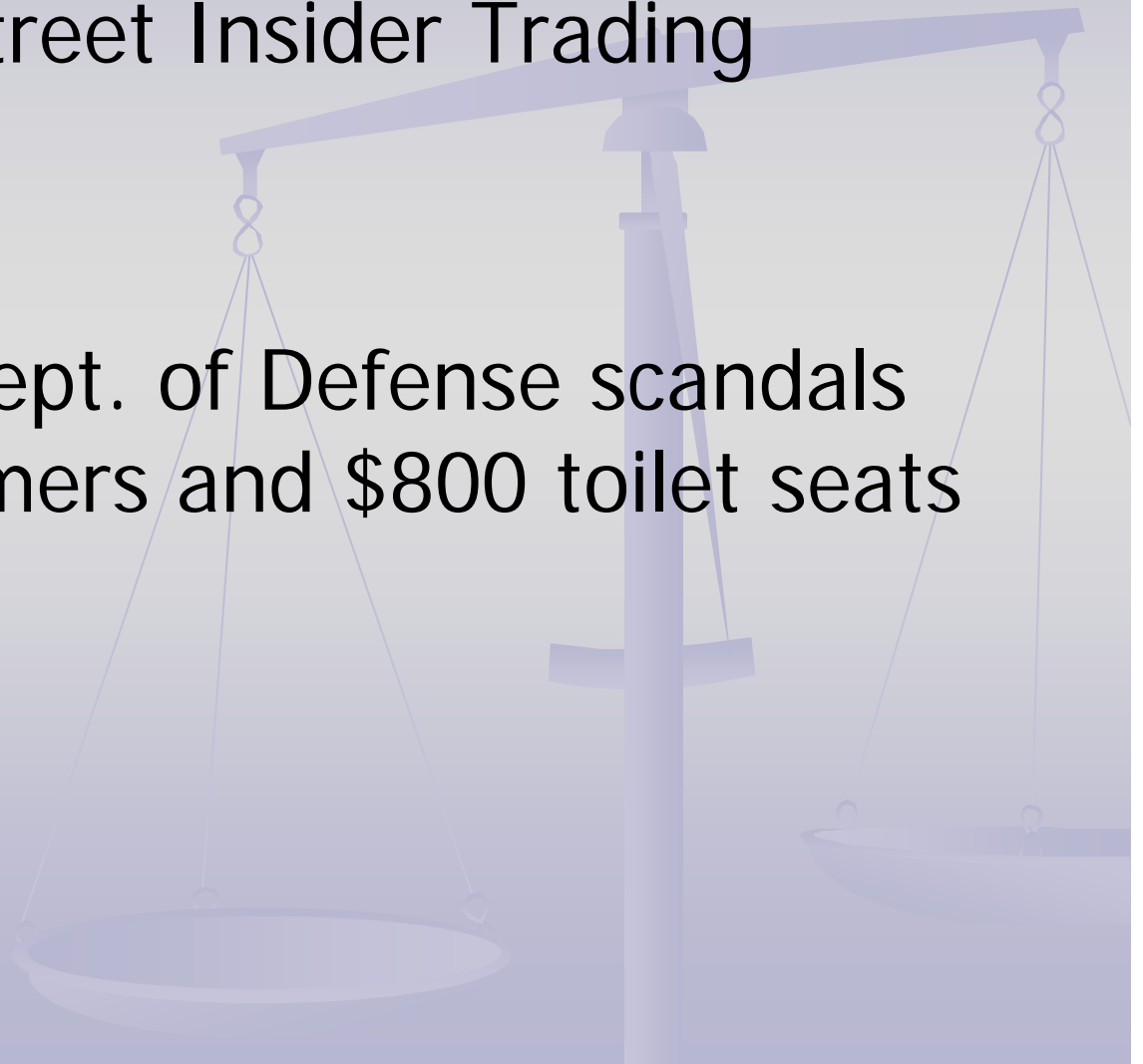


A Look Back at Business Ethics

- 1915 – Harvard Business School's Class on "Social Factors in Business Enterprise"
 - 1972 - Watergate fuels distrust of government
 - 1975 - Ford Pinto's exploding gas tanks fuel distrust of corporate America
 - 1976 – Bentley College's Center for Business Ethics – Wall Street Journal calls it an oxymoron
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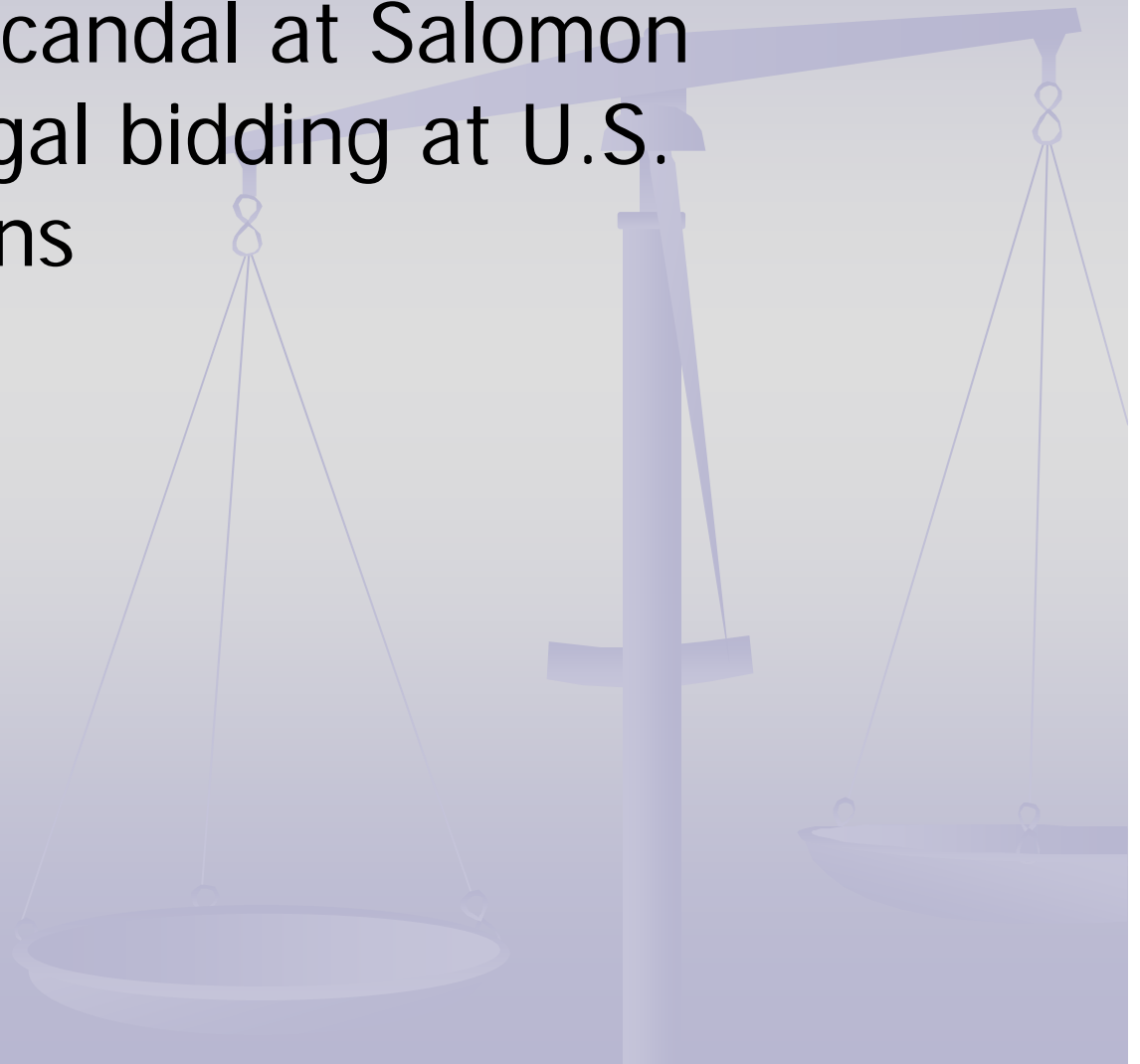
A Look Back at Business Ethics

- 1980's – Wall Street Insider Trading discovered
- 1980's – U.S. Dept. of Defense scandals with \$600 hammers and \$800 toilet seats



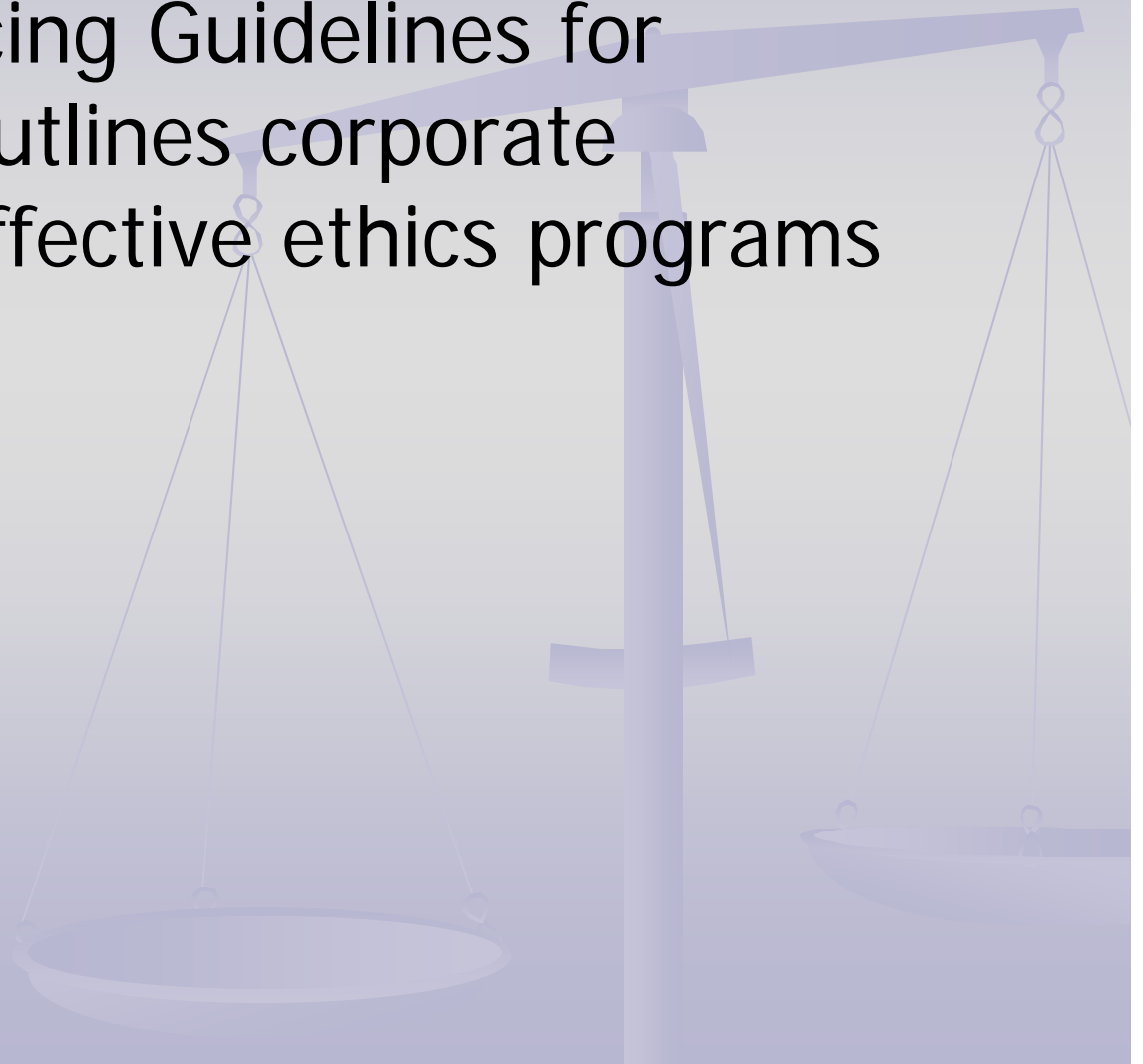
A Look Back at Business Ethics

- 1990's – Bond scandal at Salomon Brothers for illegal bidding at U.S. Treasury Auctions



1991 FSGO

- Federal Sentencing Guidelines for Organizations outlines corporate guidelines for effective ethics programs



Director Liability



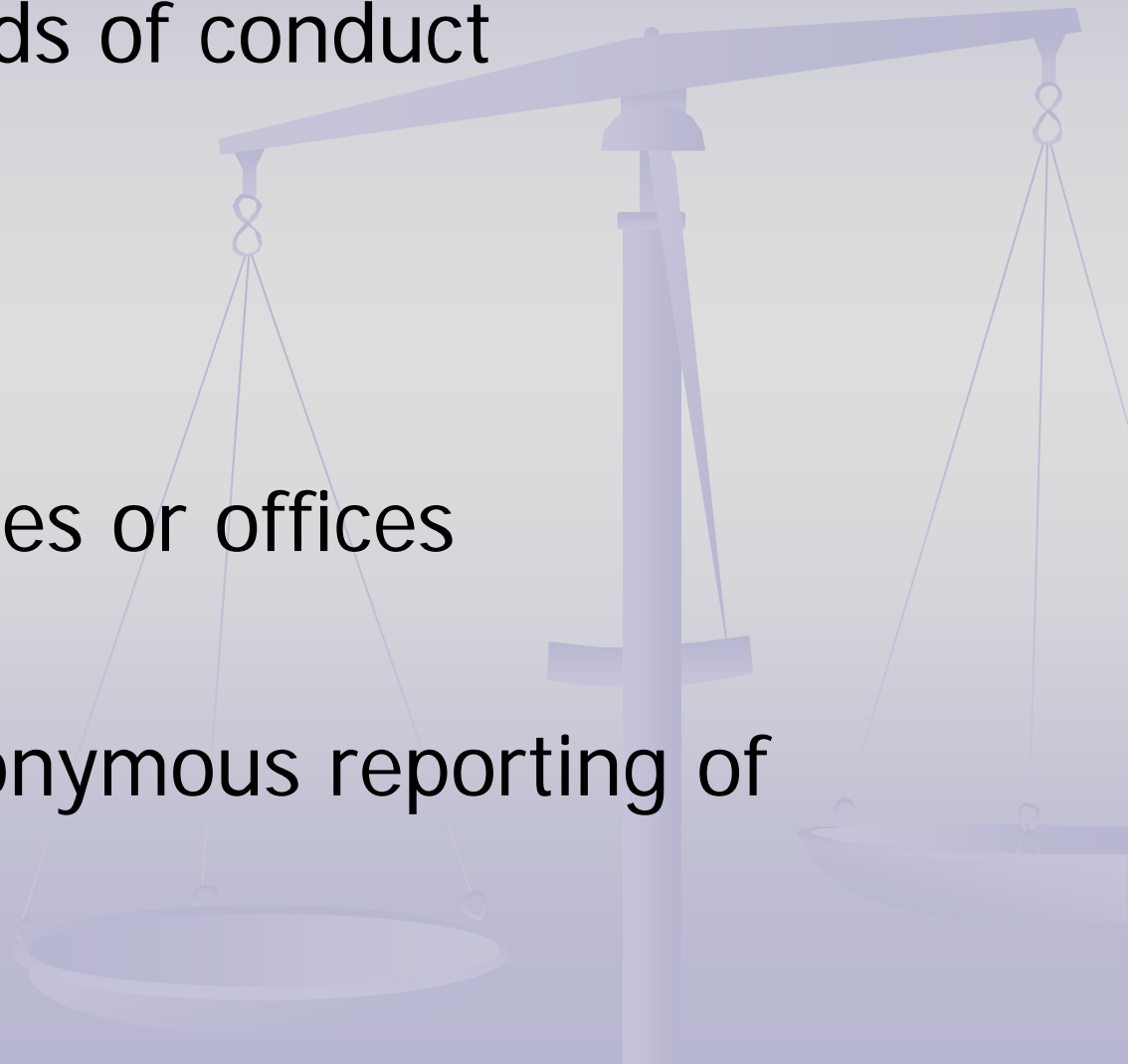
Executives were held responsible for misconduct of subordinates

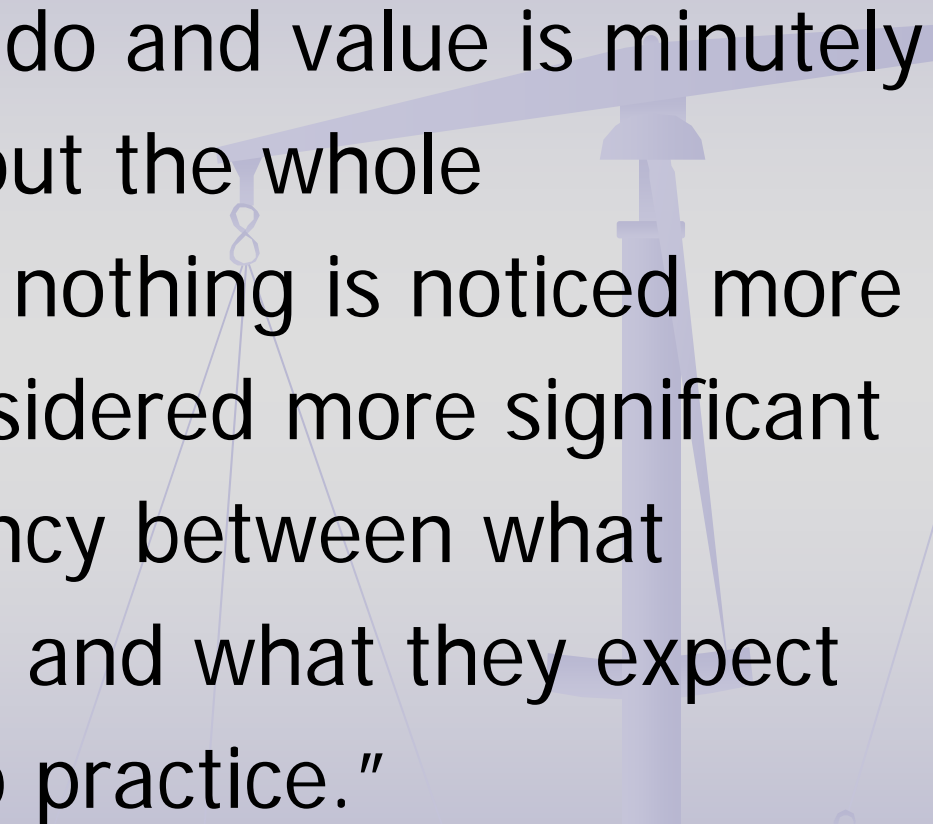
UNLESS

Organization could show they made a serious, pro-active effort to prevent white-collar crime

4 Key Elements of Ethics Programs

- Written standards of conduct
- Ethics training
- Ethics advice lines or offices
- Systems for anonymous reporting of misconduct





“What executives do and value is minutely watched throughout the whole organization. And nothing is noticed more quickly – and considered more significant – than a discrepancy between what executives preach and what they expect their associates to practice.”

-- Peter Drucker

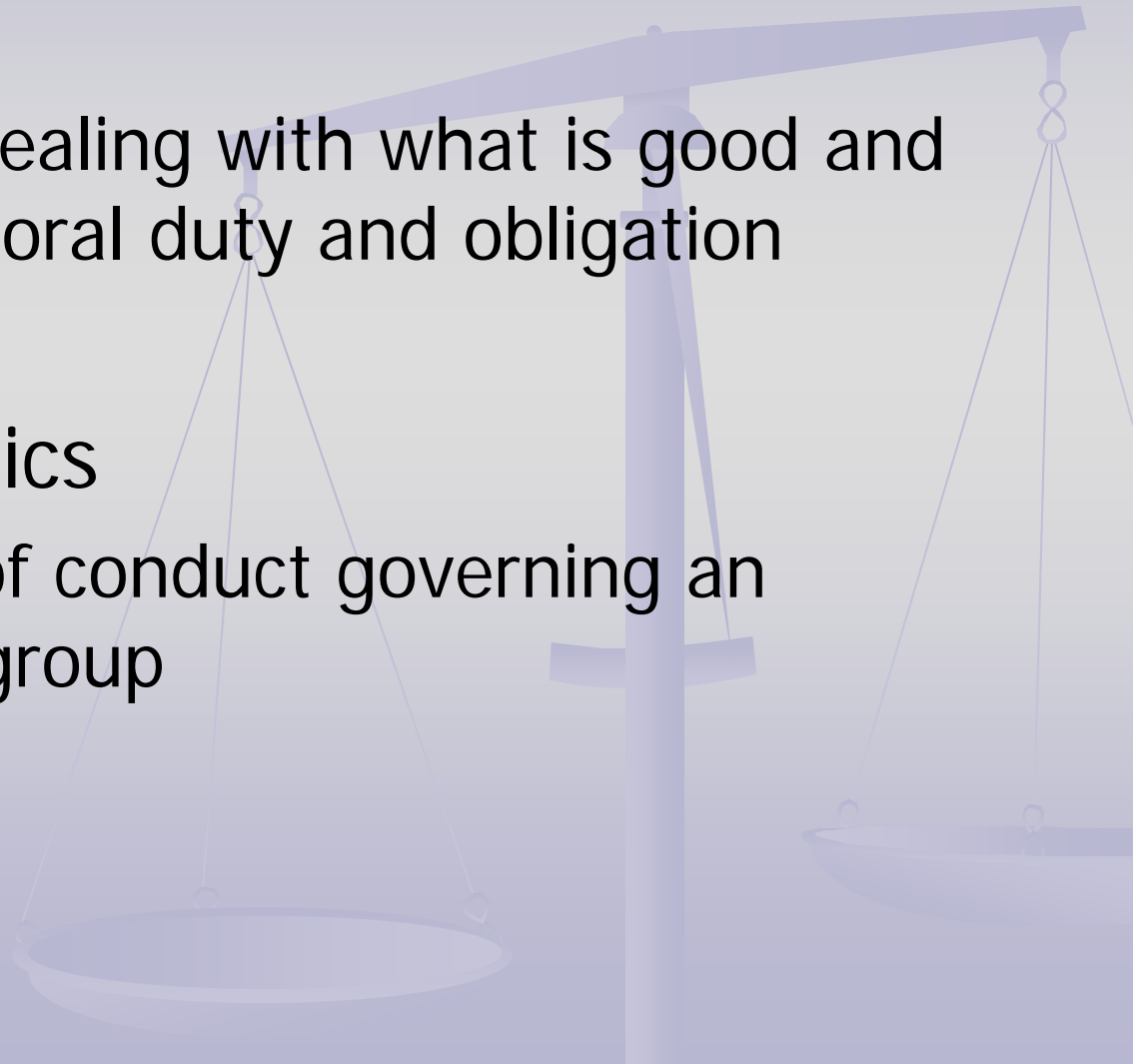
From the Top Down



- When employees believe management acts ethically
 - 15% of employees observe misconduct by others
- When employees believe management talks about ethics but does not act ethically
 - 56% of employees observe misconduct by others

Definitions

- Ethics
 - The discipline dealing with what is good and bad and with moral duty and obligation
- Professional Ethics
 - The principles of conduct governing an individual or a group



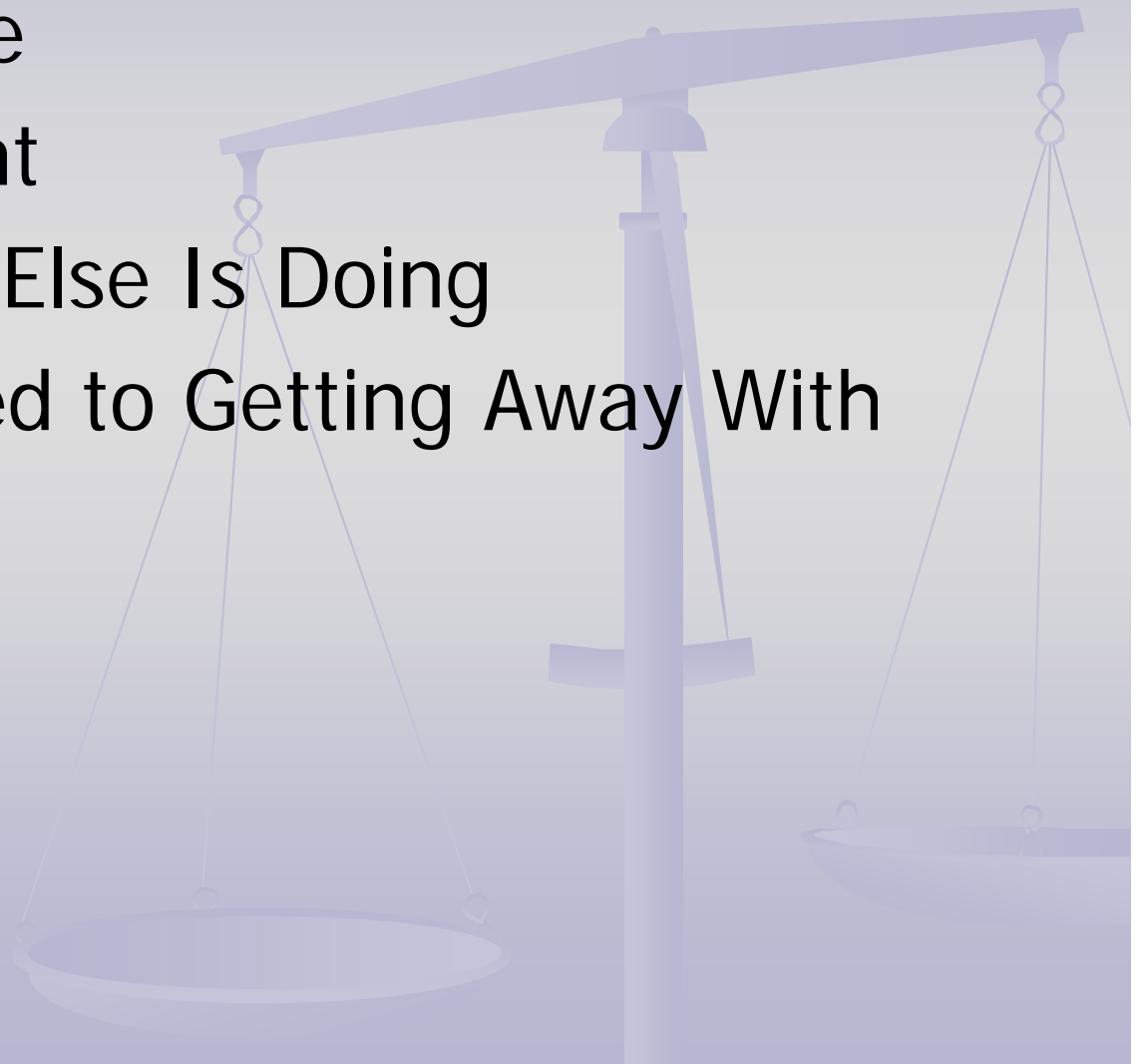
Compare Common Misconceptions

- Feelings
- Religion
- Law
- Culture
- Science



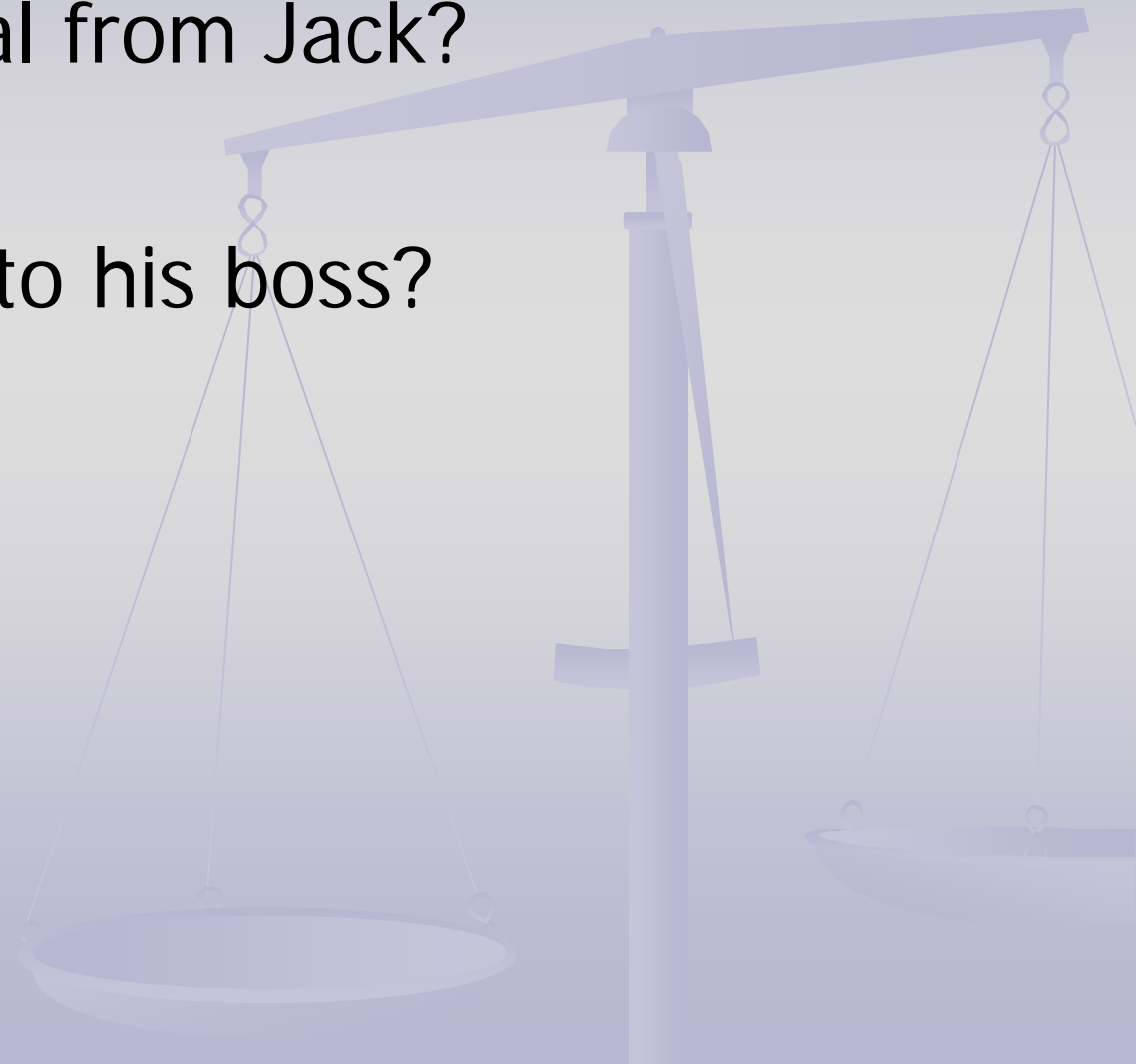
WHAT ETHICS ARE NOT

- The Golden Rule
- What Feels Right
- What Everyone Else Is Doing
- What We're Used to Getting Away With



What Ethics are NOT ONLY

- Should Bob steal from Jack?
- Should Jack lie to his boss?



SOURCES OF ETHICS

- Personal Experience
- Social Experience
- Cultural Influences
- Professional Codes
- Ethics Laws
- Business Community Standards



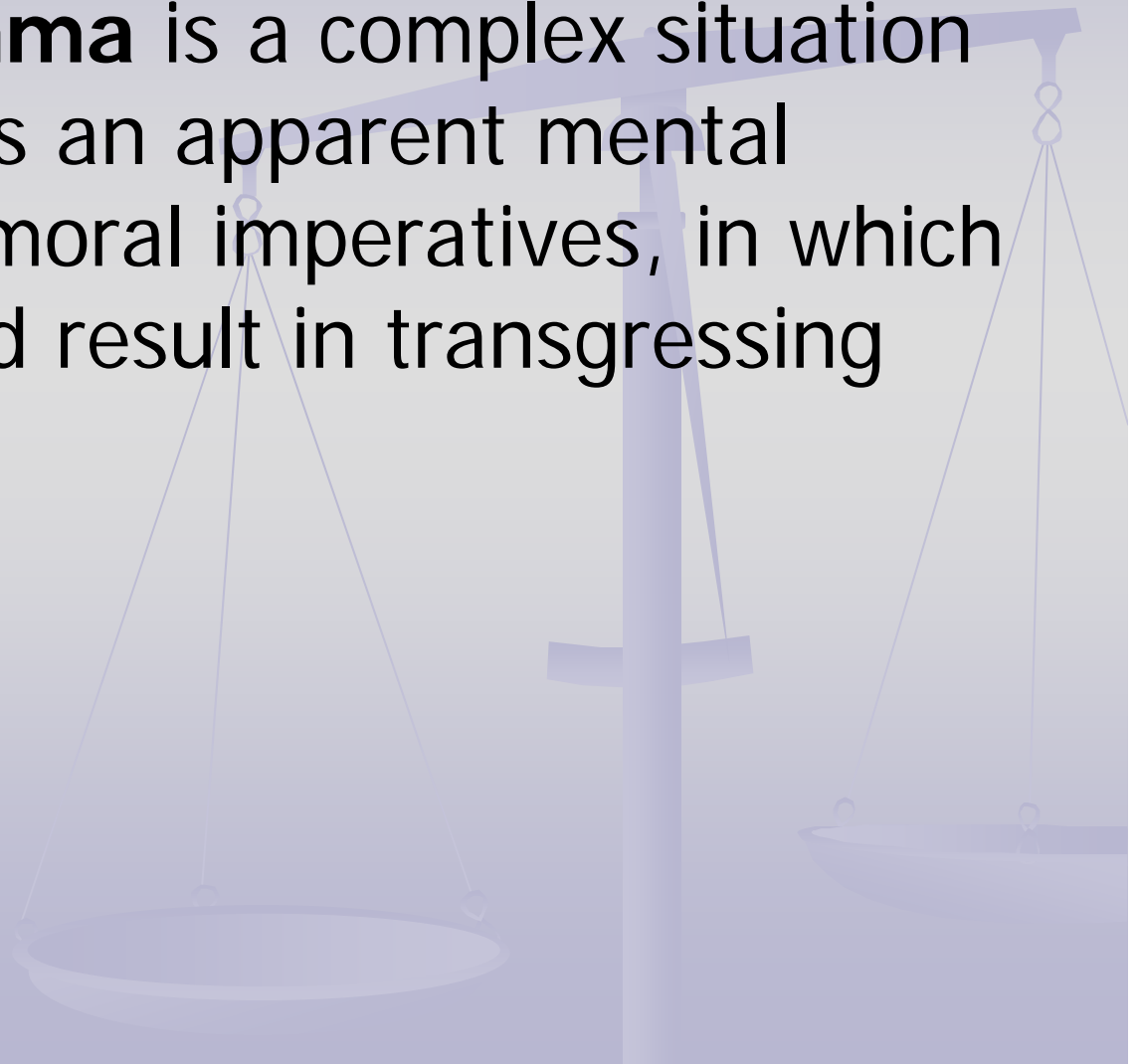
Today's Goal

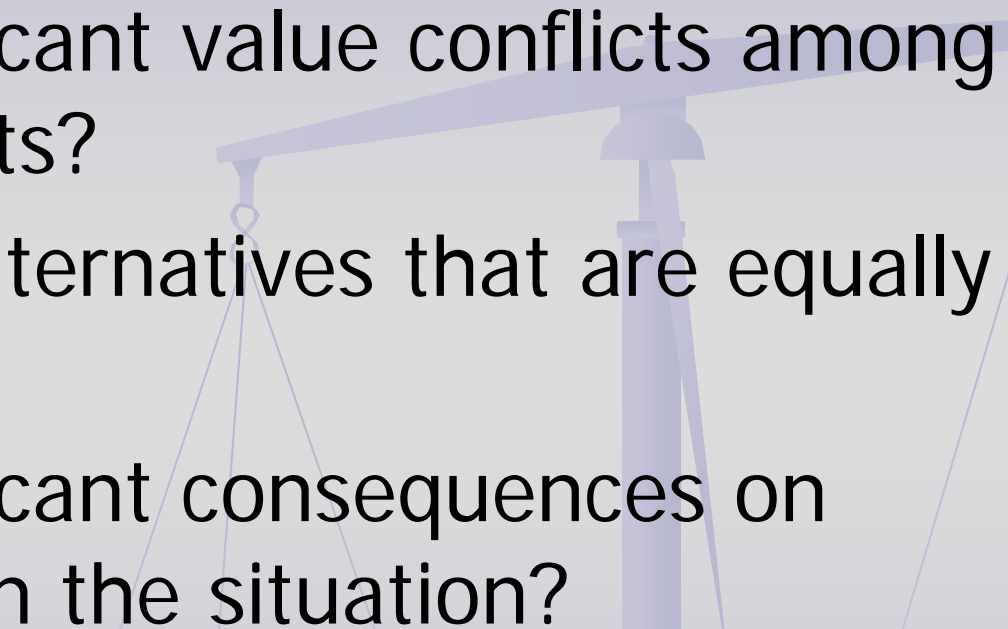
Recognizing Ethical Dilemmas



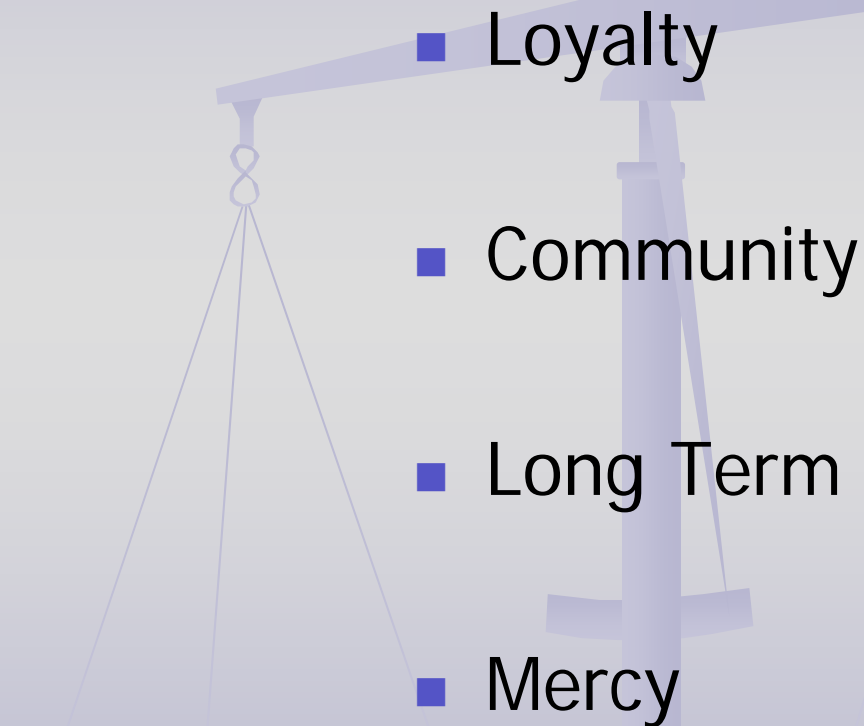
What is an Ethical Dilemma?

An **ethical dilemma** is a complex situation that often involves an apparent mental conflict between moral imperatives, in which to obey one would result in transgressing another.



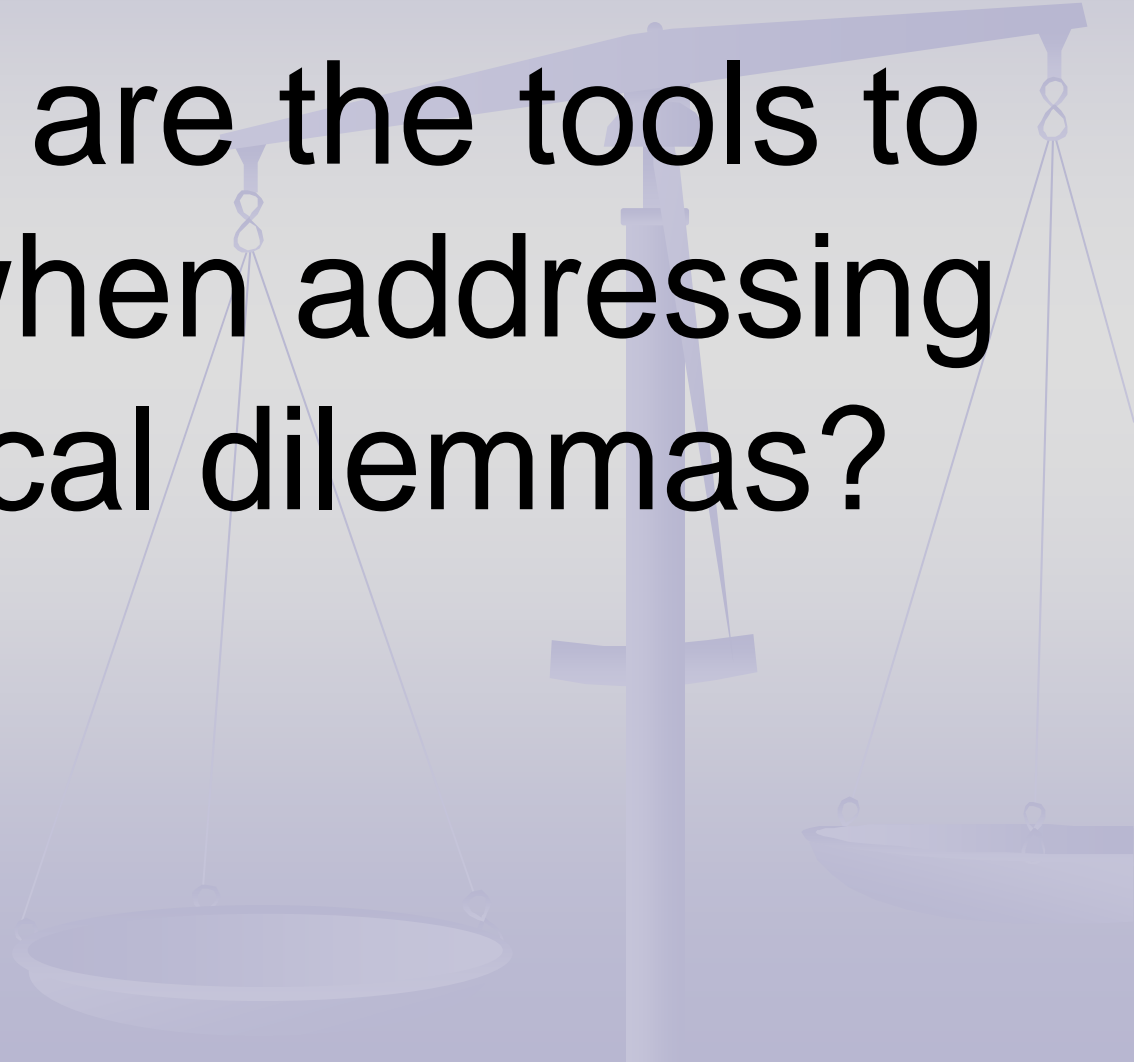
- 
- Are there significant value conflicts among differing interests?
 - Are there real alternatives that are equally justifiable?
 - Are there significant consequences on “stakeholders” in the situation?

Compare Ethical Dilemma to Right vs. Wrong Decision

- 
- Truth
 - Individual
 - Short Term
 - Justice
 - Loyalty
 - Community
 - Long Term
 - Mercy



What are the tools to use when addressing ethical dilemmas?



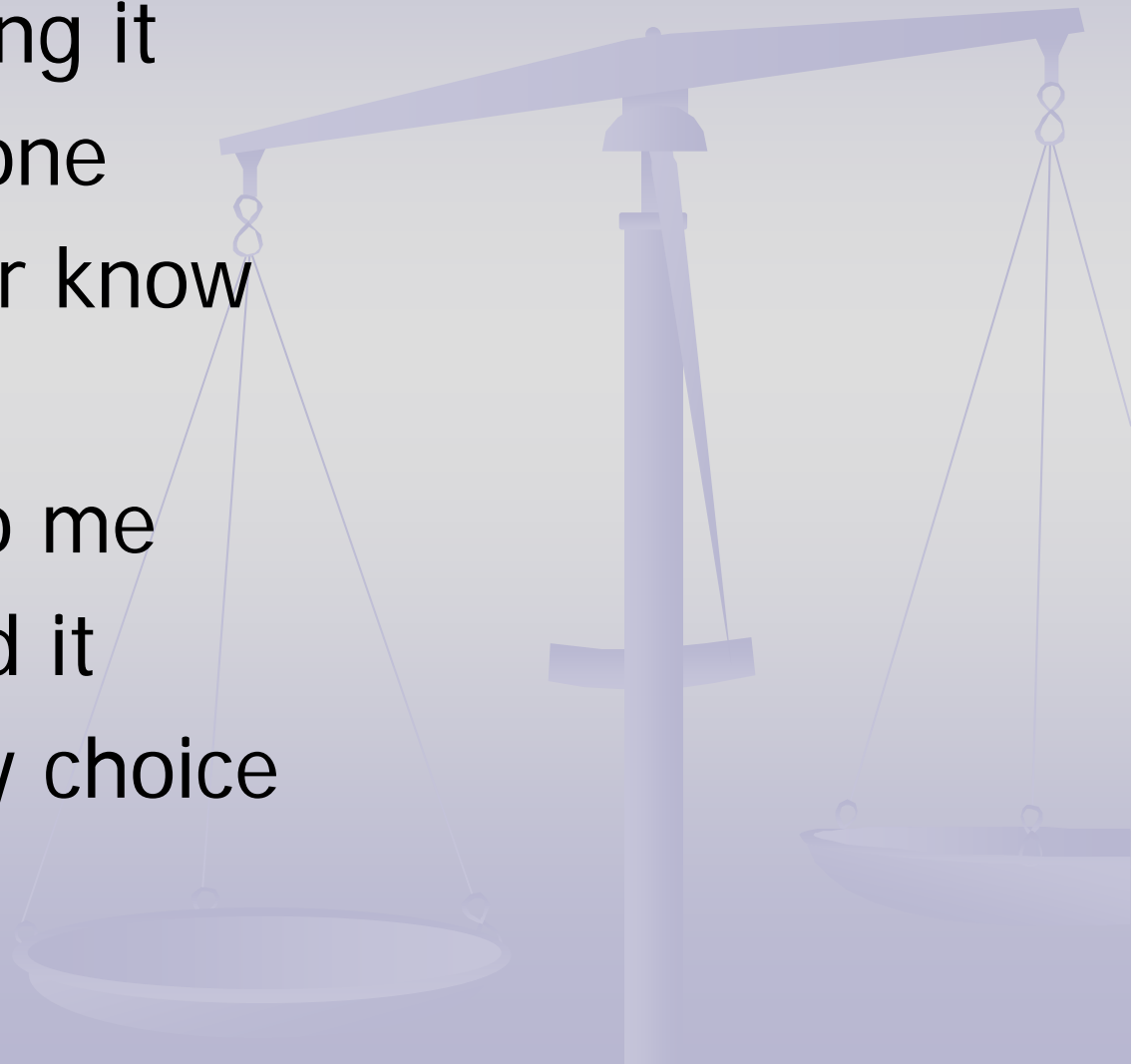
Thought Processes

- End based
- Rule based
- Care based



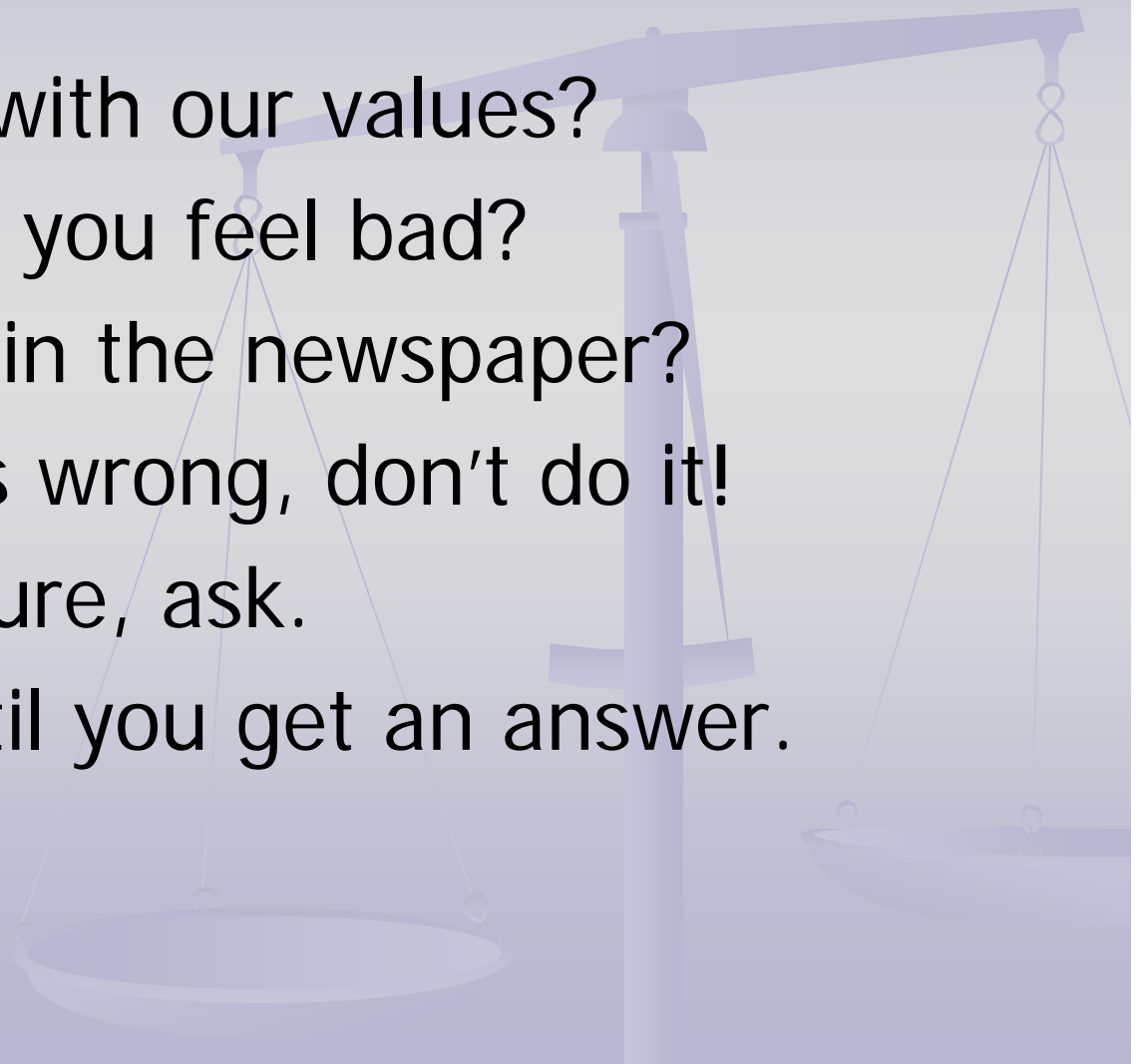
Common Rationalizations

- Everybody's doing it
- It's just a little one
- Nobody will ever know
- I mean well
- "They" owe it to me
- "They" deserved it
- I don't have any choice
- Just this once



Ethical Action Test

- Is it legal?
- Does it comply with our values?
- If you do it, will you feel bad?
- How will it look in the newspaper?
- If you know it is wrong, don't do it!
- If you are not sure, ask.
- Keep asking until you get an answer.



Thank you for your participation!

