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## BUSINESS ETHICS

“Ethics” is the discipline dealing with good and evil and with moral duty. It is not just a matter of whether something is legal or illegal. For example, it is not illegal for a retired Australian politician to be employed by a company with which he or she had had previous dealings as a minister –but some people may think that this could give rise to ethical concerns.

Each person has a set of ethics: a set of values. This is a set of indicators that warn that something is bad or good. This is acquired from family, friends, schools, workplaces, etc. A set of ethics enables a person to act quickly, if not automatically, on a certain matter because the ethics represent that person’s underlying philosophy.

Mostly a person’s acquisition of ethics will come about haphazardly and by the person not knowing explicitly that it has happened. A child will acquire certain values by watching relatives. Neither the child nor the relative may be explicitly aware of this “educational” process underway. A fish does not know that it swims in water – and humans (of all ages) do not know that they are acquiring values.

Additionally people may change their values over time and still not be fully conscious of how they are changing. For example, smoking is still legal in private homes – but there is now a new ethic that people should not smoke because of their health.

Much the same can be said about how each organization also acquires its own set of ethics. The ethics evolve over time, with little conscious effort. New employers get to learn how they are to conduct themselves, mainly by asking or observing colleagues.

For example, there have been various accusations about how religious organizations have handled – or mishandled - allegations of child abuse. The staff of those organizations, when hearing about those allegations, may have been, in effect, flying on auto pilot: they knew from the ethics of those organizations how the allegations should be handled. Their behaviour is now attracting much criticism but at the time that was the “way that things get done around here” and so paid little attention to the allegations.

Here are six recommendations for people in leadership positions. First, there is a need to find out the organizational base line. This can be ascertained from anonymous, detailed surveys just what are the ethics of your organizations. We know what the stated ethics are – but what are the real ethics? For example, do your staff think that the annual report is a truthful document? Is there a tendency to fudge numbers? Do the staff trust the management? Are the staff comfortable with the way in which customers get treated? Would you be willing to have such a survey?

Second, explaining the ethics of an organization should be part of a new person's induction programme: "what do you have to do to get on around here?" If there is no formal induction programme, then that is a statement in itself on how an organization views its staff. If the organization has undergone a number of changes, it may be necessary to have established staff do a further induction course (say) every five years. If it is an organization with non-executive directors, then, to emphasize the importance attached to the organization's ethics, it would be useful to have the directors sit in on an ethics induction programme.

Third, given the size of the organization, it might be useful to have some form of "ethics committee" - or resident ethicist who knows the organization - to which ethical dilemmas can be addressed, and to which staff will have confidence in sending their questions.

Fourth, in much the same way as a child picks up ethical pointers from watching his or her parents, so heads of organization need to recognize that their employees are also picking up ethical pointers from the way in which they see the organization being run. A business leader – like a parent – is always being watched. Do your offguard values reflect the high ethical tone that you claim for your business?

Fifth, there is a need to recognize that different generations may have different values. There is the example of institutional loyalty. Some (especially those born before about 1945) have a high regard for institutions: large workplaces, defence forces, trades unions, religious institutions, service clubs etc. They had seen the role that large institutions played in combating the Depression and winning World War II. They may well over-looked "blemishes" (such as cheating customers or abusing children) in the institution in the higher interest of being loyal to the institution. Other people (especially those born after 1945) have different values: less loyalty to institutions and a greater interest in transparency. In an era of great workplace change, they also recognize that the employer institutions have less loyalty to them (very different from the earlier era's emphasis on a "job for life"). Thus, leaders and led may use the same words but the words carry different meanings. Are you sure that you are talking the language of staff?

Finally, in this era of rapid workplace change, "delayerizing" and "down-sizing", attention to ethics is vital. There is a higher turnover of staff and so new staff may not know the "hidden curriculum" of the organization. The phrase comes from schools: they have a formal curriculum (reading, writing, history etc) and a hidden curriculum (based on how the students and staff are treated). It is often the lessons from the hidden curriculum that stay with the students



long after they have forgotten the date of the Battle of Waterloo. What is your organization's hidden curriculum?

Staff in current organizations are also expected to operate with more delegated authority and less formal supervision. Is everyone playing on the same team? Once again, an explicit set of ethics that is known to - and owned by - all staff enables an organization to operate smoothly.

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