

Sri Sharada Institute of Indian Management-Research (SRISIIM)

Global Webinar on Human Values and Business Ethics

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Contemporary Business Ethics: Rhetoric and Reality [Special Address]

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For 26 years I have led the International Governance Initiative of the Order of St Lazarus. It has involved activities in over 40 countries to address corruption, favouritism and nepotism (Coulson-Thomas, 2020). They are endemic in many parts of the world.

The life chances and quality of life of billions of people are limited by what I consider to be unethical and/or irresponsible conduct. No wonder so many of them are cynical and distrustful.

Too often, particular interests take priority over the general good. Those who speak up can be ostracised and considered disloyal or unpatriotic. They may be ignored, sidelined or fired. Some simply disappear.

In relation to values, morality and ethics I find widespread deception, self-delusion and hypocrisy. Activities of companies with ethical codes degrade the environment, reduce biodiversity, diminish scarce natural capital at an alarming rate, and contribute to global warming. Given the likely consequences, can continuing extraction and consumption of fossil fuels be responsible and desirable, let alone ethical?

There is often a wide gulf between rhetoric and reality. While the talk is of sustainability, past-investments are milked and current activities continued.

Corporate ethics and value statements are often bland and may have little influence on individual and collective decisions. Their bite often depends upon consequences, sanctions for transgressions, and the responses of whistleblowing procedures and management practices.

When decisions are required, legal provisions and regulatory requirements often have greater clarity. They also involve the risk of penalties. Along with self-interest they usually take priority.

Some people consider values and ethical principles to be absolute and universal. Others view them as location or context specific. Their articulation and relative importance can vary according to local religious, political or other viewpoints.

In some societies and jurisdictions, values and ethical principles are imposed. In others, the rights of minorities and indigenous people are ignored.

Tolerance of departures from norms varies across jurisdictions. Perspectives on what is acceptable and ethical can reflect one's position and self-interest.

People who feel it is legitimate to further their own self and vested-interests sometimes question similar behaviour in others, especially when they feel it disadvantages them.

Purpose can also influence perspective. Those who oppose discrimination in principle may support what is termed "positive discrimination" in favour of certain disadvantaged groups.

Views can and do change in terms of what is regarded acceptable or tolerated. A merchant and philanthropist in one age can later be reviled as a "slave trader". Latent values and ethical concerns can be brought to the surface and demands for change triggered by particular incidents.

Electorates expect politicians and directors they vote for to pursue policies that benefit them. Different groups can vary in what they regard as acceptable and legitimate.

Socialists might consider business, profit, markets and capitalism to be intrinsically unfair and unethical. They may call for nationalisation and Government intervention and control.

Advocates of capitalism might put the case for markets, private enterprise and freedom of choice. They may warn of the danger of public officials being able to systematically favour some groups and disadvantage others.

Personal positions in the debate over freedom versus control can depend upon who and what system is trusted and views of who benefits or is disadvantaged.

Pragmatism can trump fairness when decision makers reward their supporters and when they and others defer to influential and/or powerful interests. Those in power sometimes determine whose values, priorities and ethics predominate.

What can be done to encourage more responsible conduct? Guidance and checks in performance support can be a more cost-effective way of ensuring policies and codes are followed than trying to change a corporate culture.

Support tools can make people aware of environmental and other consequences of different options and help them to make more responsible decisions (Coulson-Thomas, 2012a & b, 2013). Key principles in their design are to make it easier for people to do the 'right thing' and more difficult for them to 'cut corners' and 'bend the rules'.

Customer and public responses to unethical conduct can depend upon circumstances and the availability of affordable and convenient alternatives. Pre-COVID-19 sales of cars involved in emission rigging scandals suggest a serious transgression may be forgiven or forgotten in some circumstances.

I am currently president of the Institute of Management Services. Most professional bodies have codes of practice and disciplinary procedures. Yet few of the professionals involved in offerings and practices that led to the 2007-8 financial crisis have faced any form of

questioning let alone retribution. Professional codes of ethics need to become living documents that are understood and practiced.

Many options and activities have an ethical dimension (Coulson-Thomas, 2018). Profitable and legal offerings may have negative behavioural, health or environmental impacts? High performing employees who deliver results may 'sail close to the wind'. Cutting costs to achieve needed economies may increase certain risks.

Concern for ethical standards sometimes rises when there is a greater possibility of disclosure, media coverage and legal action. It sometimes falls when competitors use unethical practices to win orders.

A business can be subject to many laws, regulations, licence conditions and other requirements. They and business practices can vary across the different jurisdictions in which a company operates. In some places, employees may be drawn from communities and/or religions that are in conflict. They may have to deal with customers, prospects, suppliers and partners from a variety of cultures and with diverse views.

Acceptable sales practices in some places might be regarded as unethical in others. Sometimes greed, a bonus culture, commission practices and targets rather than customer requirements drive activity.

Financial institutions have paid billions in compensation for misselling. Support tools can prevent many forms of inappropriate and/or illegal selling. They can be available 24/7 wherever required and can generate evidence of compliance (Coulson-Thomas, 2007b).

Where should we draw the line in relation to materialism when the resources we consume may not be available to others and future generations? Conspicuous consumption seems to be all around us. Is it ethical for corporate advertising to exploit social insecurity, encourage people to accumulate debt and pander to preoccupation with external trappings?

We should avoid lazy categorisation and stereotyping. We should make hiring, promotion and relationship judgements on the basis of the inner qualities and merits of each individual.

We should do more to review corporate purpose, champion different business models and advocate simpler, safer, healthier and more sustainable practices, consumption and lifestyles (Coulson-Thomas, 2019). How many directors set an example by operating the most economical and greenest cars in a corporate car park?

Many ethical dilemmas end up in board rooms. Making the wrong calls can damage trust and reputations. In response to an open ended question, board chairs I surveyed identified integrity as the most important quality they seek in directors (Coulson-Thomas, 1990, 1993 and 2007a). Ethical awareness and sensitivity is critical. Relationships based upon mutual trust and shared interests and values are more likely to last.

Boards need leaders and directors who instinctively know what the right thing to do is in different situations. Directors should exercise independent judgement and avoid obligations to particular people or sectional interests.

When making decisions, directors should be objective and take the aspirations, concerns and requirements of all stakeholders into account. They should then act in the best long-term interests of the particular company.

In the rush to recover from COVID-19 ethical principles may be overlooked. Ethical and responsible leadership has never been more important.

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