Making Codes of Ethics ‘Real’

Peter J. Dean

ABSTRACT. This article outlines a training activity that can enable both business and governmental professionals to translate the principles in a code of ethics to a specific list of company-related behaviors ranging from highly ethical to highly unethical. It also explores how this list can become a concrete model to follow in making ethical decisions. The article begins with a discussion as to what will improve ethical decision making in business and government. This leads us to explore the factors that can most easily lead to improvement, namely a comprehensive code of conduct and employee training. From there we look at the Critical Incident Technique as a training strategy that has the potential for identifying those behaviors that distinguish really outstanding behaviors from those that go “by the book”, and can be used to encourage more independent thinking and to set expectations for future decisions. If employees are given the skills and examples that will enable them to make better decisions, they can apply them to any situation.

“Ethics” has appeared in the media as one of THE issues of the nineties. This is not without reason. Lack of sound decision making is being vividly portrayed in regard to issues such as the environment, the U.S. national deficit, hiring and promotion practices, medical issues, conflicts of interest within business, and insider trading scandals. The list goes on and on (Welliver, 1989).

As a result, both government and business are being forced to take a hard look at their decisions of the past in preparation for dealing with the decisions of the future. Public pressure is demanding this. But improving business ethics is not a simple process. Though in some cases there are clear “rights” and “wrongs”, as with many environmental issues; most often the nature of a problem foretells an easy answer. This is when the quality of the decision making process itself is most important. At the risk of sounding simplistic and redundant, it is necessary to address the question of how to improve ethical decision making.

To set the stage, let’s review some of the elements of this process. The question of motivation clearly comes into play. Fear of sanctions is not enough to assure ethical decision making; there must be a personal commitment to finding out what is best and seeing that it is done. This requires time and energy. It also requires an understanding of what constitutes ethical behavior in the areas in which a person is responsible for making decisions.

To ease this process, many professional groups such as legal, medical, financial, and engineering societies have established their own codes of ethics to which all members are supposed to subscribe and to which they can be held accountable. These codes are meant to translate the more formal philosophical theories of ethics into a set of guidelines that can be applied to the day to day decision making that business managers and government officials engage in.

Ethical theories provide a framework for analyzing and understanding problems, but on a daily basis, we sometimes need more specific and direct guidelines in order to keep ethical responsibilities at the forefront. A list of fundamental principles or a code of business ethics can

Peter Dean has 20 years experience in business and academic arenas designing, implementing and evaluating programs in communication skills, leadership, team building, interpersonal ethics, decision making, train-the-trainer and organizational change. Peter conducts courses on applied ethics at Penn State University.

provide this immediate link between ethical theory and daily decision making. (Dunfey and Robertson, 1988).

Individual companies have been following the lead of professional organizations with the formation of committees to study the ethical questions they encounter in their workplace and develop a code of ethics that can drive company decision making. All around the country this scene is being repeated, with employees meeting together, looking at codes from other companies, identifying the issues they face, and eventually devising a list or principles that frequently look like the models they began with. Although this participatory process is certainly consistent with the teachings of behavior change experts who say that people accept and assimilate ideas they developed themselves more readily than those given to them from someone else, it may not be the most effective use of company resources. As Dunfey has found in his review of the codes of ethics in Fortune 500 companies (1988), there is great variation and some codes even fail to address some unethical behaviors. Further, although codes of ethics do establish expectations for behavior and serve as criteria for evaluating the decision making of corporate and governmental officials, they do not necessarily result in consistently improved ethical behavior.

Statements of ethics do not guarantee ethical behaviors . . . they merely inform. If executives do not demonstrate the company’s values in every decision they make, the values become meaningless. An executive who cuts a corner to secure a contract sends a resounding message throughout the organization: “In this shop, profits come before principles.” If this message is reaffirmed over time, dishonesty becomes the norm. (Chenoweth, 1985, p. 474).

Strategies for maintaining high ethical standards are only as effective as those who implement them. (Business Ethics, 1988, p. 4).

The integrity of the corporation rests on the integrity of its individual employees. (Industry Week, 1987, p. 33).

Research has shown that the majority of employees are committed to standards of high ethics (Business Ethics, 1988), but even with a code of ethics to guide them, they may not be confident about making the right decisions. A study reported in The Nation’s Values - Still Alive (Cavanagh, 1984), concluded that the values of many of today’s adults seem to be largely inherited and absorbed passively from the surrounding culture. These adults have very little in the way of thought-out, internalized values, the kind that would help them apply a code of ethics to business problems which may have numerous wrong solutions but seldom an obvious right one.

Perhaps this is the reason that The Wharton School of Business has listed employee training as the second strategy firms should employ, after establishing a code of ethics, to make ethical analysis an integral part of a company’s decision making process. Like many other institutions, they have added courses in ethics to their curriculum and offer workshops to those who are no longer students. One of the goals of these courses and workshops is to provide “the opportunity to identify, evaluate, and propose solutions to ethical issues. The process sensitizes managers to ethical issues and develops their abilities to recognize key variables” (Business Ethics, 1988, p. 17). These thinking skills are necessary for appropriately applying ethical standards to the work place.

To gain anything by having a code of ethics, management must relentlessly emphasize that codes are merely guidelines, that rules have exceptions, and that the essence of ethics is independent thinking and question (Pastin, 1988, p. 474).

What does all of this mean? First, there’s an obvious need for a comprehensive code of ethics that can establish expectations for behavior and serve as criteria for evaluating the decision making of corporate and governmental officials. Second, these officials must not only have their awareness of the ethical issues heightened by a code of ethics, they must be trained in how to think ethically. The question becomes: how to achieve both ends most effectively and efficiently.

As mentioned previously, the time and energy spent in developing codes of ethics may not be the most effective use of company resources. Although there is not a universally accepted code that applies to all work places, there are many that can be easily adopted, leaving resources free for what seems to be the crucial issue in the establishment of consistent business ethics: training.

What then would this training be? I would like to suggest that, in addition to the case study method