Ethics

What is it and where can we get some?

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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
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
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!