

Ethics in Practice

As the importance of ethics in organizations is more widely acknowledged, a movement has grown to define codes of ethics. Organizations recognize that it is important to establish a mutual set of standards. Furthermore, it is important that individuals have an understanding of how to apply those ethical codes to day-to-day job behavior.

Creating a code of ethics is a difficult but worthwhile endeavor. It requires organizations to analyze themselves, to evaluate their own set of values, and to put those values into writing. Creating a code of ethics is a valuable exercise for any organization; it helps to evaluate sometimes unspoken values and expectations. Codes of ethics are always works in progress. Like the organization itself, a code of ethics is constantly changing and growing, and must be regularly re-visited and re-evaluated.

Applying that code of ethics to individual decision making is also important. Without training in ethical decision making and empowerment in making ethical decisions, members of the organization may not be able to develop as leaders. Furthermore, their inability to be confident in making ethical decisions aligned with the values of their organization can have consequences for the organization as well as for themselves.

***Relativity applies to physics,
not ethics.*** - Albert Einstein

Creating an Ethical Code

A formal code of ethics, or ethical checklist, makes a public statement about the values, standards, and expectations of an organization. It makes an open statement about the organization's commitment to ethical behavior and suggests accountability. It also provides members of the organization a clear point of reference to guide their behavior.

A variety of guidelines for the creation of ethical checklists have been published. Although not all of them agree on the steps of the process, some common elements do emerge.

The steps of the process broken out on the next page are a distillation of various guidelines. It may be useful to use the Creation section of the process as an practice exercise in identifying and creating ethical codes as a learning experience.

Creating an Ethical Code

Creation

1. Evaluate any existing codes

Organizations frequently create guidelines, mission statements, and policy statements. Those documents may already contain many of the priorities and values needed for an ethical checklist. Look at the material you already have as valuable sources. It may provide insights you would not otherwise have considered.

2. Evaluate legal absolutes

Some things are not negotiable. In creating an ethical checklist, one must consider any possible legal issues related to the organization. Those potential legal conflicts should be considered and dealt with in the ethical code.

3. Identify the large traits/issues that are important to your organization

In the Journal of Business Ethics, Mark Schwartz outlined a series of 6 core values that should underpin every code of ethics: trustworthiness, respect, responsibility, fairness, caring, and citizenship. Those larger, abstract values provide a rationale and framework on which to build the specifics of an ethical code. Of course all of those values are important, but choose the values that are most important to your organization. Making that choice may teach you about your organization and about your culture and values.

4. Identify the issues that are currently most vital to your organization

Stop to evaluate the issues that are most important, most difficult right now. Think of them in ethical terms. An ethical code is supposed to be a living, dynamic document that is updated and changed on a regular basis. Being timely isn't a weakness for your code. It is going to make it more meaningful, and it may help the code to be a tool for resolving current issues. Try to tie these current issues to the larger values in step 3.

5. Look at things from the other person's point of view

Yes, the code is about your organizations, the issues you face, and your needs. But it's also a code of ethics. Think about what your customers, your stakeholders expect of you. What do they see as the most important ethical questions for your organization?

6. Be sure it's about ethics, no just company policy

Numerous studies and evaluations of existing ethical codes have found that organizations frequently use ethical codes as a way of trying to protect their own interests. Most ethical codes are focused on preventing issues like conflicts of interest, embezzlement, and misuse of resources. Although those issues are important, they do not address the ethics of the members as a part of an organization; they do not address social responsibility. Be sure that your code of ethics is about being ethical in a larger world, about the organization as the whole of its members being ethical.

7. Draft a preliminary code/codes

8. Be sure that the code is clear, specific, and practical

An ethical code walks a fine line. Each of its objectives must be tied to a large issue or value important for the organization. At the same time, the code must be practical and usable. Check to see that the code includes specific directives and applications as well as ideals and values.

Creating an Ethical Code (continued)

Implementation

1. Get feedback—and take it seriously

The ethical code is going to apply to the entire organization, so ethically, the entire organization should have a say in its creation. The general consensus in business literature is that people tend to follow something if they have a sense of ownership—the feeling that the policy or idea is something they had a part in creating. Members of the organization will only respect a code of ethics if they feel they had a part in making it. Listen to everyone’s concerns and try to include them.

2. Finalize the code

3. Put together a plan to implement the code

Creating a code is a pointless exercise unless there is a plan to put it into place and make it mean something. An ethical code is not just a piece of writing—it is a guide map for actions with associated rewards and consequences. Formulate a plan to keep your ethical code in use and make it mean something.

4. Top management must show their support

If the people in charge of the organization do not act as if the code matters, no one will pay attention to it. Authority must advocate the code and make it clear that it is important.

5. Display and distribute the code to everyone

Ethically, all members of an organization must be included; they must feel that they know what they’re being asked to do. Making sure they have a copy of the ethical code that they participated in creating is an important part of that.

6. Make it clear that the code applies to everyone

7. Make sure that there is a clear procedure for addressing questions, filing complaints, and fixing problems.



Creating an Ethical Code (continued)

Maintenance

1. Put a process in place for teaching the code and how to use it in day-to-day situations

Organizations cannot expect their members to spontaneously understand and apply a new ethical code. Teaching, training, practicing and praising are vital elements of making an ethical code a part of an organization's culture. If an ethical code is to actually mean something, people must actually learn to use it. Don't assume that because a code is written people know how to put it into practice.

2. Teach forgiveness

A code of ethics may at first increase the ethical issues to be dealt with. Encourage individuals to recognize and admit questionable ethical behaviors. It is better to try to be ethical and recognize mistakes than to ignore mistakes or to create a culture of fear and hesitation.

3. Review and revise the code on an established schedule

An ethical code must be a living document that is constantly updated and reviewed. The organization should set a process and a timeline for reviewing, re-working and changing the ethical code.



Additional Resources

McNamara, Carter. "Complete Guide to Ethics Management: An Ethics Toolkit for Managers." Free Management Library. 20 Feb 2009. Authenticity Consulting Inc. 2009. <<http://managementhelp.org/ethics/ethxgde.htm>>.

"Codes of Ethics." Chartered Management Institute: Checklists: Human Resources, Training and Development. 25 Feb 2009. The Free Library. 1 Jun 2006 <http://www.thefreelibrary.com/Codes_of_ethics.-a0151090770>.

"Codes of Ethics." Entrepreneur.com. 22 Feb 2009. Entrepreneur Media Inc. 2001 <<http://www.entrepreneur.com/tradejournals/article/100012279.html>>.

Schwartz, Mark S. "A Code of Ethics for Corporate Codes of Ethics." Journal of Business Ethics. 41 (2002): 27-43.

Creating an Ethical Checklist

Creating an organizational code of ethics is an important step in clarifying the goals of an organization and in making those goals public. However, broad ethical guidelines can be hard to apply to immediate, day-to-day situations. The following criteria or "ethical checklist" may serve as a training guideline for decision making, and may be useful in working through the exercises on pages 21-28 and 38-39 of this manual.

- **Do you have all the facts?**
 - Be sure you take the time to find out all information relevant to your decision.
 - Include both factual *and* emotional elements.
- **Does your plan benefit both sides involved in the decision?**
 - Is it "fair"?
 - Does it show an understanding of both parties' concerns?
- **What values/priorities of the organization does it address?**
 - Does it tie into the larger concerns of the organization?
 - Can it be justified by a mission statement or ethical code?
- **What is the worst case scenario for your decision?**
 - Think ahead—do you know the possible consequences as well as the benefits?
 - Can you live with the outcome of the decision no matter what happens?
- **Have you thought of alternate plans?**
 - Is there another way to address the issue?
 - Can you be flexible?
 - Thinking of other possibilities may improve the plan you have.
- **Would you be comfortable if the public or larger world knew what you decided?**
 - Are you willing to be held accountable?
 - Is this honest and in keeping with the image you want to present to the world?

Ethical Decision Making

In addition to training employees on the ethical decision making process, some authors have also suggested that organizations distill their codes of ethics or ethical checklists into a ladder of priorities that may be used to guide employee behavior and decision making.

Lee describes such a system currently in place at Disney. He describes the ladder of priorities given to employees as

1. **Safety**
2. **Courtesy**
3. **Show**
4. **Efficiency**

If an issue arises, the employee knows to place safety above all other priorities, because the values of responsibility, trustworthiness and care are embodied in that decision. After that, courtesy is most important because it reflects the values of caring, respect, and responsibility.

By giving the employees such a general list of conceptual priorities, the company gives a simple, usable vision of priorities tied to its code of ethics that remains flexible enough to empower employees to apply it in practical day to day situations. By creating a ladder of priorities, individuals can clearly understand how to prioritize elements of decisions and focus on the highest ethical concerns of the organization. Using a ladder rather than a checklist or code implies importance of ethical values rather than just providing a list. That implied importance helps in front-line decision making and simplifies a complex, sometimes difficult document into a practical plan of action.

Sources and Resources on Ethical Checklists

Lee, Fred. [If Disney Ran your Hospital: 9 1/2 Things You Would Do Differently](#). Orlando: Second River Healthcare, 2004.

McNamara, Carter. "Complete Guide to Ethics Management: An Ethics Toolkit for Managers." [Free Management Library](#). 20 Feb 2009. Authenticity Consulting Inc. 2009. <<http://managementhelp.org/ethics/ethxgde.htm>>.

