

Ethical Decision-making ↗

Assumptions...

- People want to do the right thing...
...but good people sometimes do bad things
- People have good moral intuition...
...but this doesn't lead to solid moral discourse
- People don't have rational ethics training...
...no one system of ethical reasoning is sufficient

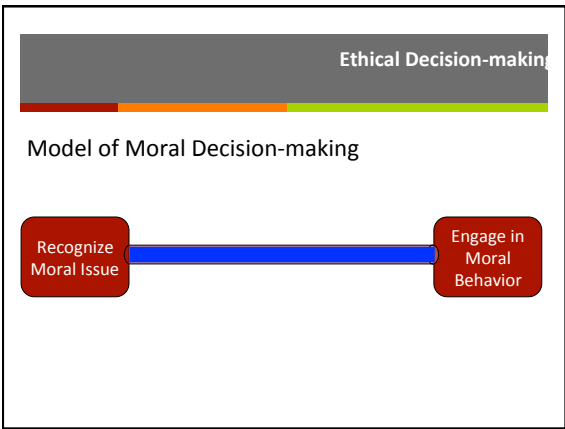
Ethical Decision-making

Ethics isn't about ethics...

...but rather about *trust*

...When we say we trust someone or that someone is trustworthy, we implicitly mean that the probability that he will perform an action that is beneficial or at least not detrimental to us is high enough for us to **consider engaging in some form of cooperation with him.**

OPPORTUNISM AND ITS CRITICS



Willful Ignorance

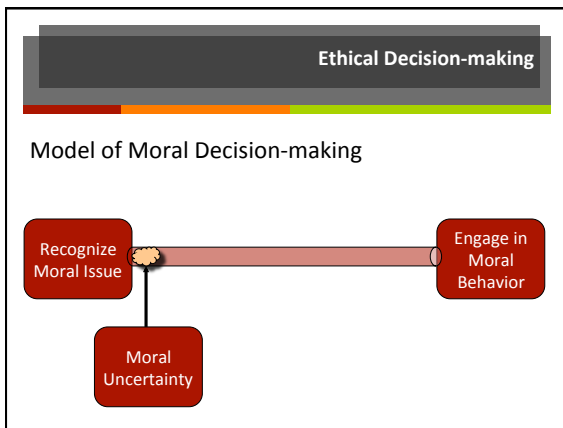
➤ *The practice or act of intentional and blatant avoidance, disregard or disagreement with facts, empirical evidence and well-founded arguments because they oppose or contradict your own existing personal beliefs.*

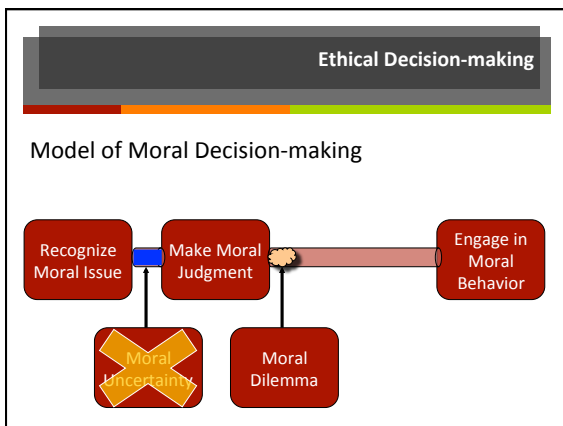
➤ www.urbandictionary.com

Willful Ignorance

➤ The practice or act of intentional and blatant avoidance, disregard or disagreement with facts, empirical evidence and well-founded arguments because *they oppose or contradict your own existing personal beliefs*.

...their recognition would impose an ethical obligation to act against your self-interest.





Ethical Decision-making

➤ Ethical dilemmas “are situations arising when equally compelling ethical reasons both for and against a particular course of action are recognized and a decision must be made...”

➤ (CNA, 2002, p. 5).

Ethical Decision-making

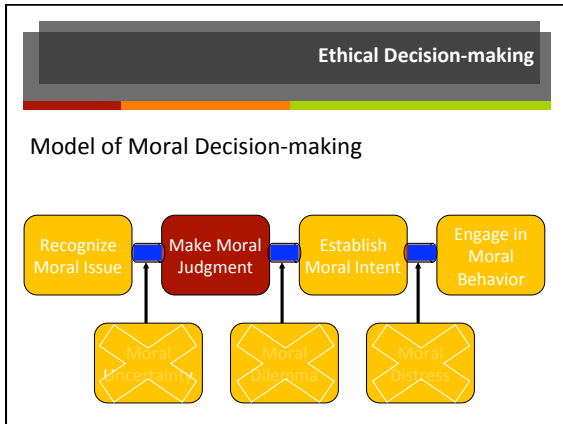
➤ There is a distinct difference between an ethical dilemma and ethical distress...

➤ **Ethical or moral** distress arises when one is unable to act on one’s **ethical** choices, when constraints interfere with acting in the way one believes to be right.

Ethical Decision-making

Model of Moral Decision-making

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graph LR; A[Recognize Moral Issue] --> B[Make Moral Judgment]; B --> C[Establish Moral Intent]; C --> D[Engage in Moral Behavior]; U[Moral Uncertainty] --- A; D1[Moral Dilemma] --- B; D2[Moral Dilemma] --- C; MD[Moral Distress] --- D
```



What factors allow formaking these behavioral distinctions?

- Ethics is concerned with :
 - Good vs Bad
 - Right vs Wrong
 - Fair vs Unfair
 - Praise vs Blame



Ethical Decision-making

- > Universalism:
 - An ethical theory that holds that actions are right or wrong independent of their consequences

Ethical Decision-making

- Does the contemplated action:
 - Conform to important principles?

Ethical Decision-making

	1	2	3	4	5	6
principles						
outcomes						
fairness						
caring						
liberty						
character						
sustainability						

Ethical

The ends justify the means

- > Utilitarianism:
 - An ethical theory that holds that actions are right if they produce, or tend to produce, the greatest amount of good for the greatest number of persons

Ethical Decision-making

- Does the contemplated action:
 - Conform to important principles?
 - Create more good than harm?

Ethical Decision-making

	1	2	3	4	5	6
principles						
outcomes						
fairness						
caring						
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character						
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Ethical Decision-making

- What are the core ethical criticisms of utilitarianism?
- How might these best be remedied?

Economic

> Utilitarianism:

- An ethical theory that holds that actions are right if they produce, or tend to produce, the greatest amount of good for the greatest number of persons

shareholders profit

Ford Pinto

Table 3
BENEFITS AND COSTS RELATING TO FUEL LEAKAGE ASSOCIATED WITH THE
STATIC ROLLOVER TEST POSITION OF '76/55 200'

BENEFITS:

Savings - 180 burn deaths, 180 serious burn injuries, 2100 burned vehicles.
 Unit Cost - \$200,000 per death, \$67,000 per injury, \$700 per vehicle.
 Total Benefit - 180x(\$200,000)+180x(\$67,000)+2100x(\$700) = \$49.5 million.

COSTS:

Sales - 11 million cars, 1.5 million light trucks.
 Unit Cost - \$11 per car, \$11 per truck.
 Total Cost - 11,000,000x(\$11)+1,500,000x(\$11) = \$137 million.

> Utilitarianism:

- An ethical theory that holds that actions are right if they produce, or tend to produce, the greatest amount of good for the greatest number of persons

rules should be crafted in such a way that

Rule

- > Utilitarianism:
 - An ethical theory that holds that actions are right if they produce, or tend to produce, the greatest amount of good for the greatest number of persons

Ethical Decision-making

- > Justice:
 - Consists in giving each person his or her due, treating equals equally and unequals unequally

Ethical Decision-making

- Does the contemplated action:
 - Conform to important principles?
 - Create more good than harm?
 - Lead to fair outcomes?

Ethical Decision-making						
	1	2	3	4	5	6
principles						
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caring						
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character						
sustainability						

Ethical Decision-making

> Ethic of Care:

- Asks us to recognize and take seriously the moral worth of relationships, particularly those characterized by caring

Ethical Decision-making

- Does the contemplated action:
 - Conform to important principles?
 - Create more good than harm?
 - Lead to fair outcomes?
 - Promote caring relationships?

Ethical Decision-making						
	1	2	3	4	5	6
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Ethical Decision-making

> Libertarianism:
 ➤ Suggest right action consists in maximizing the capacity for free, informed personal choice

Ethical Decision-making

➤ Does the contemplated action:
 ➤ Conform to important principles?
 ➤ Create more good than harm?
 ➤ Lead to fair outcomes?
 ➤ Promote caring relationships?
 ➤ Support personal choice?

Ethical Decision-making						
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Ethical Decision-making

> Virtue theory:

- Focus is on achieving our personal ethical ideal—a matter of who we are, not what we do

Ethical Decision-making

- Does the contemplated action:
 - Conform to important principles?
 - Create more good than harm?
 - Lead to fair outcomes?
 - Promote caring relationships?
 - Support personal choice?
 - Encourage virtuous character?

Ethical Decision-making						
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Ethical Decision-making

> Land Ethic:

- A thing is right when it tends to preserve the beauty, stability, and integrity of the biotic community. It is wrong when it tends otherwise.

Ethical Decision-making

- Does the contemplated action:
 - Conform to important principles?
 - Create more good than harm?
 - Lead to fair outcomes?
 - Promote caring relationships?
 - Support personal choice?
 - Encourage virtuous character?
 - Contribute to sustainability?

Ethical Decision-making						
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Ethical Decision-Making Worksheet

➤ 1) Identify Ethical Issues:

- * _____
- * _____
- * _____
- * _____
- * _____
- * _____

Ethical Decision-Making Worksheet

➤ 2) Select one issue:

- * _____

Ethical Decision-Making
Worksheet

5) Analyze these alternatives: (only include checked frameworks from step 3) above

	(a)	(b)	(c)
(a) Principles: Does the alternative conform to fixed rules of conduct?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(b) Outcomes: Does the alternative create more good than harm?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(c) Fairness: Does the alternative lead to fair outcomes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) Caring: Does the alternative support caring relationships?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(e) Liberty: Does the alternative promote personal choice?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Character: Does the alternative advance personal ideals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) Sustainability: Does the alternative respect the natural environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Ethical Decision-Making
Worksheet

5) Analyze these alternatives: (only include checked frameworks from step 3) above

	(a)	(b)	(c)
(a) Principles: Does the alternative conform to fixed rules of conduct?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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Ethical Decision-Making
Worksheet

6) Select the optimal alternative:

* _____

Ethical Decision-Making Worksheet

7) Is the optimal alternative...

financially viable? (if not, is the second-best financially viable? the third-best?)

Yes - No

politically viable? (if not, is the second-best politically viable? the third-best?)

Yes - No

Ethical Decision-Making Worksheet

8) Develop a plan for implementation:

Gather the facts

Does the contemplated action:

- Conform to important principles?
- Create more good than harm?
- Lead to fair outcomes?
- Promote caring relationships?
- Support personal choice?
- Encourage virtuous character?
- Contribute to sustainability?

Think creatively about potential actions

Ethical Decision-making

➤ What might a principle-based approach 'look like'?

Ethical Decision-making

➤ Avoid all appearance of impropriety

Ethical Decision-making

➤ Do not sacrifice the public good for private gain


Ethical Decision-making

➤ Daedalus and Icarus

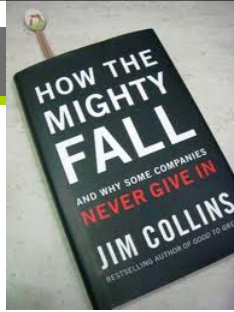
➤ Operate at all times with humility, never underestimating your capacity for self-deception

BRAIN
A JOURNAL OF NEUROLOGY

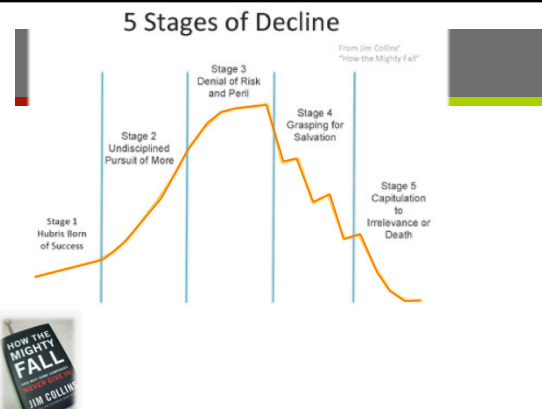
OCCASIONAL PAPER
Hubris syndrome: An acquired personality disorder? A study of US Presidents and UK Prime Ministers over the last 100 years
David Owen¹ and Jonathan Davidson²



Hubris syndrome is a disorder of the possession of power, particularly power which has been associated with overwhelming **success**, held for a **period of years** and **with minimal constraint** on the leader.



JIM COLLINS
5 STAGES OF AN
ORGANIZATION IN DECLINE



5 Stages of Decline

From Jim Collins' "How the Mighty Fall"

- Stage 1: Hubris Born of Success
- Stage 2: Undisciplined Pursuit of More
- Stage 3: Denial of Risk and Peril
- Stage 4: Grasping for Salvation
- Stage 5: Capitulation to Irrelevance or Death

[Redacted]

➤ “We can never be gods, after all—
but we can become something less than human
with frightening ease.”

N.K. Jemisin, *The Hundred Thousand Kingdoms*

Ensuring Ethical Behavior

➤ In order to ensure ethical behavior, one has to be able to:

- recognize an ethical issue
- evaluate the ethical issue
- intend to follow the 'right' course of action
- follow the 'right' course of action

➤ What organizational impediments might interfere with this process?

Ensuring Ethical Behavior

➤ “You need a moral corporate culture, and that is what
is missing now...Codes of conduct are useless.”

➤ NORMAN BOWIE, the Elmer L. Andersen Chair in Corporate Responsibility, the Carlson School of
Management, the University of Minnesota

Ensuring Ethical Behavior

➤ “Enron had a corporate code of conduct, but their upper management was so devoid of ethics that the code became an inside joke. The best codes of conduct are worthless unless ethical conduct is modeled every day by the leadership.”

➤ C. WILLIAM THOMAS, the J. E. Bush Professor of Accounting, Baylor University

Ensuring Ethical Behavior

➤ “A profession seeks to demonstrate a certain proficiency and excellence in practice based on a systematic body of knowledge; it aims at inculcating in its members a sense of responsibility towards others and in establishing a norm of behaviour and clearly defined qualifications for membership.”

➤ Kanawaty, G. 1977. *Turning the Management Occupation into a Profession.*

Ensuring Ethical Behavior

- ① a common body of knowledge resting on a well-developed, widely accepted theoretical base;
- ② a system for certifying that individuals possess such knowledge before being licensed or otherwise allowed to practice;
- ③ a commitment to use specialized knowledge for the public good, and a renunciation of the goal of profit maximization, in return for professional autonomy and monopoly power;
- ④ a code of ethics, with provisions for monitoring individual compliance with the code and a system of sanctions for enforcing it.

➤ Khurana, R; Nohria, N. and Penrice, D. 2005. *Is Business Management a Profession?*

Ensuring Ethical Behavior

- Compliance-based Codes
vs
- Values-based Codes

Ensuring Ethical Behavior

➤ **Our Credo**

- We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services...
- We are responsible to our employees, the men and women who work with us throughout the world...
- We are responsible to the communities in which we live and work and to the world community as well...
- Our final responsibility is to our stockholders.

Ensuring Ethical Behavior

Model of Motivation (Expectancy Theory)

Ensuring Ethical Behavior

Model of Motivation

Motivation =

Ensuring Ethical Behavior

Model of Motivation

Motivation =

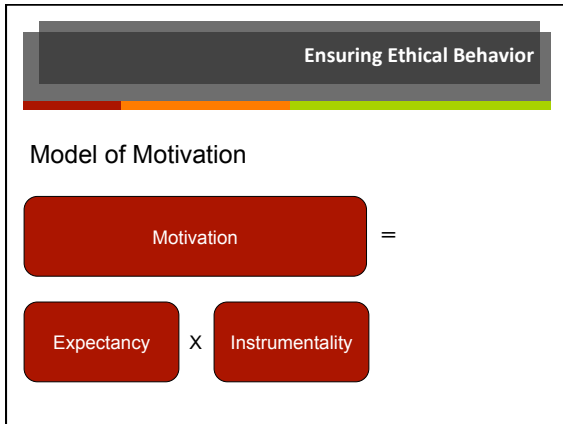
Expectancy

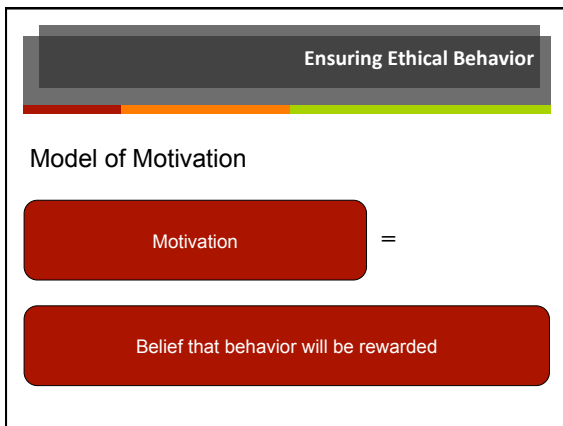
Ensuring Ethical Behavior

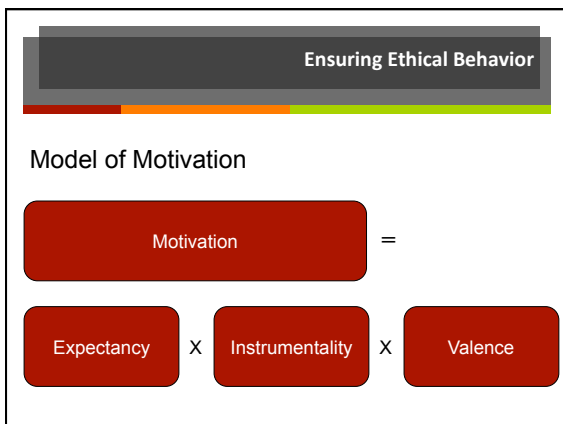
Model of Motivation

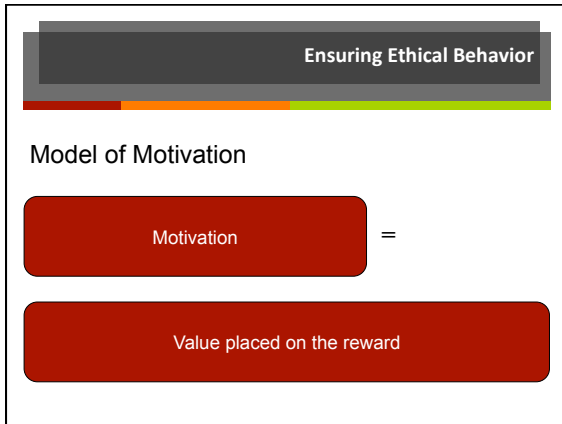
Motivation =

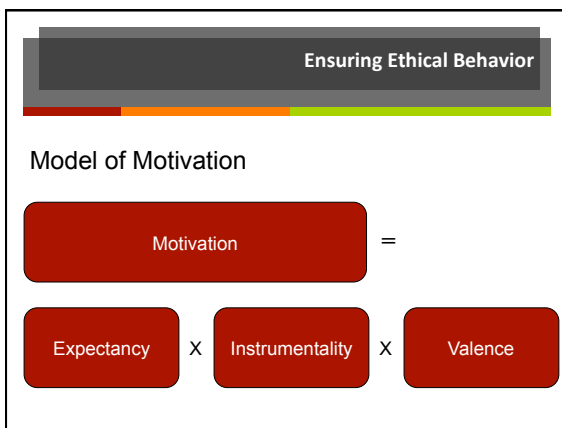
Belief that effort will lead to behavior











Ensuring Ethical Behavior

➤ How does this model inform our understanding of why individuals behave unethically?

Ensuring Ethical Behavior

➤ Suppose that you want to ensure that employees 'do the right thing.' What steps would you take to make certain this happens?

Ensuring Ethical Behavior

➤ *BOARD/MANAGEMENT/EMPLOYEE SELECTION*

➤ *CODE OF CONDUCT*

➤ *DEVELOPMENT AND IMPLEMENTATION*

➤

➤

➤

➤

➤

➤

➤

➤

Ensuring Ethical Behavior

➤ *CODE OF CONDUCT*

➤ *DEVELOPMENT AND IMPLEMENTATION*

➤ *Tailor-make your code*

➤ *Get employees involved*

➤ *Consult key stakeholders*

➤ *Outsource the job only carefully*

➤ *Seek out good examples*

➤ *Be clear about scope*

➤ *Be specific about implementation*

➤ *Plan for education*

➤ *Be clear about enforcement*

➤ *Specify a sunset date*

Sarbanes-Oxley 406 (b)

➤ **THE SARBANES-OXLEY ACT:**

- Quarterly CEO/CFO certification of periodic reports and internal controls
- Audit Committee
 - Independence
 - Financial expertise
 - Oversight of audit firm
 - Complaint/whistleblowing procedures
 - Independent advisors authorized

Sarbanes-Oxley 406 (b)

➤ **THE SARBANES-OXLEY ACT:**

- CEO/CFO disgorgement of bonuses and stock profits upon restatement
- Loans to directors/officers prohibited
- New crimes and enhanced penalties
- Federal regulation of auditing firms
- Code of ethics for senior financial officers

Sarbanes-Oxley 406 (b)

➤ A code of ethics comprises standards reasonably necessary to promote

Sarbanes-Oxley 406 (b)

- A code of ethics comprises standards reasonably necessary to promote
 - honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships

Sarbanes-Oxley 406 (b)

- A code of ethics comprises standards reasonably necessary to promote
 - full, fair, accurate, timely, and understandable disclosure in the periodic reports to be filed by the issuer

Sarbanes-Oxley 406 (b)

- A code of ethics comprises standards reasonably necessary to promote
 - compliance with the applicable governmental rules and regulations

Sarbanes-Oxley 406 (b)

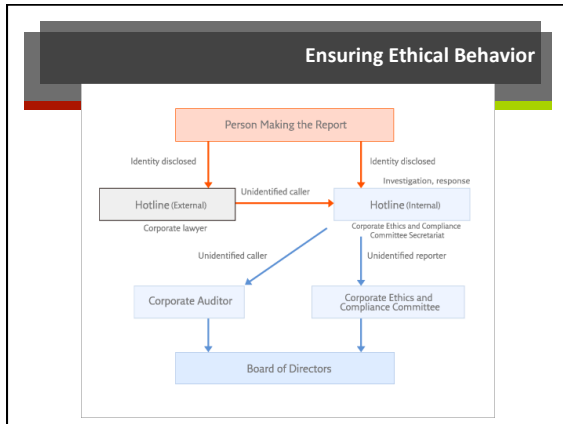
- A code of ethics comprises standards reasonably necessary to promote
 - the prompt internal reporting of code violations to an "appropriate person or persons" identified in the code

Sarbanes-Oxley 406 (b)

- A code of ethics comprises standards reasonably necessary to promote
 - accountability for adherence to the code

Ensuring Ethical Behavior

- Code Building Exercise



- Ensuring Ethical Behavior**
- BOARD/MANAGEMENT/EMPLOYEE SELECTION
 - CODE OF CONDUCT
 - DEVELOPMENT AND IMPLEMENTATION
 - TRAINING
 - SPLIT TRAINING FROM ENFORCEMENT
 - RECOGNITION OF ETHICAL DILEMMAS
 - ETHICAL DECISION-MAKING
 - CONSENSUS BUILDING/CONFLICT RESOLUTION
 - SHAPING ORGANIZATIONAL CULTURE
 - GROUP PROCESSES
 - RISK MANAGEMENT
 - INDUSTRY SPECIFIC

- Ensuring Ethical Behavior**
- TRACKING RESPONSIBILITY
 - ENFORCEMENT
 - REPORTING
 - REWARDS/SANCTIONS
 - DISSENT
 - COMPENSATION STRUCTURE
 - PERFORMANCE APPRAISAL
 - TERMINATION
