

CHAPTER 1

Why Ethics Matter

What this chapter will do for you:

- Give you a practical definition of 'ethics'
- Help you make sense of some of the ethical issues that you may have struggled with
- Give you a decision-making framework to use when faced with an ethical issue

WHY THIS BOOK NOW?

You are a busy executive and have lots of demands on your time. For the following reasons this book is an important one for you to dip into, read, and definitely keep on your desk to refer to when you need it.

- Many people encounter ethical issues at work and struggle to know how to tackle them.
- A practical guide can save you a lot of time as well as ensure that you have the right skills and knowledge.

- You will have the confidence that you have handled the issue well and ultimately done the right thing.
- In recent years there have been some incidents that have called into question organizations' ethics. The downfall of Enron, the scandal over the RBS chief executive's pension, UK politicians' expenses and bankers' pay have all hit the headlines around the world. This context means that the pressure on people to do the right thing and be seen to do the right thing is even greater and therefore you need to be very competent in handling ethical matters.

The majority of people in business are never given any guidance or training on ethics or ethical behaviour at work.

I wonder whether you have had any formal training or whether you have ever been in a situation where you really needed some guidance. Don't get me wrong, Most of the time people can use their own integrity and moral judgement. Mostly things work out fine.

Sometimes it's not that simple though. When ethical situations are particularly tricky some help is not only very useful but also minimizes the risk to you and the organization. Knowing that advice is at hand gives you confidence that you are making the best possible decision but also, importantly, reduces the stress involved. Ethical issues are some of the most stressful situations you're likely to encounter in your whole career as well as being those that potentially carry a great deal of risk.

My intention in writing this book is to do the following:

- Help you to handle real ethical issues in your work – and the principles will of course help you in your out-of-work life too.
- Give you practical knowledge and tools to use.
- Create a book that is easy to delve into and find help from exactly when you need it.

The style, layout and design of this book are all intended to make it easy to use as a reference guide as well as a ‘cover-to-cover’ read.

Ethics is a branch of philosophy and a huge and much written about field. There are some excellent books on the philosophy of ethics. This book adds to the collection because it is about the practice of ethics not the philosophy. I will briefly cover the philosophy later as it is important to understand ethical principles. But the main purpose of this book is to give you a ‘how-to’ guide.

The advice in this book is based on two things:

- Research into and an understanding of the practice of ethics.
- Many years of managing as well as helping others to manage in ever more complex situations and against a backdrop of seemingly falling ethical standards in business.

Knowing how to think through the issues is a key skill of ethics management. The book will help you with that thinking process. Some real examples of ethical issues faced by executives include:

- Being given information about a rival's bid in a competitive tendering process and having to make an instant judgement about whether to accept it.
- A client requesting that only male consultants work on a particular project.
- Being told by their manager to remove certain information from the results of a staff survey because it implied criticism of a senior manager.

All of these situations require making a choice which is either unethical or fraught with other difficulties and possible consequences.

The goal of this book is to help you handle ethical situations like these with confidence and clarity and ultimately to do the right thing.

The focus of the book is ethics at work, but because we are dealing with personal values and morals much of what I explore can be applied to other life situations.

But what do we mean by an ethical issue?

WHAT IS AN ETHICAL ISSUE?

Ethical issues are of course many and varied. This book is full of examples of different types of ethical issues, and how different

people have responded to them at different times. An ethical issue is a situation where you are unsure about what the morally correct course of action should be. It can also be a situation where you know what you believe to be the correct course of action but to take it would result in consequences that seem in some way damaging for you or others.

When we refer to morality what we mean is a code of conduct or set of beliefs that an individual or society uses to distinguish between right and wrong behaviours.

People are usually most comfortable with a choice of two courses of action – one right and the other wrong – but ethics at work is often not that black and white. This book will help you to understand what you can do when facing issues which are not black and white but where there are shades of grey.

WHY ARE ETHICAL ISSUES SUCH A CHALLENGE FOR PEOPLE TO DEAL WITH?

Ethical issues are among the trickiest of situations for you to deal with because:

- Sometimes you don't identify problems as ethical dilemmas until it is too late.
- These situations often catch you unawares.
- You often have to think and act quickly.
- You may have little experience, knowledge, skills or confidence about how to approach the situation.

- The stakes can be high – get it wrong and people could be aggrieved and/or you could get yourself, others or the company into trouble.
- Often there is no one to turn to.

To get you into the frame of mind for thinking about such ethical issues, and the tools you can use to help you, here is one I was faced with some years ago.

A REAL-LIFE ETHICAL ISSUE

I am citing this as the first issue of the book because it contains elements that may well be familiar to you in ethical issues you have experienced:

- This problem challenged one of my personal 'rules' that I live by and thus made me really question myself.
- I had no guidance from anyone so I had to think it through myself with no knowledge or understanding of the field of ethics.
- I had no training or practical skills that I could bring to bear on the situation.
- It contained issues of the greater good versus the good of the individual.
- It contained an element of personal risk.

You may see an 'obvious' answer – in other words, to you it may be black and white. To me it wasn't because whichever

course of action I chose was, I felt, 'wrong' in some way or another.

The event happened early on in my career, I had no experience of such dilemmas and I did not have a manager or mentor to turn to. The organization did not have a code of ethics – few did in those days.

Here's what happened.

I was working in an HR role and so knew lots of people in the organization, and played the role of sounding board and coach for many managers. One day a senior manager asked if she could discuss an issue with me. This was not unusual, although the nature of the issue was. Linda (not her real name) described to me how she was being treated by her boss and some of her co-workers. She was well respected by all who worked with her and had an excellent reputation in the industry. I was shocked by what she told me about how her boss and some of her peers were treating her. She described what sounded like extreme bullying and harassment and I could see she was distressed by it. Apparently the situation had been going on for some months; she was becoming more and more unhappy at work. Her husband was extremely concerned for her well-being. He was also becoming very angry about the way she was being treated and had suggested that he intervene. The situation was further complicated by the fact that he worked for a different organization, but was a big and influential player in the industry.

While Linda appreciated her husband's concerns and his desire to step in, this was adding to the pressure that she felt. She requested that I keep everything that she had told me to myself.

So what did I do? What could I do?

I asked her what she had done to try to bring an end to the way her boss and colleagues were behaving. It seemed she had done all the right things. She had told them the impact of their behaviour on her, asked them to stop, talked to her boss and told him she found his and her colleagues' behaviour completely unacceptable. She had even put it all in writing and stated that it was getting to the point where her health was being affected. All of this, she told me, took considerable guts to do but she said it had made no difference and they continued to bully her. She also told me of two other people who had told her they were being bullied by the boss.

Of course, I listened to her; I also asked if there was anything specific she would like me to do for her, but she continued to insist that she didn't want me to tell anyone about what was happening. I left that meeting with a number of concerns:

- Health – Linda was stressed and unhappy, it crossed my mind that she could even be heading for a breakdown.
- Her partner – He was an influential figure in the industry, and he was getting so angry about the way Linda was being treated that I became worried about what he might do.

- Her colleagues – From Linda’s description it seemed that other staff were being bullied – there appeared to be an impact on the wider organization.
- The organization – It was a small organization with an excellent reputation in its field. Mostly people behaved very well towards one another. I was worried that Linda may be persuaded by her partner to take some kind of legal action towards the company.

This was a real ethical dilemma. I really wanted to honour the confidentiality that Linda had requested. However, I was extremely concerned about what was going on and also wanted to do what I could to fix it. It was not right that she should suffer like this at work. In addition I was well aware that as a manager myself I had moral as well as legal responsibilities to make sure the problem was resolved.

I could have really used some guidance to help me to think through the complexity of the issue and what I could do. However, even if I had not given Linda my word that I would keep this to myself, there was no one I felt I could discuss this with.

What would you do in this situation? What thoughts would be running through your head as to what your options would be?

Before I tell you what I did, let’s have a look at the scenario, what I took into account (and with hindsight, should have taken into account), the options that I felt were open to me and the implications.

The facts and issues that I took into account

This was clearly a case of bullying.

Aside from the fact that it was morally wrong, it was against UK employment legislation.

I felt that Linda's emotional and physical health was already being badly affected. I was worried that this would worsen. I felt a moral obligation and also I felt I had a 'duty of care' to do something to stop this.

Others were being treated this way and I did not know the effects this would have on them.

Linda's manager and the other perpetrators should be stopped before they did any more damage to people and, possibly, the company's reputation.

People have a right to be treated with respect at work and this behaviour was a fundamental breach of that respect.

Options that I believed were open to me

Tell someone senior about what was happening.

Do nothing.

Continue to support Linda but without telling anyone else about the situation.

Anonymously send a letter to the CEO letting him know of the situation.

Possible implications

To do that would be breaking the confidentiality that I had agreed to.

Continued damage to Linda and possible loss of her as an employee.

A risk of her husband damaging the organization's reputation by speaking to people he knew in the industry.

Risk of Linda quitting and bringing a case of constructive dismissal (in UK employment law this is where an employee resigns because of their employer's unreasonable or unacceptable behaviour).

The risk that others would be treated like that if the perpetrators continued to get away with it.

It may well have helped to be able to receive regular support from a colleague but it would not have solved the problem.

I felt it would become increasingly difficult for me to continue in this role without doing anything about the situation.

This would still be breaching confidentiality and did not sit right with me.

It was unlikely that he would act upon the contents of an anonymous letter.

You may well have thought of other considerations and implications. One of the things that thinking about ethics makes you realize is that as individuals, we all see things so differently. This is partly why it is so difficult to 'teach' ethics – we all have our own values, our own sense of what constitutes ethical behaviour and our own ideas on morality. This is why it is so important for organizations to train people in how to handle ethical situations and to have a code of conduct. Training can provide essential background knowledge and a structure for tackling ethical issues. And a code of conduct acts as a kind of rulebook that sets out the values and standards of behaviour that is expected of employees.

So what did I do? As I often do with difficult issues, I phoned one of my mentors. She has a lot of integrity and a strong sense of morality without being moralistic. She also has a knack of keeping things simple without being black and white. I did not feel as though I was breaking a confidence in talking to her as she was so far removed from the company. And anyway, I was well and truly stuck and to do the right thing I knew I needed to talk the situation over with someone.

My mentor asked me two questions:

- 'What do you think you should do for the greatest possible good for all concerned?'
- 'Could you live with yourself if something happened to this woman?'

She was effectively asking me to examine the consequences on all the people involved as well as getting me to think about my character. She set off a number of thoughts to do with my sense of responsibility, integrity, caring, my sense of justice and civic responsibility.

As you might expect, my answer to the second question was that I would not be able to live with myself if something happened to Linda and I would effectively be a contributor if I didn't do something. This question of the implications of not doing something is an important one for managers. Doing nothing can and has been viewed by courts as collusion with the wrongdoing. The point is – if you are a manager you have a particular responsibility for taking action to resolve the situation once you are aware of it. The harder question was what was I going to do?

I decided to speak to Linda and tell her that I was going to go to the CEO and tell him about the situation. I went to see her the next day and explained that while I respected the fact that she had asked me to keep the situation confidential I was so concerned about her and others that I felt I needed to take this action. Imagine my shock when she told me that since our meeting she had been to tell the CEO herself, as her husband had said that if she didn't, he would. I was even more shocked when she told me the CEO's response – 'I am not surprised'. Apparently the CEO had told Linda that many people found her boss very difficult and this was not

the first time that he had heard of his bad behaviour. He told Linda that she was doing all the right things and she just needed to keep her head down and get on with her job. This was an interesting response and, according to the findings in the 'Ethics in the Workplace' Survey, it is not uncommon for senior management to find some way of rationalizing an ethics problem.

The CEO's response increased the seriousness of the situation. CEOs have a duty of care for their employees. His response to the situation would undoubtedly be unacceptable to a court of law.

Even if the CEO was not concerned about doing the morally right thing he needed to understand the potentially significant financial and reputational risk to the company.

With the help of my mentor I thought through what I needed to do. I clearly had to speak to the CEO and I needed to construct a compelling case for him to take action. I thought a lot about what the CEO would care about. I came up with reputation and money. I also gave some thought to why he had not taken action already. Maybe he just did not appreciate the seriousness of the situation. Maybe, because he was a tough and resilient individual, he thought that others were just as tough and able to deal with bullying. Or maybe he was nervous about confronting the manager concerned. The latter may seem like an improbable explanation. But managers, irrespective of their level in the hierarchy, often tolerate

unacceptable behaviour because they are nervous of having a difficult conversation with a person. This is often the reason why unethical and inappropriate behaviour goes unchecked in organizations. And just because someone is senior does not mean that they are more prepared to have, or are skilled at, such conversations.

In order that the CEO could understand and assess the risks involved in not addressing the situation I brought in an employment lawyer. The lawyer was extremely probing and once he had heard everything we had to say he spelt out the law, how the law was apparently being broken and the risks involved to the company and the CEO of doing nothing.

To finish the story, here's what happened. The CEO spoke to Linda's boss and made it clear that his behaviour was unacceptable and had to stop. The HR director set up a chain of meetings with Linda and the others who had suffered similar treatment to that which Linda had been subjected. The goal was to find out from them what had been happening, to check that they were all right and to let them know that the company was not prepared to tolerate such behaviour. The company then created a code of conduct the goal of which was to provide guidance for people faced with such issues in the future. And, importantly, to make a public statement of the company's values and how people were expected to behave. There was a clear recognition that the company had not made it easy for Linda, her colleagues or me to put right something that was clearly wrong. And, to be fair

to the CEO, he realized that he had totally mishandled the situation.

What can be learned from this situation?

There are three specific things to learn from this situation:

1. A decision-making framework or problem-solving approach would have helped me enormously. I didn't have a clear approach – I lurched from thought, emotion and idea to possible solution. It was time consuming and stressful. And at various stages of the process I was not at all sure that I had done the right thing.
2. A mentor/person to talk to inside the company would also have been helpful to help me to work through the situation clearly.
3. A code of conduct may have helped me and would certainly have provided me 'legitimacy' for raising my concerns. The following aspects of this situation would all hopefully have been covered in a code of conduct and thus would have helped me to handle the situation.

If an organization does not have a code of conduct it is effectively relying on each person to act in accordance with their own personal code of ethics or moral code. This is a risk to the organization and it puts unnecessary pressure on the individual.

DECISION-MAKING FRAMEWORK

If you don't have a framework, a mentor or a code of conduct, a checklist of questions is useful to you when faced with an ethical dilemma.

Have a look at this decision-making framework and how it relates to the Linda story above.

Decision-making framework	
Understanding the situation	Do I understand the situation? Have I got all of the facts and information I need? Are there any legal issues involved? What is it about the situation that I believe may make it an ethically problematic one? Have I looked at the situation from the perspective of all those involved? What is the truth of the situation? What is my intention?
Making the decision	Have I spoken to all of the people involved? What are the options? Are there other possibilities that I may not have thought of? Have I got the courage to do what is right? How sure am I that this is the right decision? What are the upsides of this decision for all concerned? What are the downsides of this decision for all concerned?

Continued

Decision-making framework	
Checking the decision	What are the consequences of my decision for all concerned including me, others, the company, shareholders and family and friends?
Acid test questions	<p>Is my decision the right thing to do?</p> <p>Would I be happy for my decision to be published in the media?</p> <p>Would I be happy for my friends and family to know about my decision?</p> <p>Is there any part of me that thinks this decision is wrong or that I am ashamed of it?</p> <p>If I implement this decision is my conscience clear?</p> <p>What is the best decision for the highest possible good for all concerned?</p>

Once someone has identified a situation as a possible ethical issue they need a structured way of thinking about it or 'interrogating' it to enable them to come to the right and ethical decision. By going through a set of questions in a structured way you have the assurance of knowing that you have considered everything that you need to consider and thought about all the angles. It helps to relieve the stress of 'have I missed something?' and/or 'I am not sure whether I am approaching this properly'. It also sets a common standard for everyone in the

organization so that the overall capability of the organization is enhanced. Last but not least, should something go wrong and the organization ends up falling foul of the law, it can demonstrate that a process was in place to guard against ethical problems.

The questions are self-explanatory. The 'acid test' questions are probably the most powerful and useful. They have the effect of confirming or denying that the decision you have come to is the right one. They get people to see the much bigger perspective and also focus on whether they can do what they are planning to do with a clear conscience.

This decision making framework is invaluable for people who feel that they have an insoluble dilemma and have become very stuck. Once they have answered question five of the 'acid test' questions 'What is the best decision for the highest possible good for all concerned?' they are very clear and confident about what they need to do.

A good example of this was a consultant who had a dilemma as to whether she should break a client confidentiality agreement. She had been appointed to review the services of a health-care service provider. As is quite standard, she was asked to sign a confidentiality agreement which stated that she should not divulge anything she found out about the company to anyone else. She discovered some practices that she believed could put people at risk in terms of their health and well-being. During the course of the project, and before she submitted her report

to her client, someone in a regulatory organization who had learnt about this project telephoned her. The purpose of the call was to set up a meeting to discuss her findings as he said he had concerns about some aspects of the organization. The consultant felt in a real quandary because to her a confidentiality agreement was sacrosanct and should never be broken. On the other hand, she believed that patients were at risk and it was a serious matter. She finally came to a decision when she considered the question 'What is the best course of action for the highest possible good for all concerned?'. Her decision was to agree to the meeting with the regulator and tell him what she knew. She would forewarn her client and tell him that she felt that the situation was so serious that she had to break the confidentiality agreement.

The situation all seemed much clearer to her when she had worked through the questions. And the acid test questions gave her confidence that she was doing what she genuinely believed to be right. A word of caution though, the acid test questions are not enough on their own. You have to have the fullest possible understanding of the situation and different perspectives on it in order to make a reasonable judgement about what the best decision is in the circumstances.

The 21 question framework can also be used as the basis of a workshop where employees can practise addressing ethical dilemmas and decide what to do. It is one of the key tools needed to increase your awareness and skills in relation to ethics.

This book provides a simple analysis of the benefits of acting ethically and the implications of not doing so. It will also give you a clear understanding of why people act unethically and what the organization and its leaders can do to prevent this happening. It arms you with the knowledge and skills to identify ethical issues and gives you confidence to tackle them and to analyse the pros and cons of your decisions. Finally, it takes a look at the future of ethics and describes why the subject is likely to grow in importance in the years ahead. Ultimately the message is that if you want to pre-empt problems and stay attractive to customers and employees you need to get to grips with this subject fast.

In the next chapter we will take a look at the organizational context, how that is changing and the resulting ethical considerations.

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