

The Business of Ethics ... or the Ethics of Business



AUTHOR: Ed McDonald, FCOI, MA in Ethics and Corporate Responsibility, MBS, member of Compliance Institute's Ethics Committee.



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Values Set the Base

What Values does a company, a business, an organisation, have that a person doesn't have? Are there diverse kinds of Values that are unique to them in some way? And if so, how did they get those Values? Who gave them those Values? What are the differences between corporate values and personal values that a person must learn to work out how he/she should practise the corporate values in their roles in a business? After all, we are in an era where companies and organisations are described as having a Purpose, a Mission, a Goal, and a Code of Conduct to govern how "it" acts or is portrayed. In addition, is it not the case that most actions or initiatives "undertaken" by a business, are performed by a person in the name of the business? I say "most" because I'm not sure what actions and responsibilities for them might be done by technology applications (robots, algorithms, or whatever forms they might take), or is there someone - a person - who is responsible for them.

The Way we Do Things

There is a broad agreement that good ethical practice is essential in all aspects of our lives and society, but because there is no one single right interpretation of what "the right thing to do" is, there is also disagreement. Theoretically, Ethics is a societal construct - and it is based on mutual understandings, expectations,

presumptions and broad consensus on what is right or wrong. And that varies in many societies throughout the world. At its most basic, Ethics and the Values that underpin it, are based on customs and practices in a society (back to the oft-quoted expression "the way we do things around here") but in most developed societies it has gone beyond just that as we seek to agree standards we should expect and aspire to. Despite any societal variations, we still feel there is a need for something that helps to distinguish right from wrong, good from bad.

Business Ethics - their What and Who

That need applies across the world of business and the world of professions. For businesses, the concept of being ethical is summed up by the Institute of Business Ethics (the IBE) - "Business ethics is the application of ethical values to business behaviour. Business ethics is relevant both to the conduct of individuals and to the conduct of the organisation as a whole. It applies to all aspects of business conduct....." The conduct of organisations or businesses is reflected in the conduct of their people and staff - all of them in varying ways, at all levels in the organisation, no exceptions. And to round this off, the IBE says, "Ethics goes beyond the legal requirements for a company and is, therefore, about discretionary decisions and behaviour guided by values."



The nature of businesses, what they each do and the sheer number of them, is so diverse, (global, international, big, small), that it begs the question of what common ethical standards should they have, what should be expected of them, what consumers and other stakeholders should rely on. And then add on extra standards for selected businesses that undertake extensive applications. It surely is such that there will be variations among them in what they see as their objectives and the values by which they operate in the industry sector that they are in. That might sound too sweeping and expecting too much, that there could be such a high commonality among them. Even in the world of financial services, don't Regulators recognise the need for companies to define their own particular purpose and the Values that they profess in order to achieve those purposes? But when we refer to companies and businesses as

"they" or "them" do we really mean the businesses or the people who own them, run them, organise them, decide for them what their purpose and values are?

Various professions set out what they consider to be core values special to the nature of what those professions do, that should be respected and adhered to by the persons who are qualified to be members of that profession. Think of medical practitioners, people who are critically important to many of us. "... the medical practitioner must attempt to uphold four important principles: respect for patient autonomy, beneficence, nonmaleficence, and justice. When these principles conflict, resolving them depends on the details of the case."

Think of engineers. The Engineering Council and the Royal Academy of Engineering have created a Statement

of Ethical Principles for all engineering professionals. "Engineering professionals work to enhance the wellbeing of society. In doing so they are required to maintain and promote high ethical standards and challenge unethical behaviour. There are four fundamental principles for ethical behaviour and decision-making. These are: 1. Honesty and Integrity. 2. Respect for life, law, the environment and public good. 3. Accuracy and rigour and 4. Leadership and Communication" and each of them is explained in detail.

Ethical Words and Ethical Practice

So back to "Business" Ethics, the ethics of business. The IBE says that "Building an ethical culture starts with a clear set of values and an understanding of the purpose of the organisation" and that "A code of ethics is the foundation of your ethical culture." By the time the Code is



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written, presumably a lot of discussion about the desired Values has been gone into by people in the company (the bigger the organisation the more difficult it is to have consulted everyone). IBE says that “If ethical values are the compass which guides how you do business, then a Code of Ethics is like a map, offering guidance on what route to take when there is a choice to make” and adds that “A code of ethics sets out the expectations that the company has for how employees should behave in any given situation, to assist with decision-making”. It further states that Codes of Ethics have gone beyond just guidance for employees to now be statements to its wider stakeholders setting out the values the company holds, and it notes, as does the Central Bank, that one size does not fit all.

What Ethics Involves

For any organisation, choosing what it wants to be known for in terms of

its Values and Behaviours is a hugely serious matter. Key to all of this is to be aware that an essential aspect of ethics is that it has in fact many aspects: requires thinking about the desirable Values – thinking of the purpose, reflecting on what that implies, visualising how they would work and be applied, imagining how you would use them and in what circumstances, and visualising the range of outcomes that they may produce and their impact on others. Behind all that is awareness of how and by whom were those Values decided as being the ones that should apply to how your company should behave. Was there widespread consultation? Was there extensive discussion and even argument? Or was it done by a small well-intentioned team? And how is all that discussion and argument explained to everyone in the organisation and being understood by them? The final written Code is invariably like a written list of short

statements about different Values. But a written list needs to be inculcated into each person and clearly understood as to what they mean and how they should be practised. Remember the many organisations that have had what were described as the best Codes, subsequently did not practise them in the way they were outlined – Enron in the USA had its famous 64-page Code and Johnson & Johnson had its renowned Credo code, both of which were highly regarded as ethical guides.

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