

Ethical Behaviours for Managers

The Shell International magazine recently carried an article wherein the author expressed the view that for any company struggling to reconcile its activities with demand for sustainable development, the elusive goal was increasingly seen in terms of a triangle, made up of three Es- Economics, Environment, and Ethics. And it was on the last of these, he argued that many major companies are struggling. Hence, the growing pressure for developing a solid set of social and ethical principles – and to hammer them into the very core of the business practice. Such a strategy involving extensive consultation with stake-holders, open to public scrutiny and independent auditing, is increasingly seen as an essential component of any sustainability toolkit.

This is why perhaps professional ethics is now acknowledged as a field of study in its own rights. Much of its recent development has resulted from a rethinking of traditional ethics in the light of new moral problems. One visible sign of these developments has been the proliferation of codes of ethics, or of professional conduct. The drafting of such a code provides an opportunity for professionals to examine the nature and goals of their work, and offers information to others about what can be expected from them. If a code has a disciplinary function, it may even offer protection to members of the public. Besides a growing range of stakeholders - including customers, investors, activist groups, and the media - are paying close attention to the ethical behavior of companies and their employees. In addition, companies are recognizing the business benefits of creating comprehensive ethics programs.

The cornerstone of any company's ethics program is its set of values. The key mechanisms for articulating those values are ethics codes, also known as codes of business practices or principals. Ethics codes and business principles are instrumental in enhancing brand name and reputation, creating a cohesive corporate culture, avoiding litigation and fines, and helping to stabilize volatile markets. Ethics codes also help create globally consistent "fixed reference points" for employees. Ethical decision-making procedures, spelled out in an ethics code, arm employees with the information needed to act in accordance with the values that are at the core of a company. Increasingly, companies are also seeing the value of sharing their codes with suppliers, business partners, shareholders, and other stakeholders. The code serves as a set of concrete statements about how the companies conduct business.

A company's reputation and brand image are some of its most valuable assets. Establishing a code is an effective way to communicate the value a company places on good business practices internally and externally. In times of crisis, having an ethics code can help make the case to shareholders, activists, and the media that a company has made a good faith commitment to ethical behavior, and that a mistake or transgression is the exception, not the rule. Also, developing and promulgating a code of ethics can help all employees to be more alert to potential problems, and bring them to the attention of management before a crisis occurs.

A 1999 Conference Board report on global ethics codes found that a consensus is developing among business leaders throughout the world that sound business practices, stemming from ethical foundations, will help improve development prospects in Africa,

Asia, and Latin America. Global codes set an ethical standard which can be followed despite differences in cultural and national approaches, and in laws and standards between jurisdictions. UN Secretary-General, Kofi Annan, has called upon the international business community to enact nine principles in the areas of human rights, labor standards, and the environment to be used as the base for ethical codes of conduct which address issues of inequality in the global marketplace and the widening gap between the world's poor and wealthy.

But, the existence within the profession, of a code of ethics is not necessarily a guarantee in itself of the ethical behaviours of its managers. The world today is witnessing an emergence of scandal plagued societies. We often hear, throughout the world, such outrageous practices as influence peddling by top political appointees or even bribery at top levels.

No wonder then that in such countries when one raises the issue of ethics in general conversation, it is not uncommon for the response to be that business and ethics do not mix. Such a reaction reflects the way in which the business community is perceived by the general public and their idea of ethical behaviour.

I believe that managers have a duty to ensure that such perceptions are removed from the public mind, although it is not uncommon to hear “that the business of business is business’. They should, in particular be careful in matters pertaining to recruitment and promotion. If the yardstick used is meritocracy, there will hardly be criticisms associated with favouritism, nepotism, or racial discrimination. In short they should ensure a sound and effective management of cultural diversity. Competence is not the monopoly of any specific group.

I do concede that there is no miracle answer system that gives us the solution. However, I believe that moral common sense can be a starting point in reasoning about ethical issues.

If you allow me a little bit of advice, I shall say: it is everybody's duty to avoid causing harm to others; to respect their rights and look upon these as sacred, to refrain from telling lies or cheating and to keep one's promises. Above all obey and respect the laws; be just and fair and ready to help. Managers who apply those rules cannot go wrong.