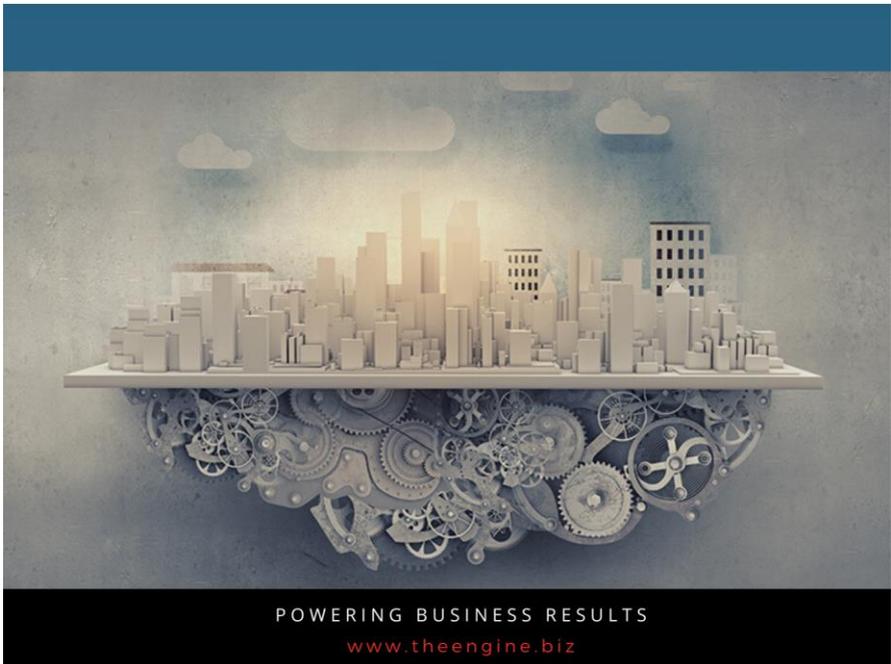
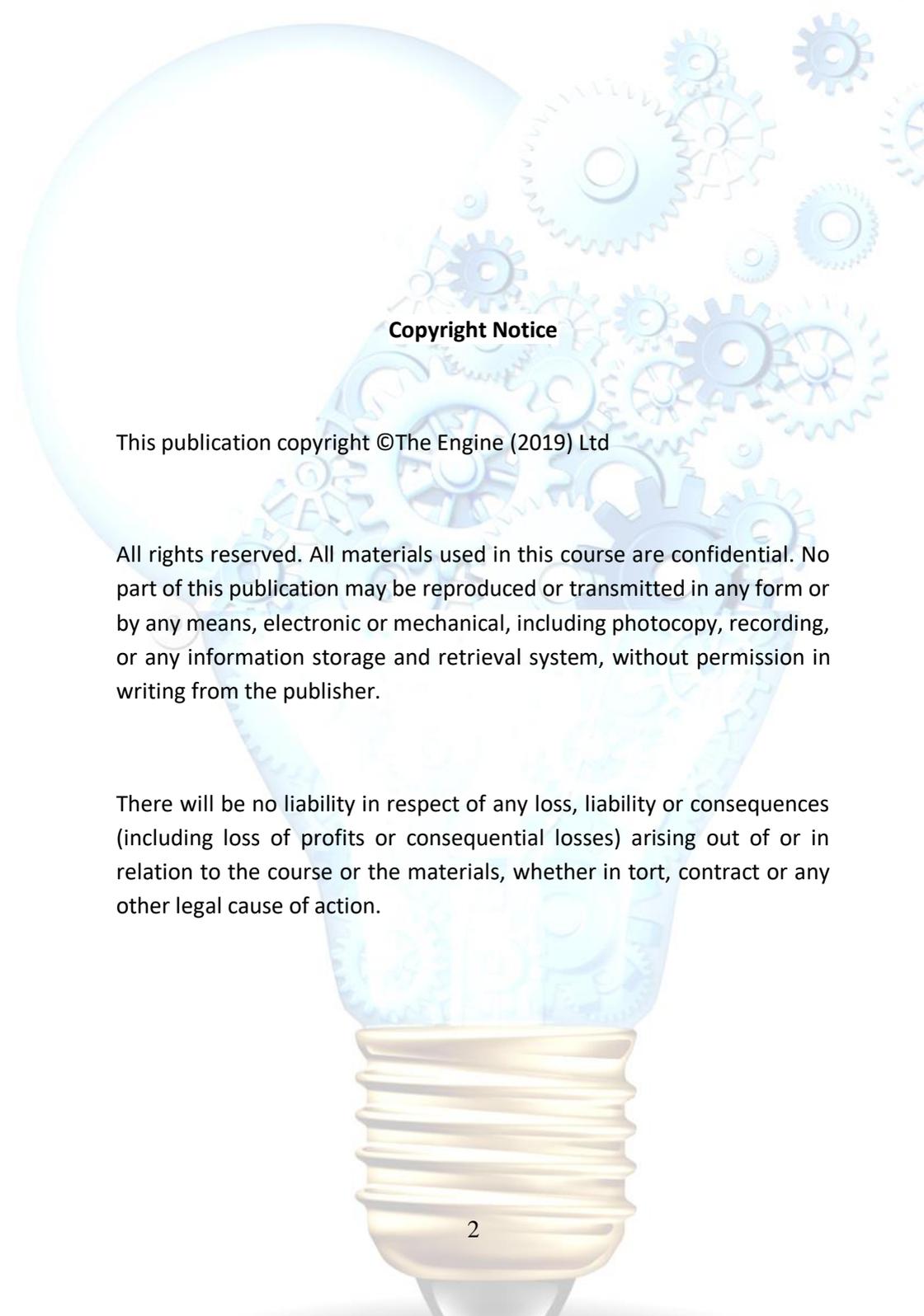




THE  
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POWERING BUSINESS RESULTS

# Business Ethics



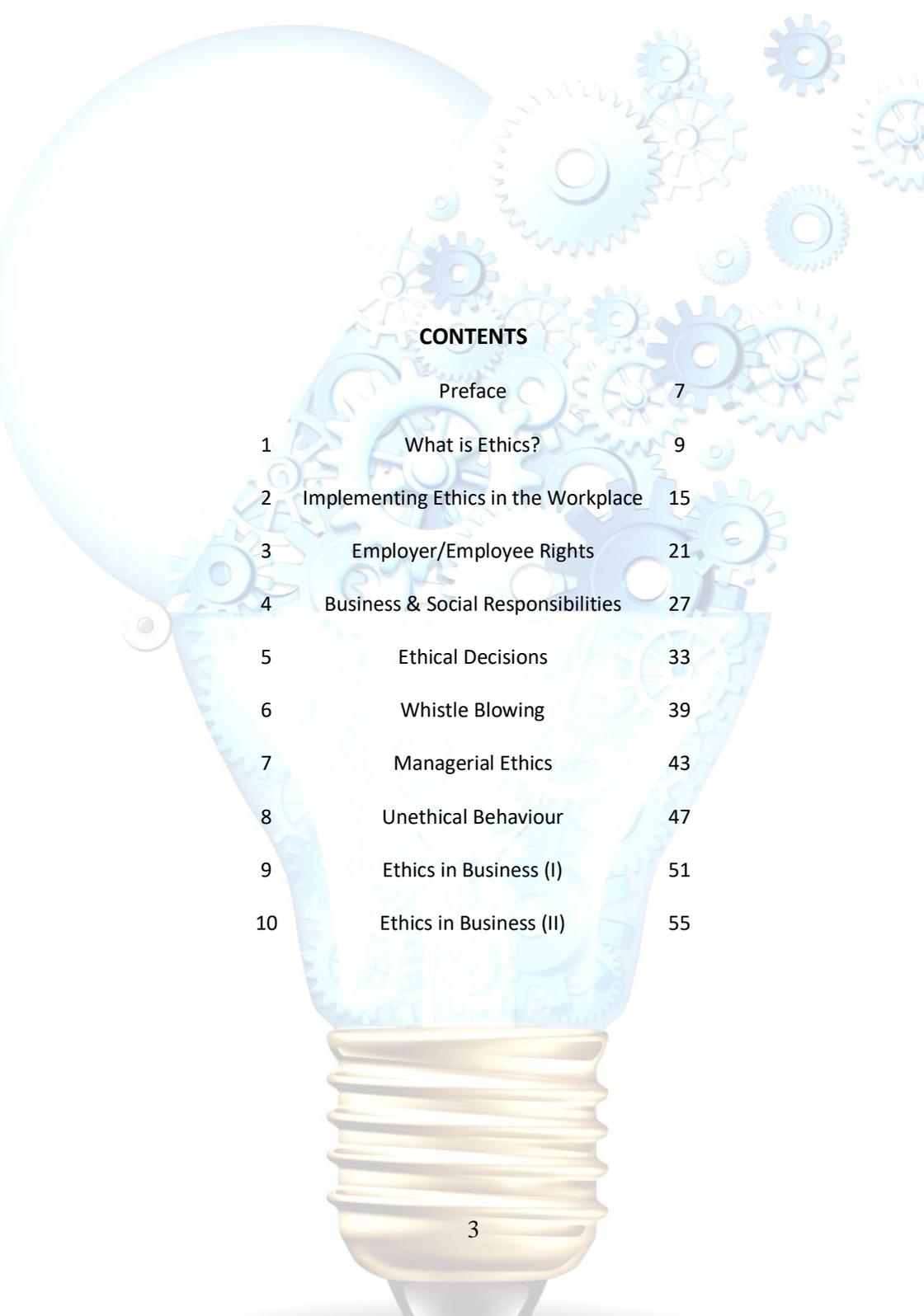


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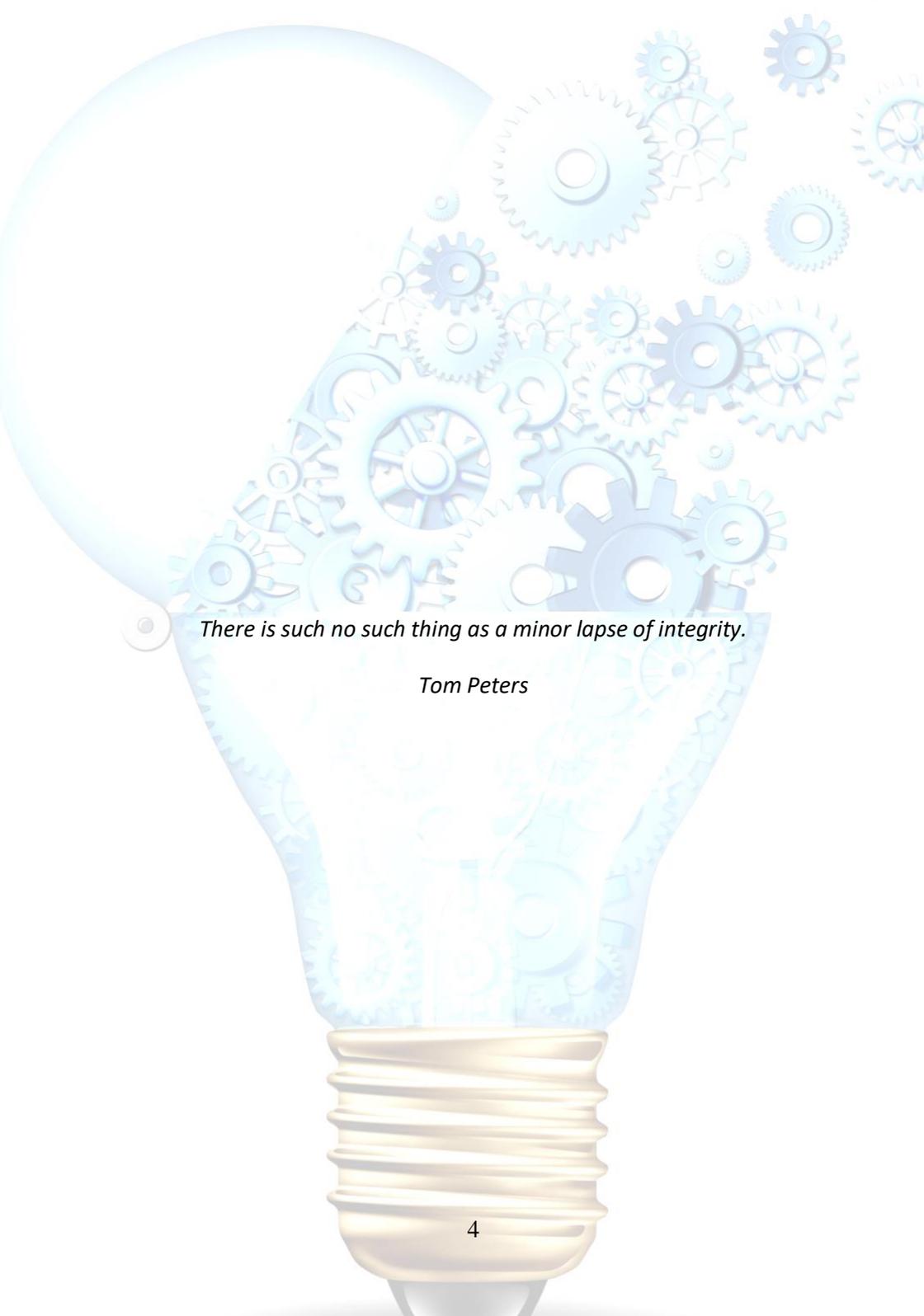
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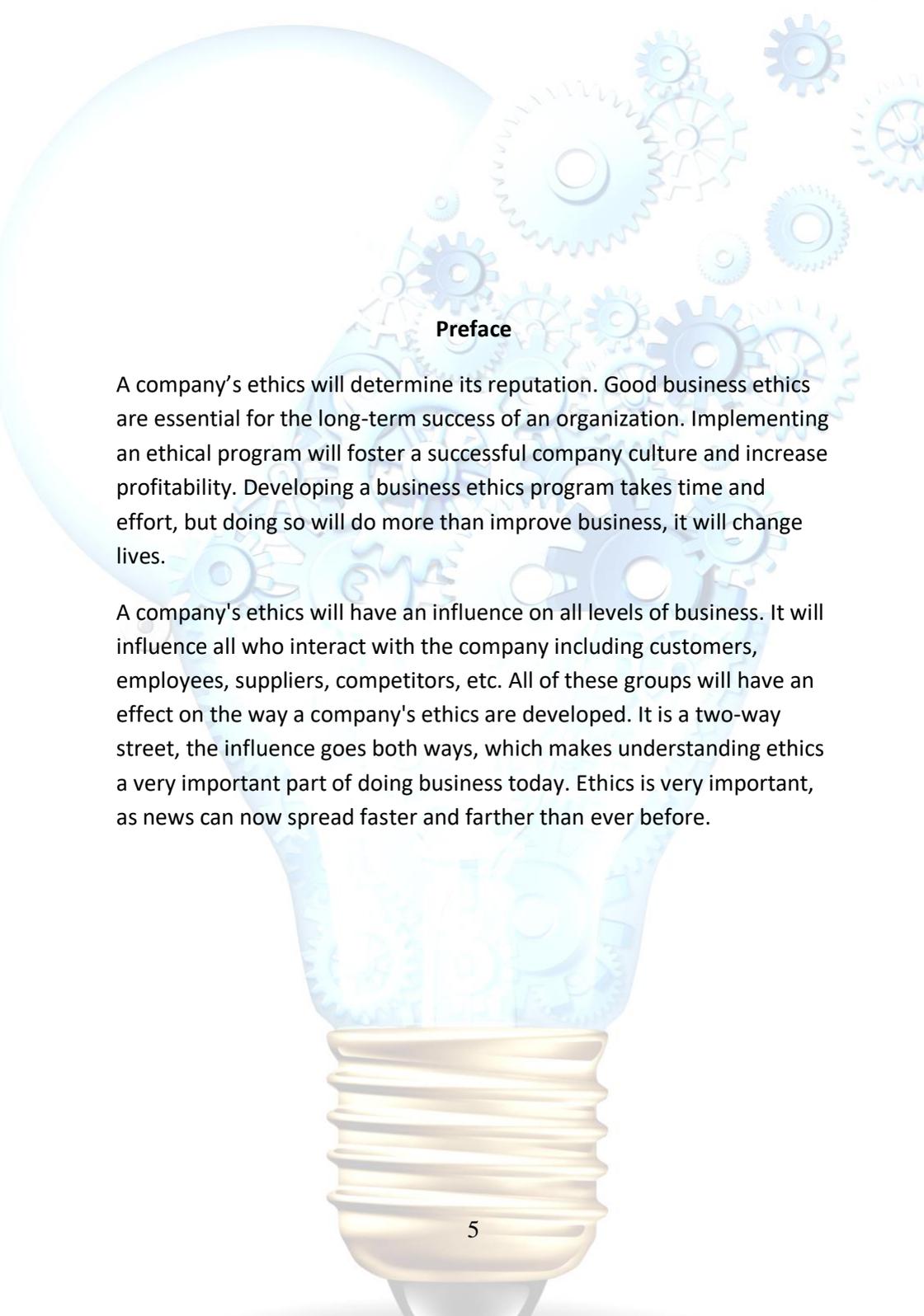
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*There is such no such thing as a minor lapse of integrity.*

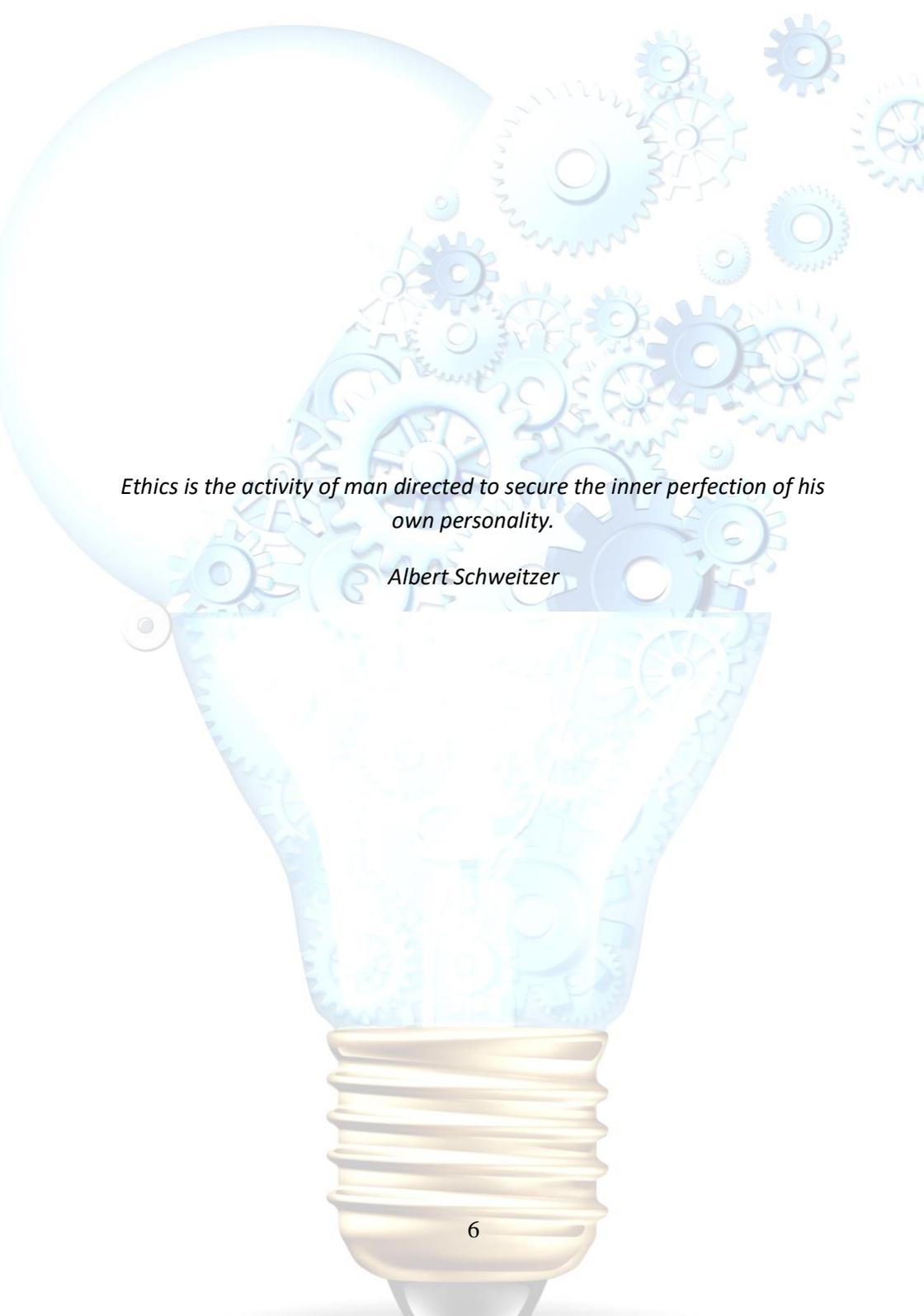
*Tom Peters*



## Preface

A company's ethics will determine its reputation. Good business ethics are essential for the long-term success of an organization. Implementing an ethical program will foster a successful company culture and increase profitability. Developing a business ethics program takes time and effort, but doing so will do more than improve business, it will change lives.

A company's ethics will have an influence on all levels of business. It will influence all who interact with the company including customers, employees, suppliers, competitors, etc. All of these groups will have an effect on the way a company's ethics are developed. It is a two-way street, the influence goes both ways, which makes understanding ethics a very important part of doing business today. Ethics is very important, as news can now spread faster and farther than ever before.

A conceptual illustration of a lightbulb. The bulb is filled with a complex arrangement of various-sized gears, rendered in a light blue, semi-transparent style. The gears are interconnected, suggesting a mechanism of thought or a system of ethics. The base of the bulb is a standard, golden-colored screw-in base. The overall image is set against a plain white background.

*Ethics is the activity of man directed to secure the inner perfection of his own personality.*

*Albert Schweitzer*

## Chapter One: What is Ethics?

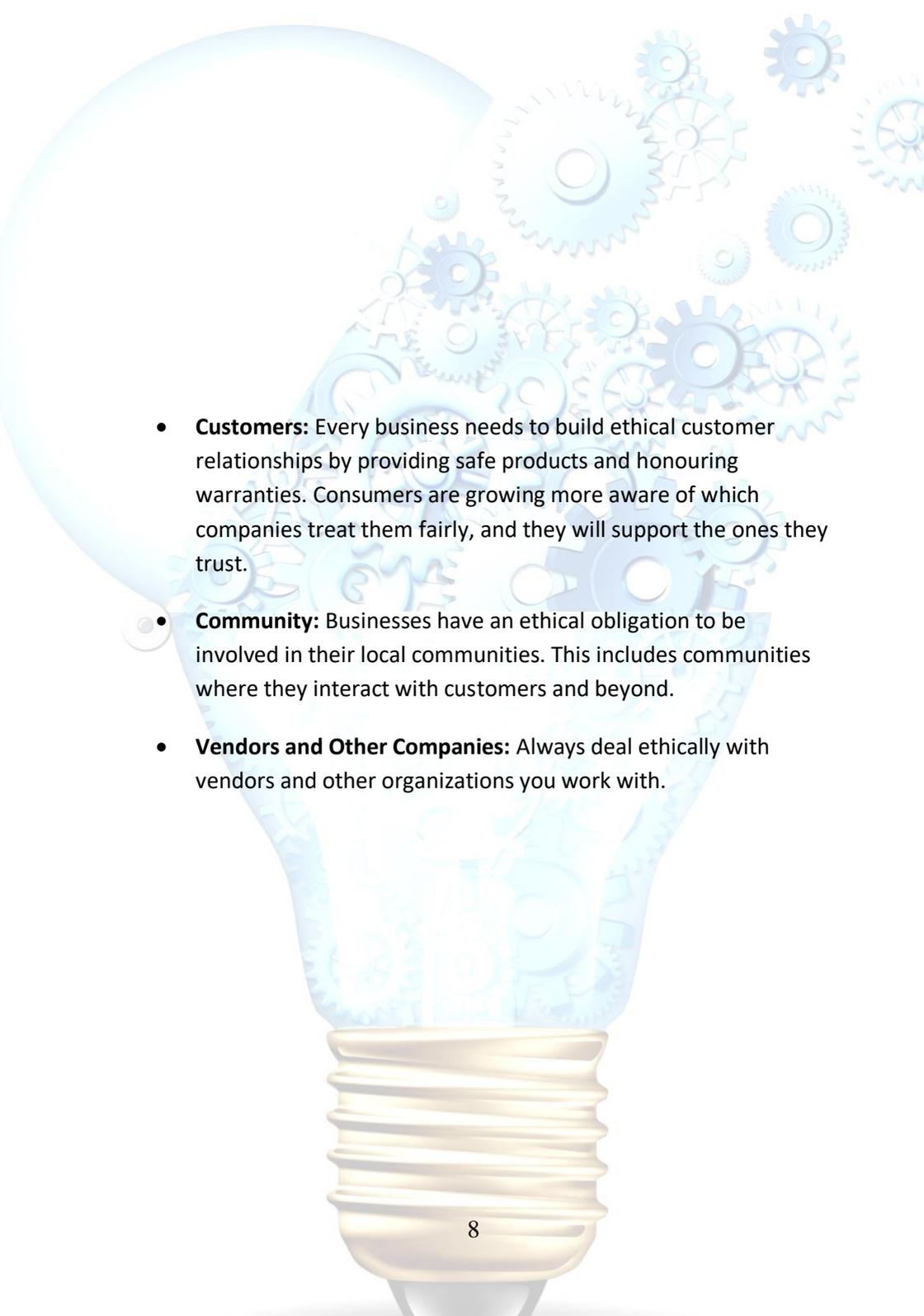
A human being's personal ethics determine individual standards of right and wrong. Ethics allow people to determine what they should do in a given situation. Each person develops ethical standards, and it is the responsibility of each individual to examine personal morals and behaviour. In business, ethics refers to the behaviour relating to the moral problems that occur in business organizations.

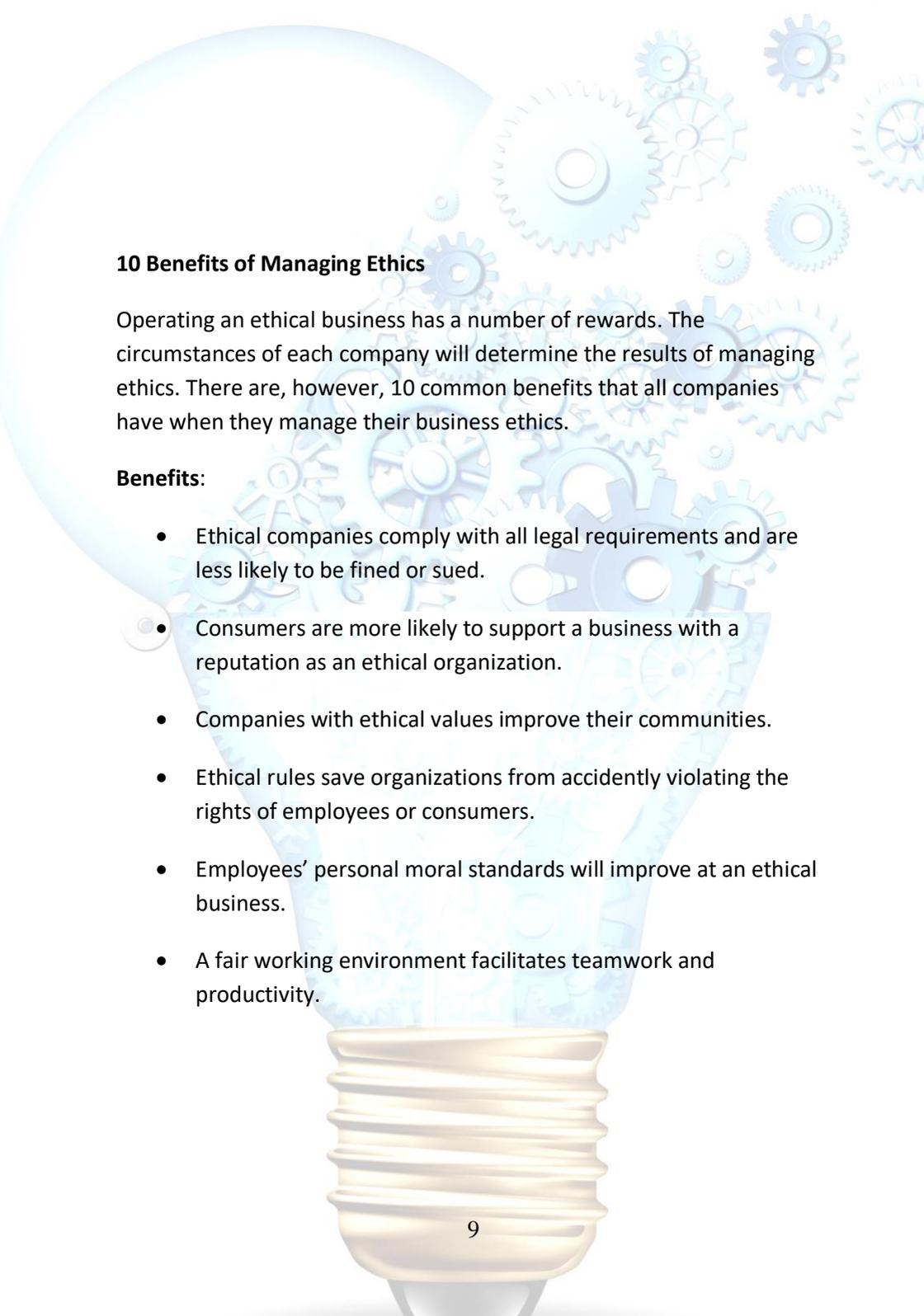
### What Is Business Ethics?

People often automatically assume that businesses are unethical. Business seems to be constantly linked to scandals. Given the media attention to bad ethical decisions, companies that practice good business ethics can distinguish themselves in the minds of their customers and their employees. The company culture helps determine the ethics of the organization. It is crucial that businesses behave ethically in every working relationship.

### Ethical Obligations:

- **Employees:** Companies need to treat all of their employees ethically. Begin by providing employees with the rights guaranteed to them by the United States Department of Labour. Ethical businesses, however, may go beyond the minimum requirements in the way that they treat their employees.
- **Shareholders and investors:** There is a moral obligation to pay back investors and meet the needs of shareholders, particularly low-level shareholders.

- 
- **Customers:** Every business needs to build ethical customer relationships by providing safe products and honouring warranties. Consumers are growing more aware of which companies treat them fairly, and they will support the ones they trust.
  - **Community:** Businesses have an ethical obligation to be involved in their local communities. This includes communities where they interact with customers and beyond.
  - **Vendors and Other Companies:** Always deal ethically with vendors and other organizations you work with.

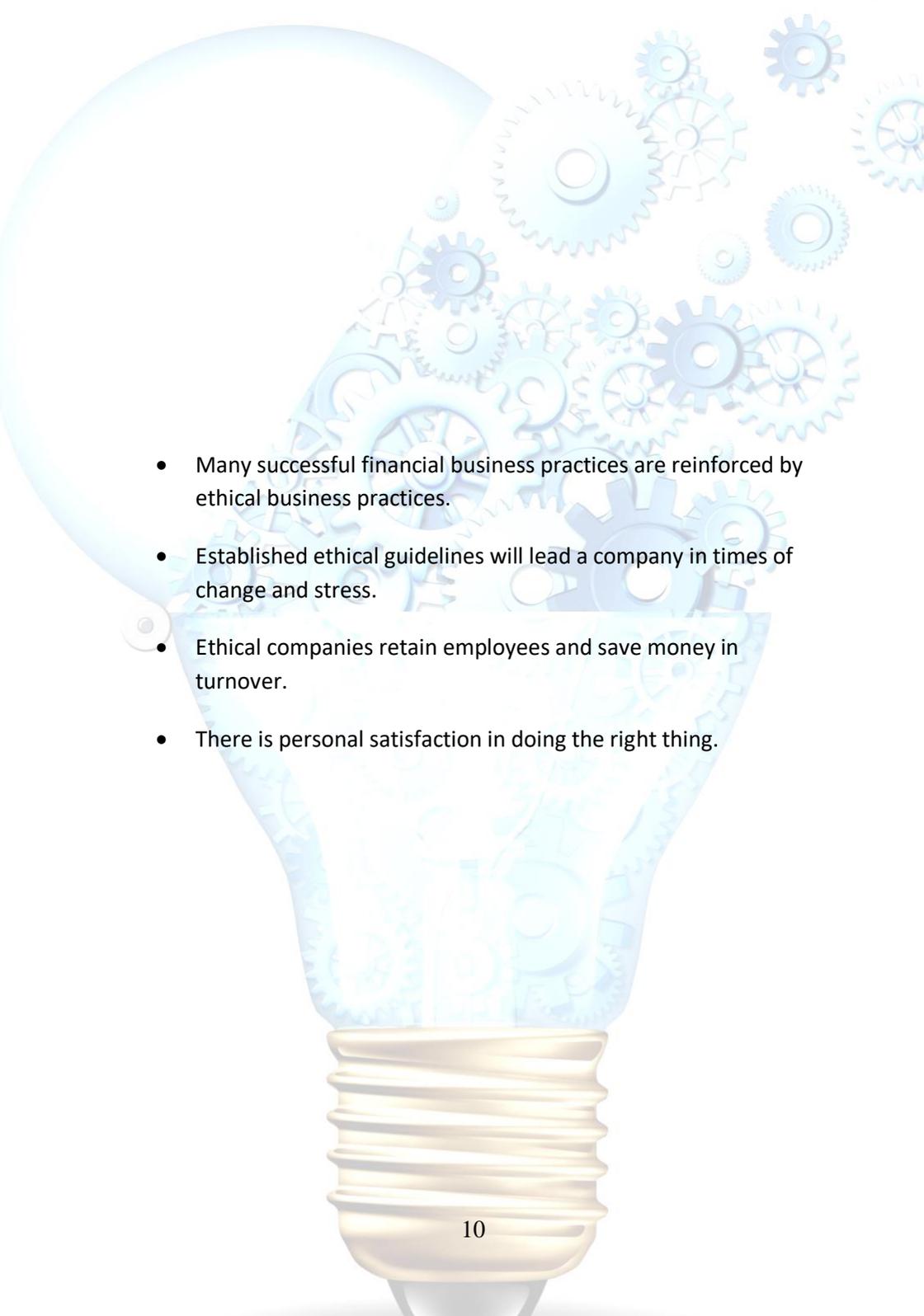


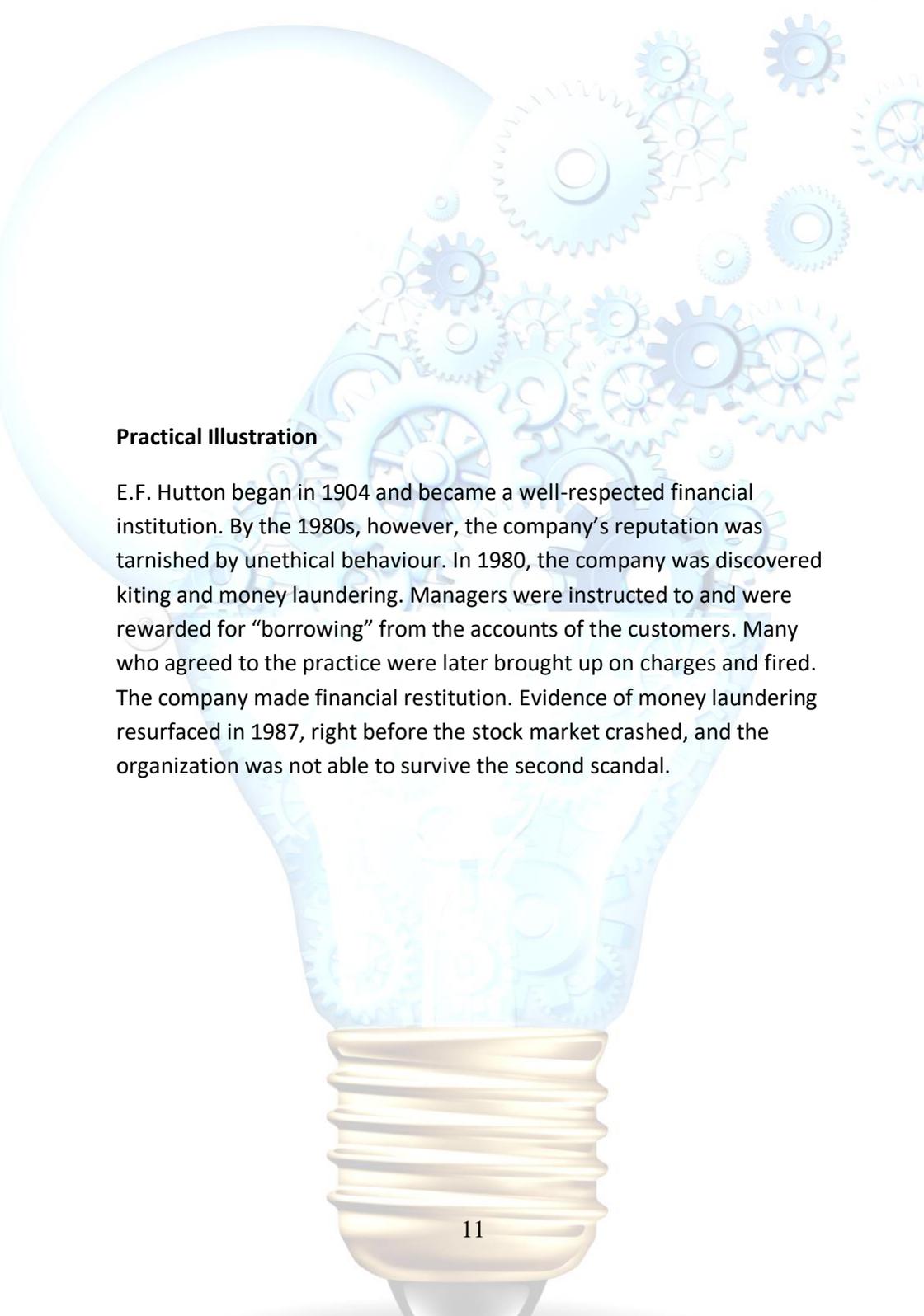
## 10 Benefits of Managing Ethics

Operating an ethical business has a number of rewards. The circumstances of each company will determine the results of managing ethics. There are, however, 10 common benefits that all companies have when they manage their business ethics.

### Benefits:

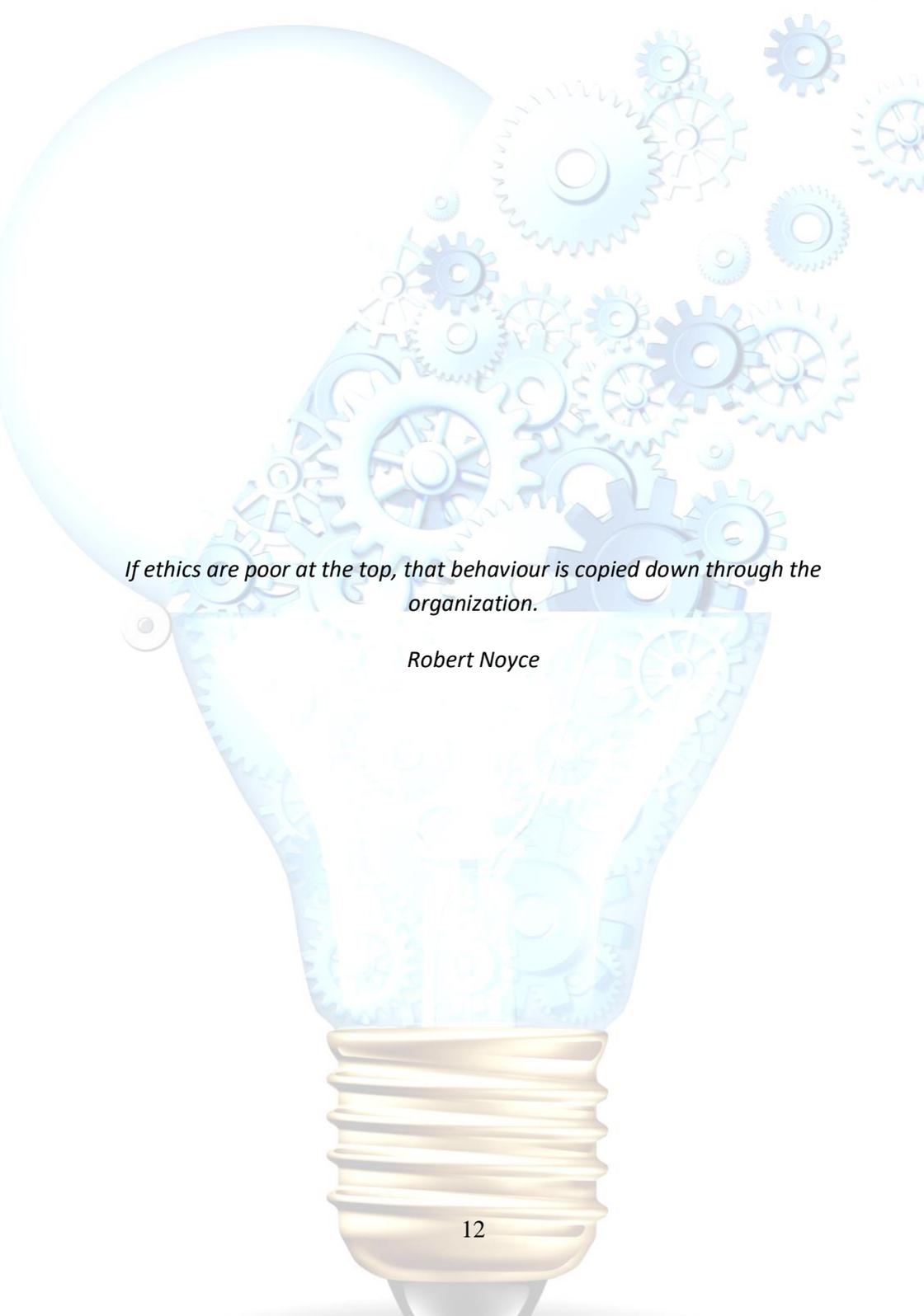
- Ethical companies comply with all legal requirements and are less likely to be fined or sued.
- Consumers are more likely to support a business with a reputation as an ethical organization.
- Companies with ethical values improve their communities.
- Ethical rules save organizations from accidentally violating the rights of employees or consumers.
- Employees' personal moral standards will improve at an ethical business.
- A fair working environment facilitates teamwork and productivity.

- 
- Many successful financial business practices are reinforced by ethical business practices.
  - Established ethical guidelines will lead a company in times of change and stress.
  - Ethical companies retain employees and save money in turnover.
  - There is personal satisfaction in doing the right thing.



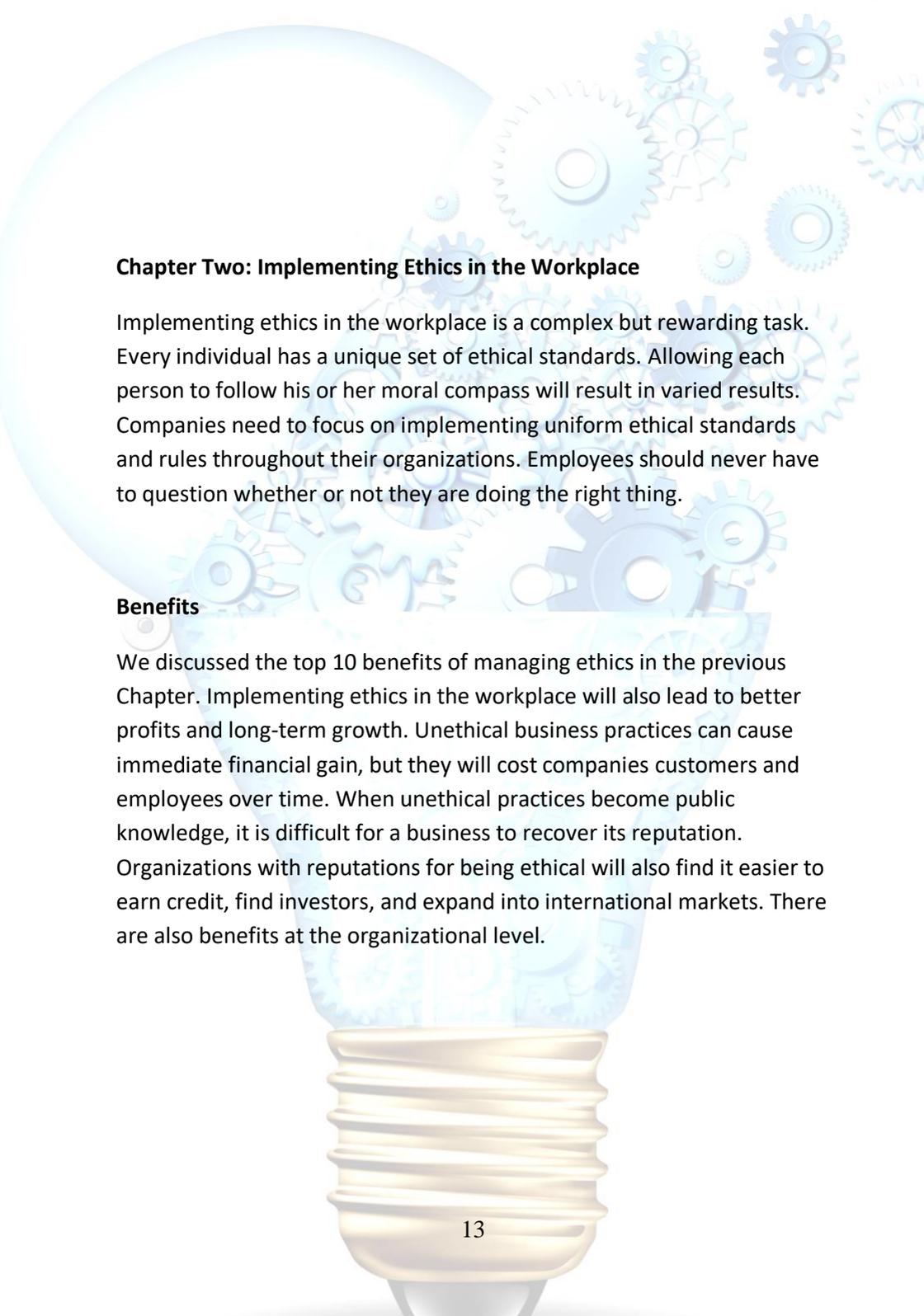
### **Practical Illustration**

E.F. Hutton began in 1904 and became a well-respected financial institution. By the 1980s, however, the company's reputation was tarnished by unethical behaviour. In 1980, the company was discovered kiting and money laundering. Managers were instructed to and were rewarded for "borrowing" from the accounts of the customers. Many who agreed to the practice were later brought up on charges and fired. The company made financial restitution. Evidence of money laundering resurfaced in 1987, right before the stock market crashed, and the organization was not able to survive the second scandal.

A large, glowing lightbulb is the central focus. The interior of the bulb is filled with a complex arrangement of various-sized blue gears, some of which are also floating outside the bulb. The gears are rendered with a 3D effect, showing their teeth and central hubs. The lightbulb's base is a standard screw-in base, colored in a warm, golden-yellow hue. The overall image conveys a sense of interconnectedness, innovation, and the flow of information or ideas within an organization.

*If ethics are poor at the top, that behaviour is copied down through the organization.*

*Robert Noyce*

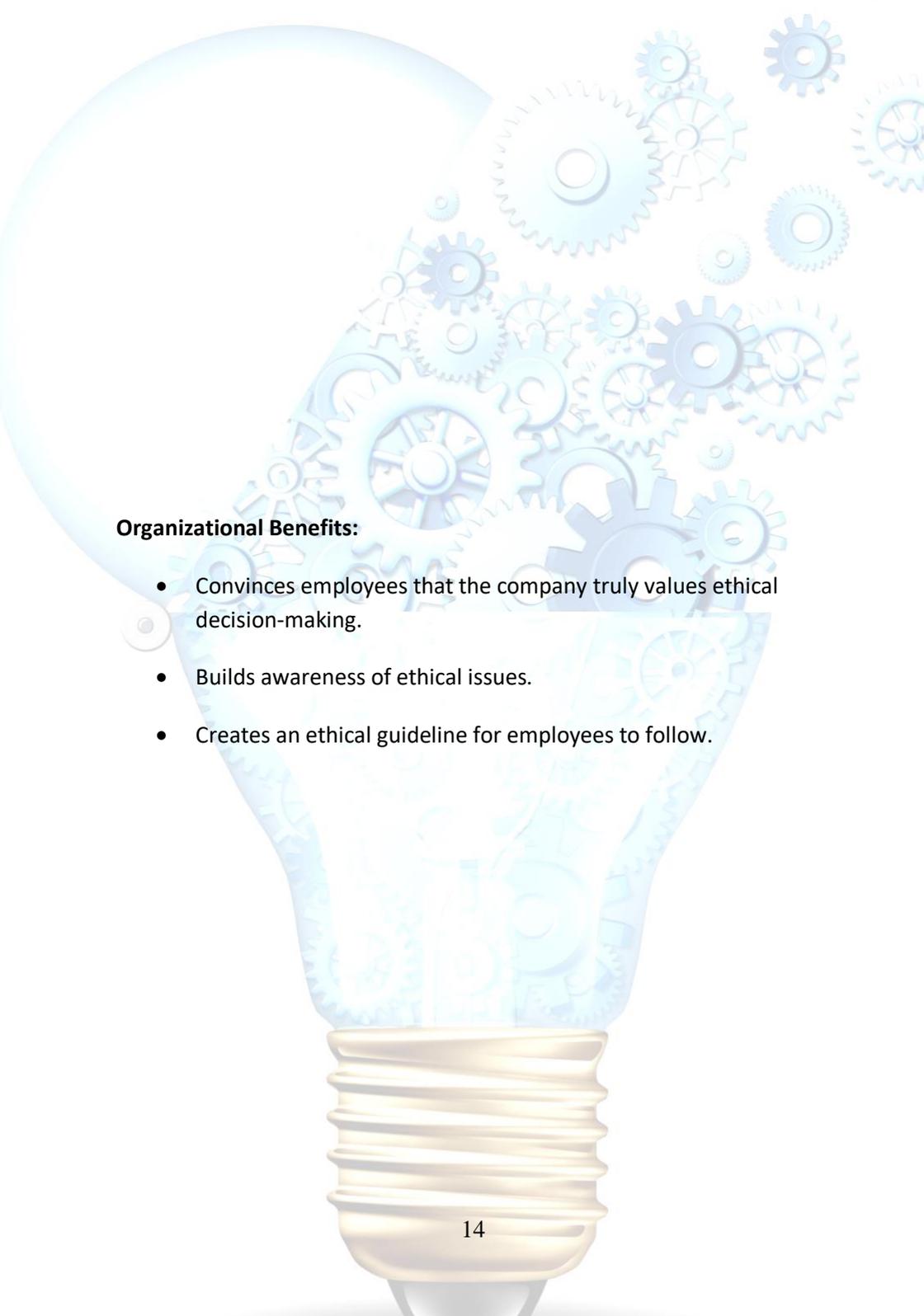


## **Chapter Two: Implementing Ethics in the Workplace**

Implementing ethics in the workplace is a complex but rewarding task. Every individual has a unique set of ethical standards. Allowing each person to follow his or her moral compass will result in varied results. Companies need to focus on implementing uniform ethical standards and rules throughout their organizations. Employees should never have to question whether or not they are doing the right thing.

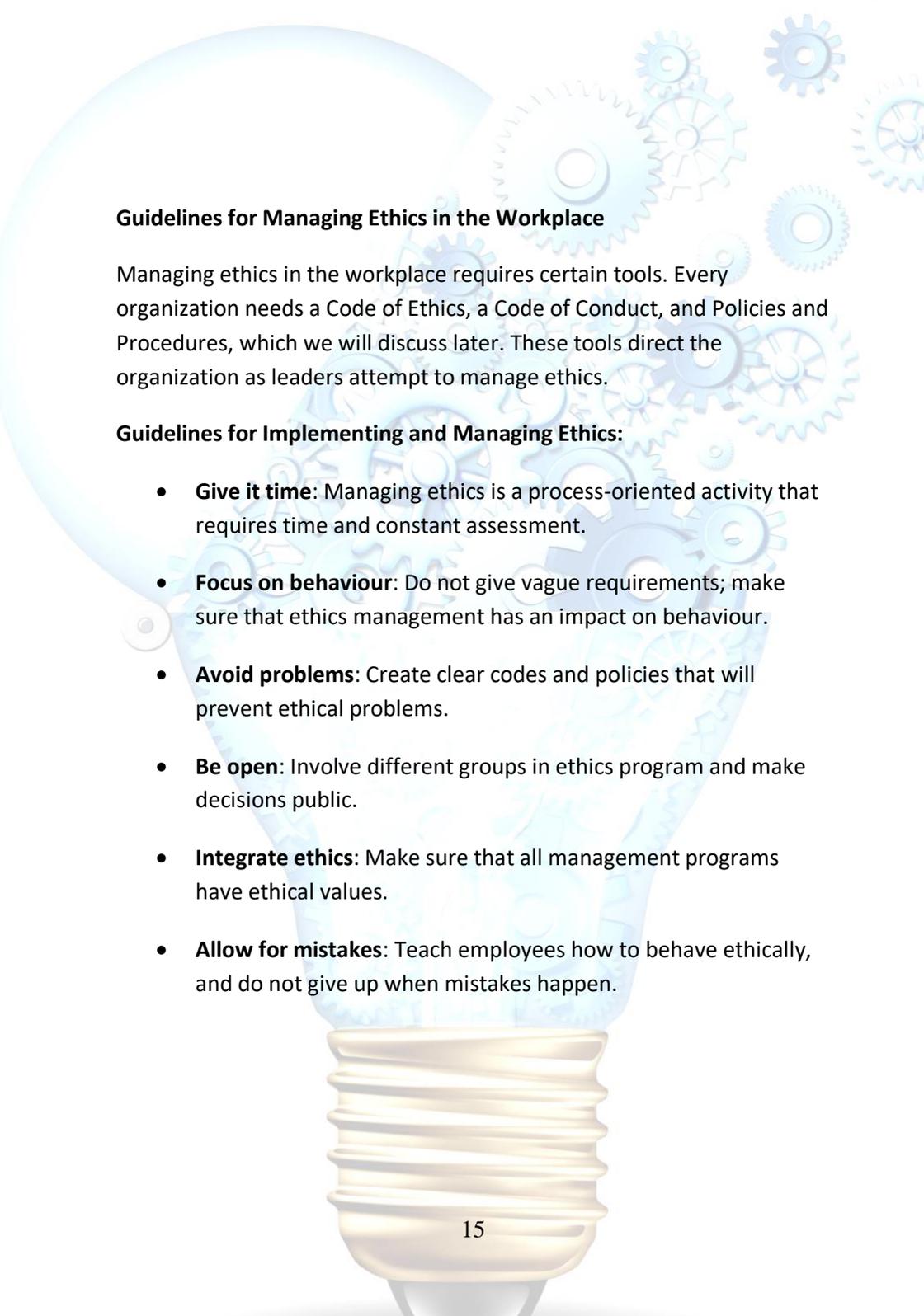
### **Benefits**

We discussed the top 10 benefits of managing ethics in the previous Chapter. Implementing ethics in the workplace will also lead to better profits and long-term growth. Unethical business practices can cause immediate financial gain, but they will cost companies customers and employees over time. When unethical practices become public knowledge, it is difficult for a business to recover its reputation. Organizations with reputations for being ethical will also find it easier to earn credit, find investors, and expand into international markets. There are also benefits at the organizational level.



**Organizational Benefits:**

- Convinces employees that the company truly values ethical decision-making.
- Builds awareness of ethical issues.
- Creates an ethical guideline for employees to follow.

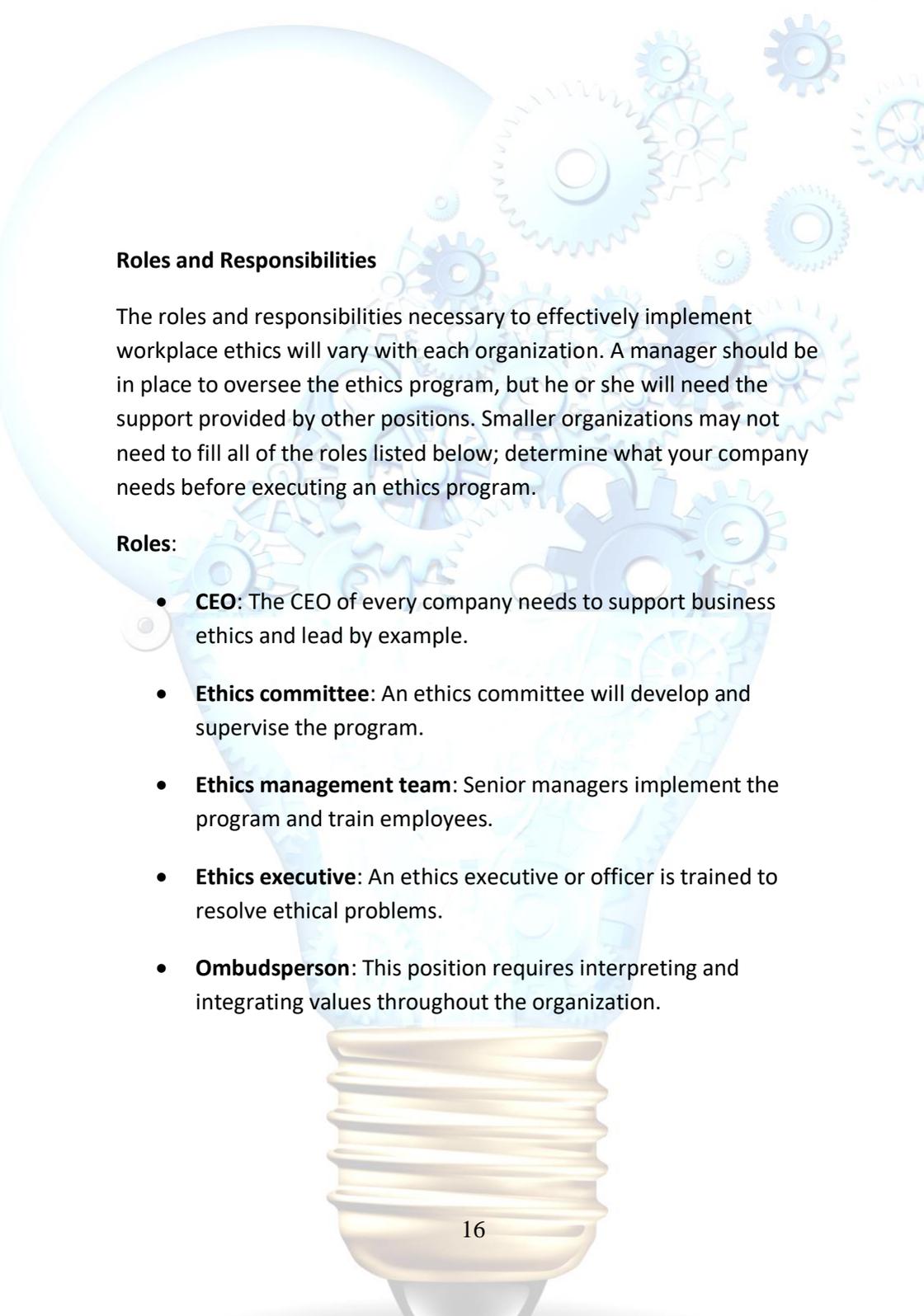


## Guidelines for Managing Ethics in the Workplace

Managing ethics in the workplace requires certain tools. Every organization needs a Code of Ethics, a Code of Conduct, and Policies and Procedures, which we will discuss later. These tools direct the organization as leaders attempt to manage ethics.

### Guidelines for Implementing and Managing Ethics:

- **Give it time:** Managing ethics is a process-oriented activity that requires time and constant assessment.
- **Focus on behaviour:** Do not give vague requirements; make sure that ethics management has an impact on behaviour.
- **Avoid problems:** Create clear codes and policies that will prevent ethical problems.
- **Be open:** Involve different groups in ethics program and make decisions public.
- **Integrate ethics:** Make sure that all management programs have ethical values.
- **Allow for mistakes:** Teach employees how to behave ethically, and do not give up when mistakes happen.

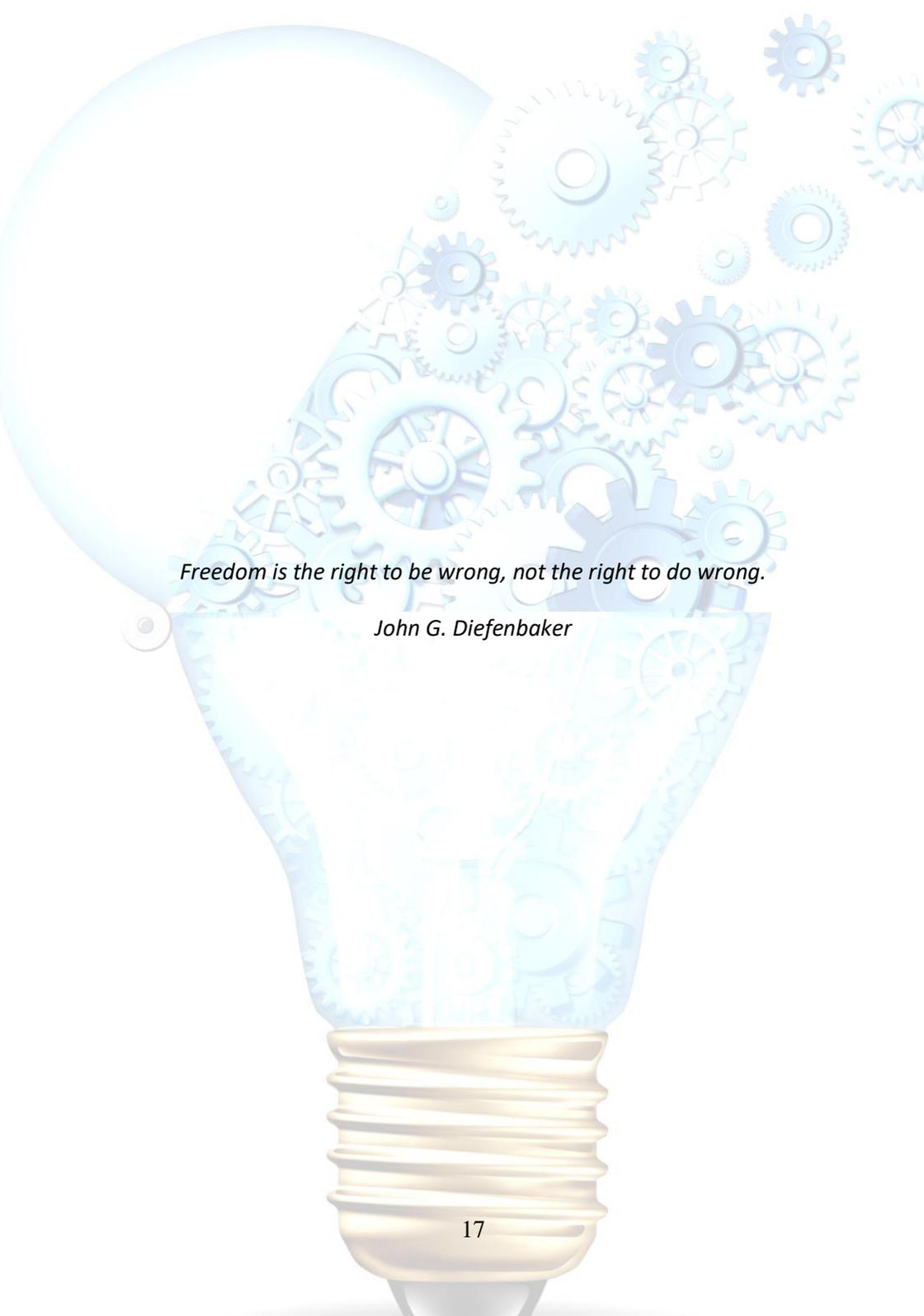


## Roles and Responsibilities

The roles and responsibilities necessary to effectively implement workplace ethics will vary with each organization. A manager should be in place to oversee the ethics program, but he or she will need the support provided by other positions. Smaller organizations may not need to fill all of the roles listed below; determine what your company needs before executing an ethics program.

### Roles:

- **CEO:** The CEO of every company needs to support business ethics and lead by example.
- **Ethics committee:** An ethics committee will develop and supervise the program.
- **Ethics management team:** Senior managers implement the program and train employees.
- **Ethics executive:** An ethics executive or officer is trained to resolve ethical problems.
- **Ombudsperson:** This position requires interpreting and integrating values throughout the organization.

A large, glowing lightbulb is the central focus. The interior of the bulb is filled with a complex arrangement of various-sized gears, all rendered in a light blue, semi-transparent style. The gears are interconnected, suggesting a mechanism of thought or a complex system. The lightbulb's base is a standard screw-in base, colored in a warm, golden-yellow hue. The background is a plain, light color, making the lightbulb and its internal gears stand out prominently.

*Freedom is the right to be wrong, not the right to do wrong.*

*John G. Diefenbaker*

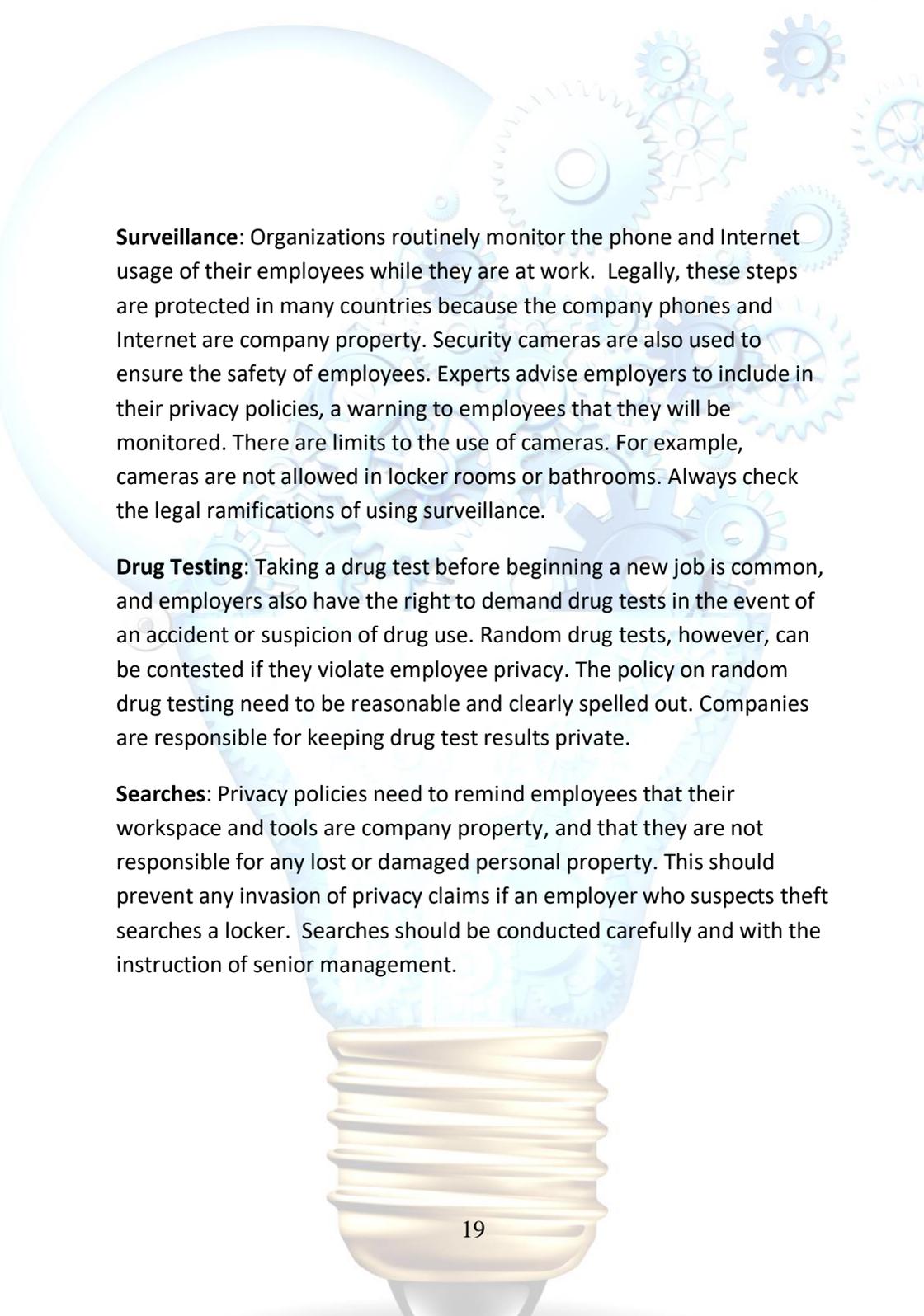
## **Chapter Three: Employer/Employee Rights**

An ethical organization is able to balance the rights of employees with the rights of the employer. The personal rights of each party may seem to conflict at times, and the privacy laws vary between states. This is why privacy policies are so important. Instituting clear privacy policies will prevent any confusion between employees and employers. When creating policies, employers need to remember that they are obligated to provide employees with a safe work environment that is free from harassment, and this may require what some people consider an invasion of privacy.

### **Privacy Policies**

Employee privacy is a tangled legal issue. Companies collect detailed personal information about their employees for background checks and other reasons, and they need to clearly state the purpose of collecting this information and how it will be used in their privacy policy. Personal information must be protected and kept confidential, and the employees need to agree to the background checks.

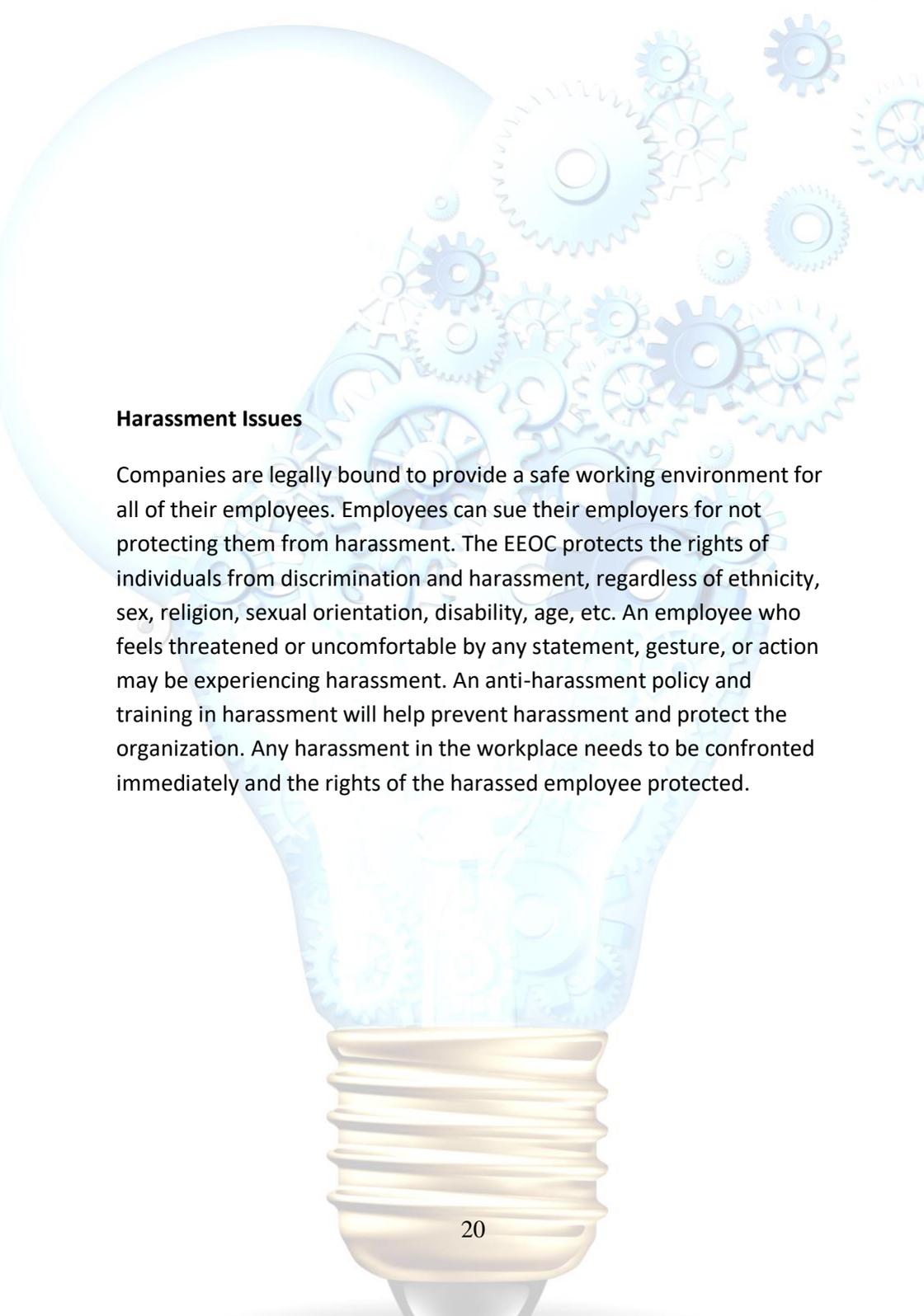
Surveillance, drug testing, and searches are points of contention for many employees, and they need to be addressed in privacy policies. Employees argue that they have the right to personal privacy at work, but there are limits to their privacy as more businesses take drastic measures to prevent theft and harassment.



**Surveillance:** Organizations routinely monitor the phone and Internet usage of their employees while they are at work. Legally, these steps are protected in many countries because the company phones and Internet are company property. Security cameras are also used to ensure the safety of employees. Experts advise employers to include in their privacy policies, a warning to employees that they will be monitored. There are limits to the use of cameras. For example, cameras are not allowed in locker rooms or bathrooms. Always check the legal ramifications of using surveillance.

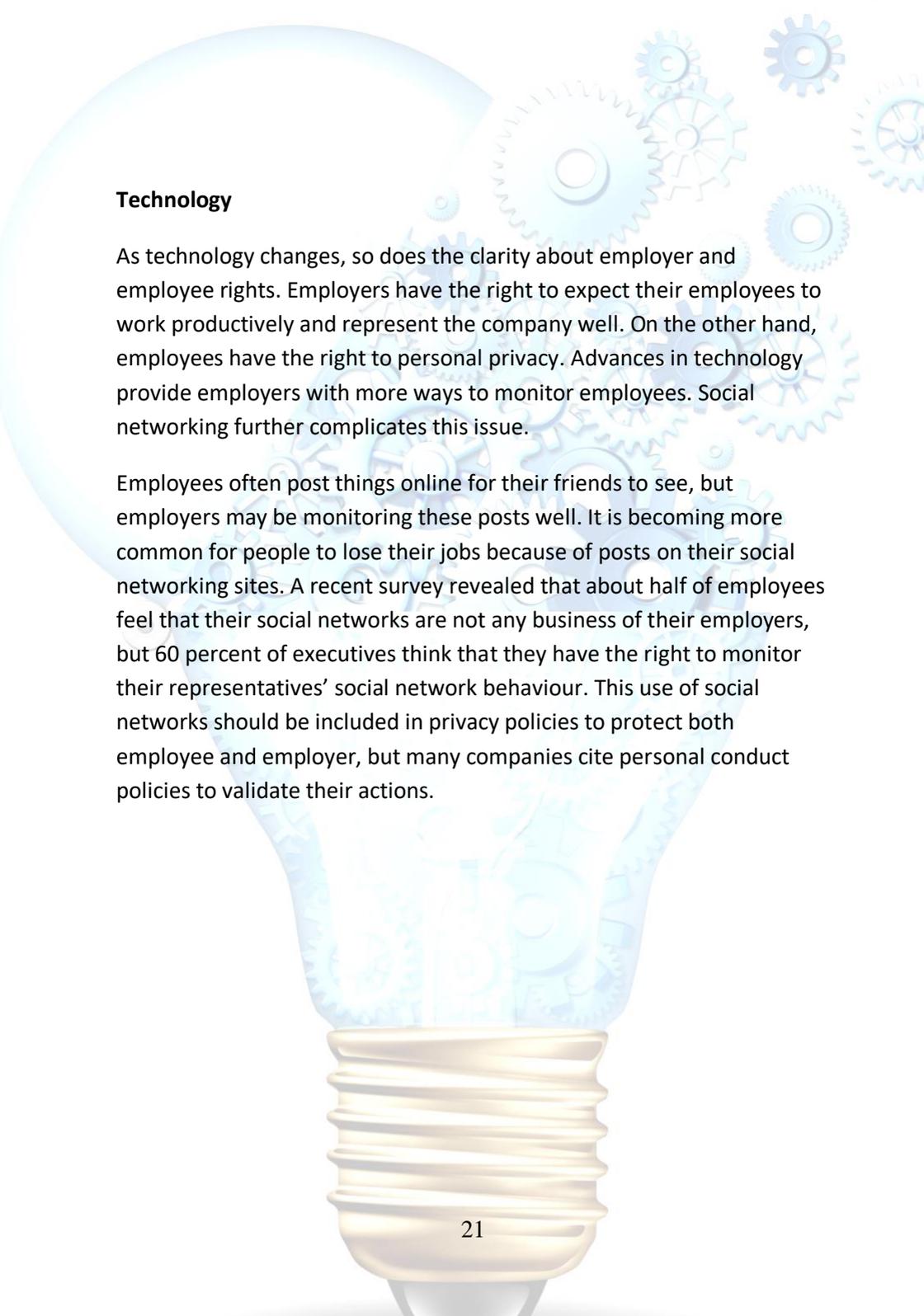
**Drug Testing:** Taking a drug test before beginning a new job is common, and employers also have the right to demand drug tests in the event of an accident or suspicion of drug use. Random drug tests, however, can be contested if they violate employee privacy. The policy on random drug testing need to be reasonable and clearly spelled out. Companies are responsible for keeping drug test results private.

**Searches:** Privacy policies need to remind employees that their workspace and tools are company property, and that they are not responsible for any lost or damaged personal property. This should prevent any invasion of privacy claims if an employer who suspects theft searches a locker. Searches should be conducted carefully and with the instruction of senior management.

A large, glowing lightbulb is the central focus of the page. Inside the bulb, numerous blue gears of various sizes are visible, some appearing to be in motion. The background is a soft, light blue gradient. The text is positioned in the middle of the page, overlaid on the lightbulb's glass part.

## **Harassment Issues**

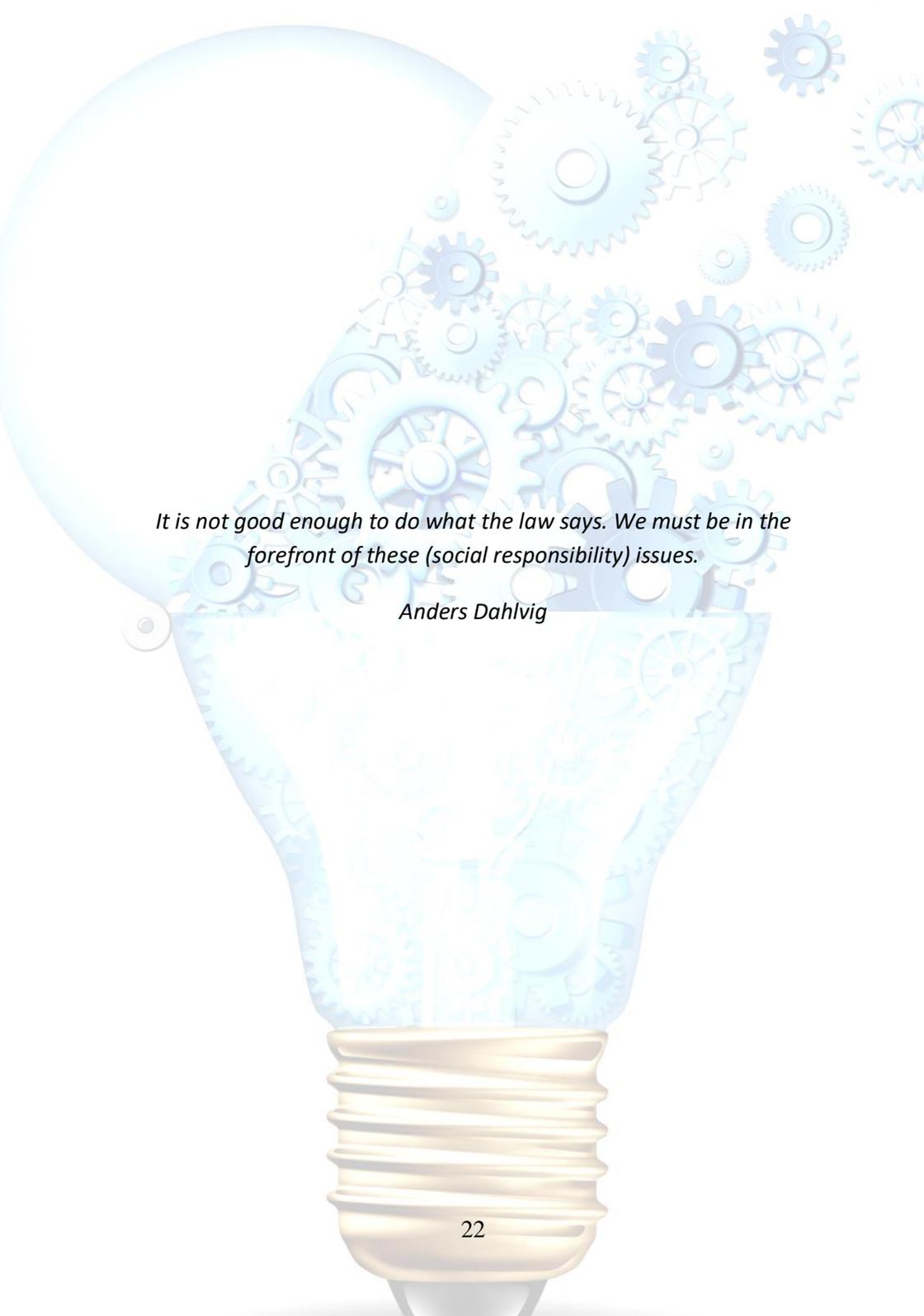
Companies are legally bound to provide a safe working environment for all of their employees. Employees can sue their employers for not protecting them from harassment. The EEOC protects the rights of individuals from discrimination and harassment, regardless of ethnicity, sex, religion, sexual orientation, disability, age, etc. An employee who feels threatened or uncomfortable by any statement, gesture, or action may be experiencing harassment. An anti-harassment policy and training in harassment will help prevent harassment and protect the organization. Any harassment in the workplace needs to be confronted immediately and the rights of the harassed employee protected.



## Technology

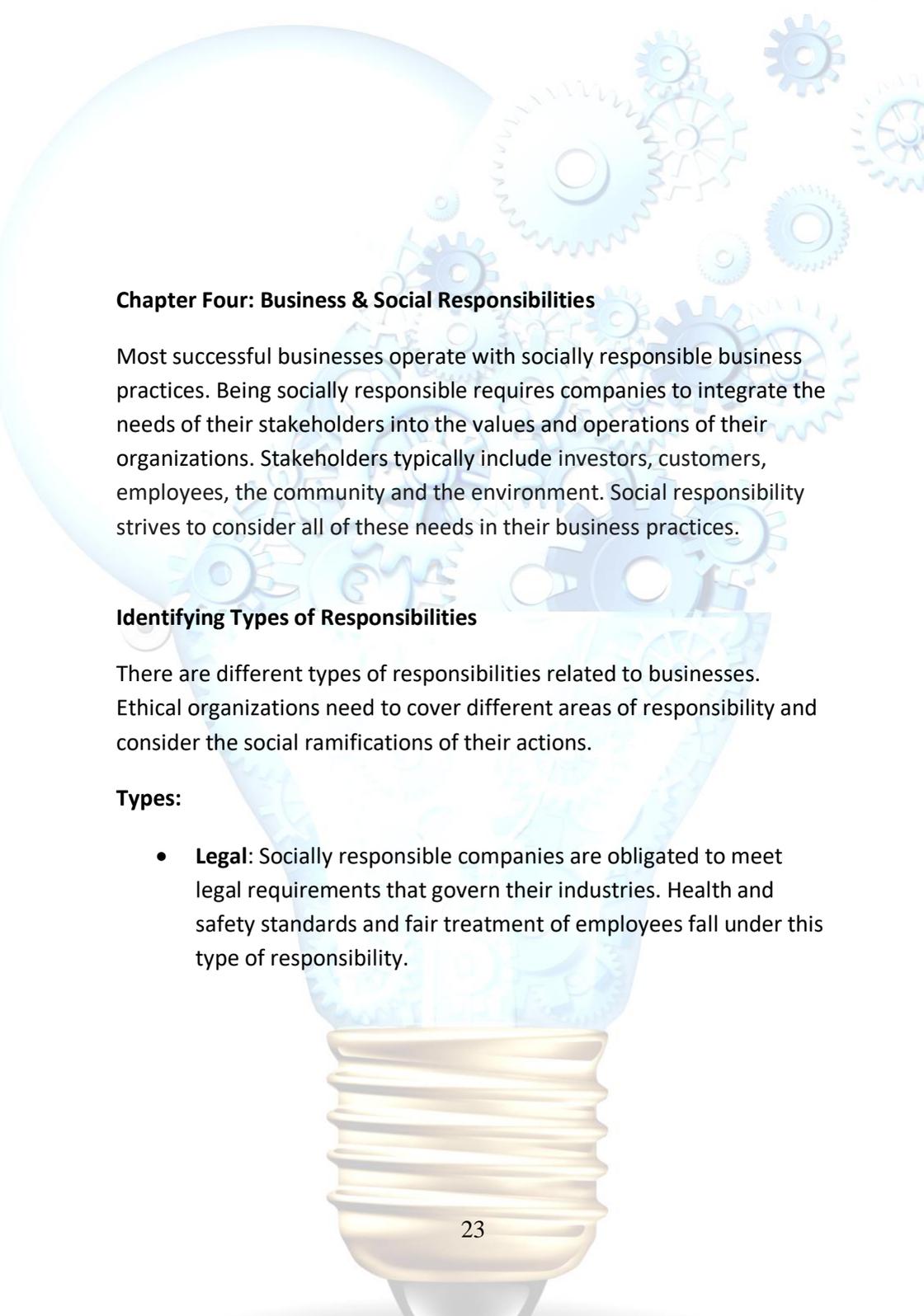
As technology changes, so does the clarity about employer and employee rights. Employers have the right to expect their employees to work productively and represent the company well. On the other hand, employees have the right to personal privacy. Advances in technology provide employers with more ways to monitor employees. Social networking further complicates this issue.

Employees often post things online for their friends to see, but employers may be monitoring these posts well. It is becoming more common for people to lose their jobs because of posts on their social networking sites. A recent survey revealed that about half of employees feel that their social networks are not any business of their employers, but 60 percent of executives think that they have the right to monitor their representatives' social network behaviour. This use of social networks should be included in privacy policies to protect both employee and employer, but many companies cite personal conduct policies to validate their actions.

A large, glowing lightbulb is the central focus. The interior of the bulb is filled with a complex arrangement of various-sized gears, some of which are also floating outside the bulb. The gears are rendered in a light blue, semi-transparent style, giving the impression of a mechanical or intellectual process. The lightbulb's base is a standard screw-in base, colored in a warm, golden-yellow hue. The overall background is a soft, light blue gradient, enhancing the ethereal and thoughtful nature of the image.

*It is not good enough to do what the law says. We must be in the forefront of these (social responsibility) issues.*

*Anders Dahlvig*



## Chapter Four: Business & Social Responsibilities

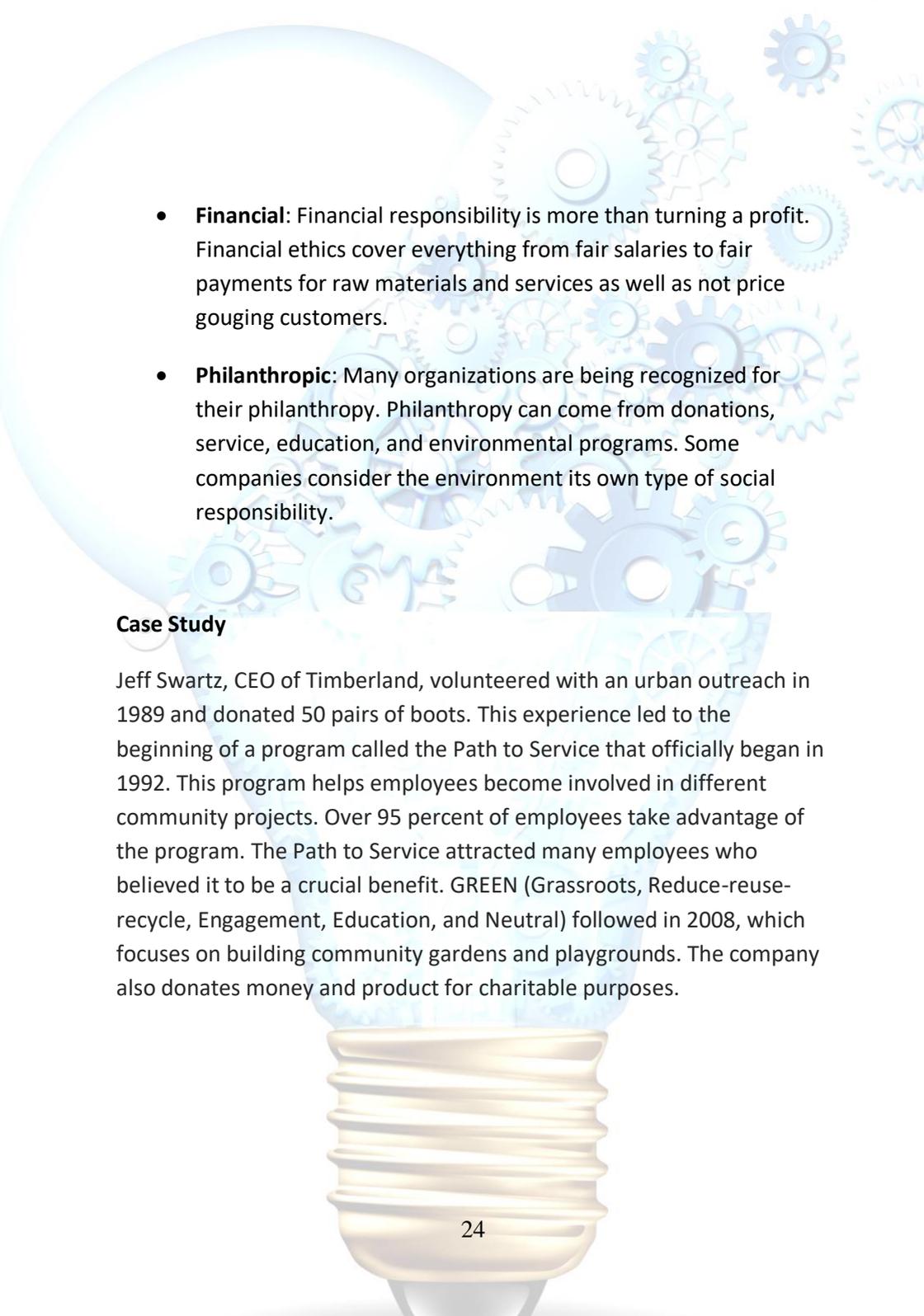
Most successful businesses operate with socially responsible business practices. Being socially responsible requires companies to integrate the needs of their stakeholders into the values and operations of their organizations. Stakeholders typically include investors, customers, employees, the community and the environment. Social responsibility strives to consider all of these needs in their business practices.

### Identifying Types of Responsibilities

There are different types of responsibilities related to businesses. Ethical organizations need to cover different areas of responsibility and consider the social ramifications of their actions.

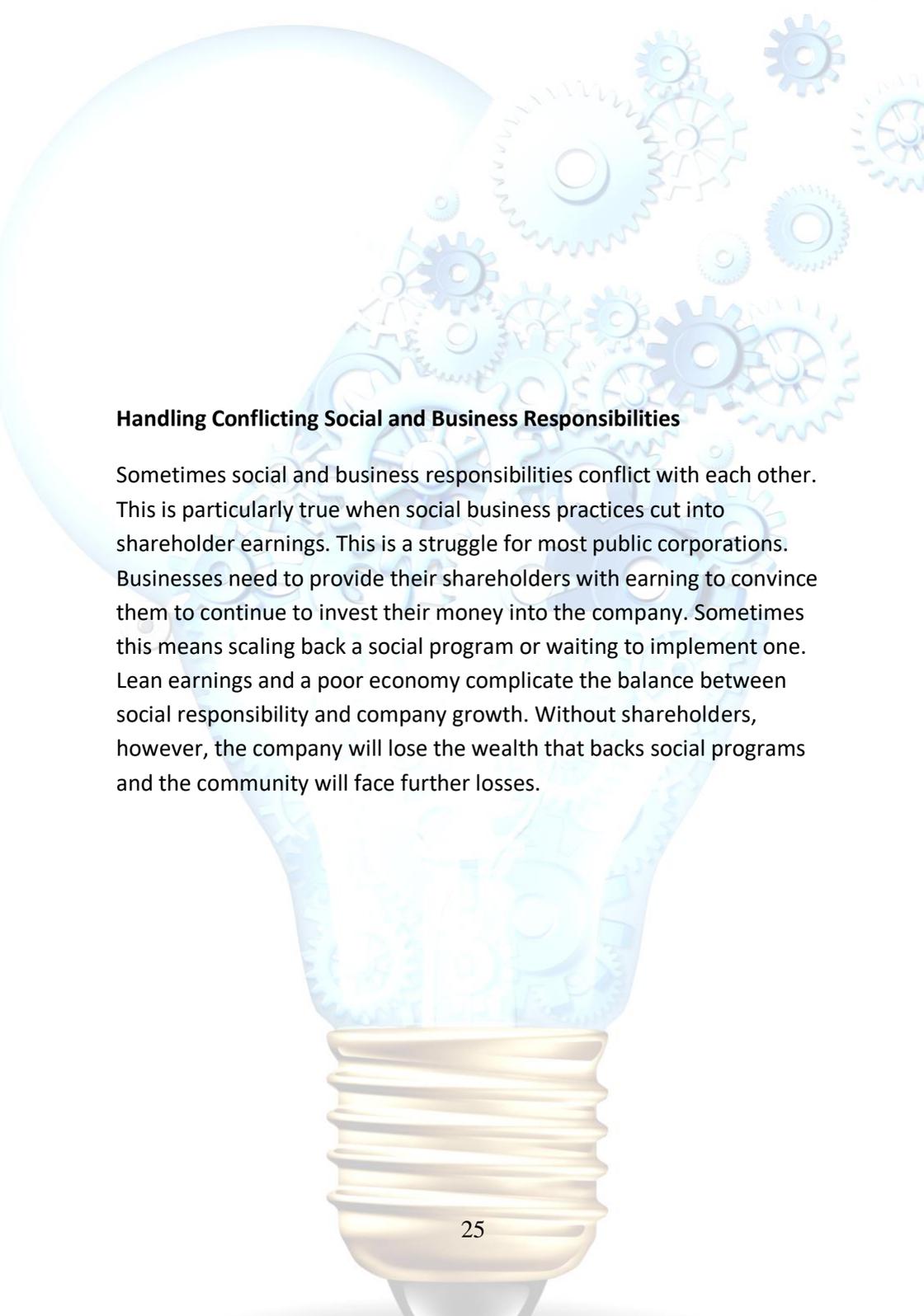
#### Types:

- **Legal:** Socially responsible companies are obligated to meet legal requirements that govern their industries. Health and safety standards and fair treatment of employees fall under this type of responsibility.

- 
- **Financial:** Financial responsibility is more than turning a profit. Financial ethics cover everything from fair salaries to fair payments for raw materials and services as well as not price gouging customers.
  - **Philanthropic:** Many organizations are being recognized for their philanthropy. Philanthropy can come from donations, service, education, and environmental programs. Some companies consider the environment its own type of social responsibility.

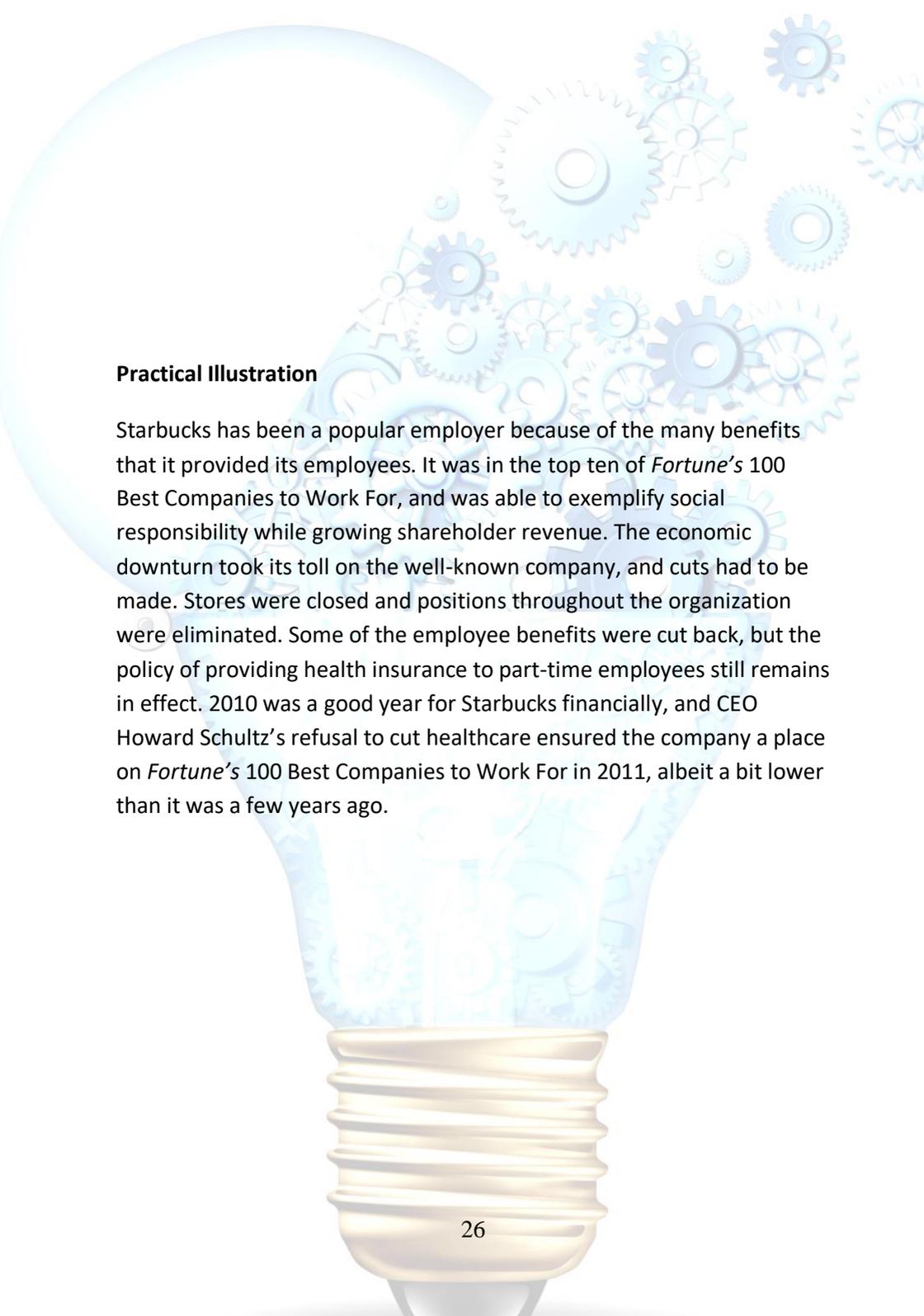
### Case Study

Jeff Swartz, CEO of Timberland, volunteered with an urban outreach in 1989 and donated 50 pairs of boots. This experience led to the beginning of a program called the Path to Service that officially began in 1992. This program helps employees become involved in different community projects. Over 95 percent of employees take advantage of the program. The Path to Service attracted many employees who believed it to be a crucial benefit. GREEN (Grassroots, Reduce-reuse-recycle, Engagement, Education, and Neutral) followed in 2008, which focuses on building community gardens and playgrounds. The company also donates money and product for charitable purposes.

A large, glowing lightbulb is the central focus of the page. Inside the bulb, numerous blue gears of various sizes are visible, some overlapping each other, creating a sense of motion and interconnectedness. The background is a soft, light blue gradient. The text is centered within the bulb's glow.

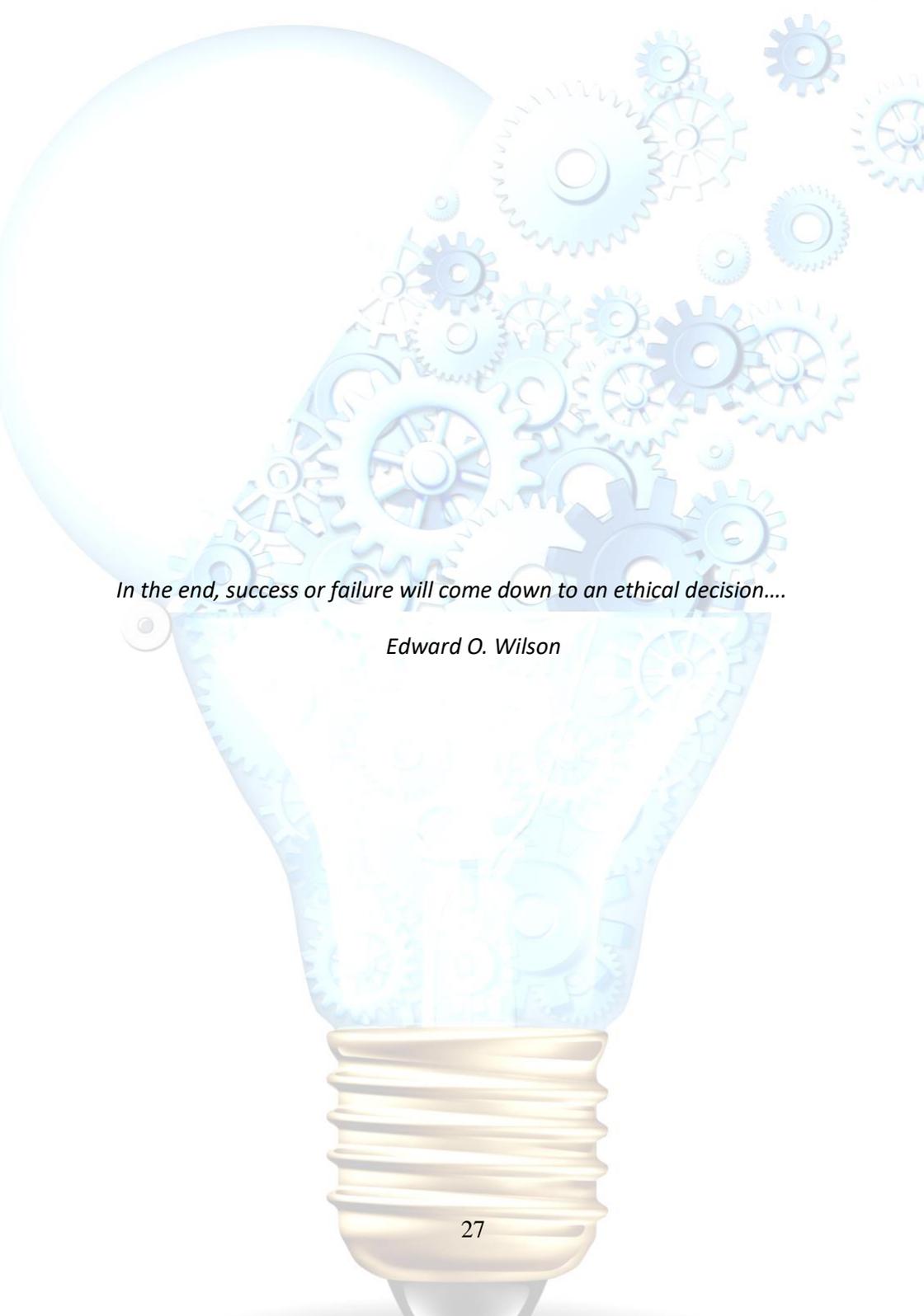
## **Handling Conflicting Social and Business Responsibilities**

Sometimes social and business responsibilities conflict with each other. This is particularly true when social business practices cut into shareholder earnings. This is a struggle for most public corporations. Businesses need to provide their shareholders with earnings to convince them to continue to invest their money into the company. Sometimes this means scaling back a social program or waiting to implement one. Lean earnings and a poor economy complicate the balance between social responsibility and company growth. Without shareholders, however, the company will lose the wealth that backs social programs and the community will face further losses.

A large, glowing lightbulb is the central focus of the page. Inside the bulb, numerous blue gears of various sizes are visible, some overlapping each other, creating a sense of motion and industry. The background is a soft, light blue gradient. The text is positioned in the middle of the page, within the lightbulb's glow.

## Practical Illustration

Starbucks has been a popular employer because of the many benefits that it provided its employees. It was in the top ten of *Fortune's* 100 Best Companies to Work For, and was able to exemplify social responsibility while growing shareholder revenue. The economic downturn took its toll on the well-known company, and cuts had to be made. Stores were closed and positions throughout the organization were eliminated. Some of the employee benefits were cut back, but the policy of providing health insurance to part-time employees still remains in effect. 2010 was a good year for Starbucks financially, and CEO Howard Schultz's refusal to cut healthcare ensured the company a place on *Fortune's* 100 Best Companies to Work For in 2011, albeit a bit lower than it was a few years ago.



*In the end, success or failure will come down to an ethical decision....*

*Edward O. Wilson*

## Chapter Five: Ethical Decisions

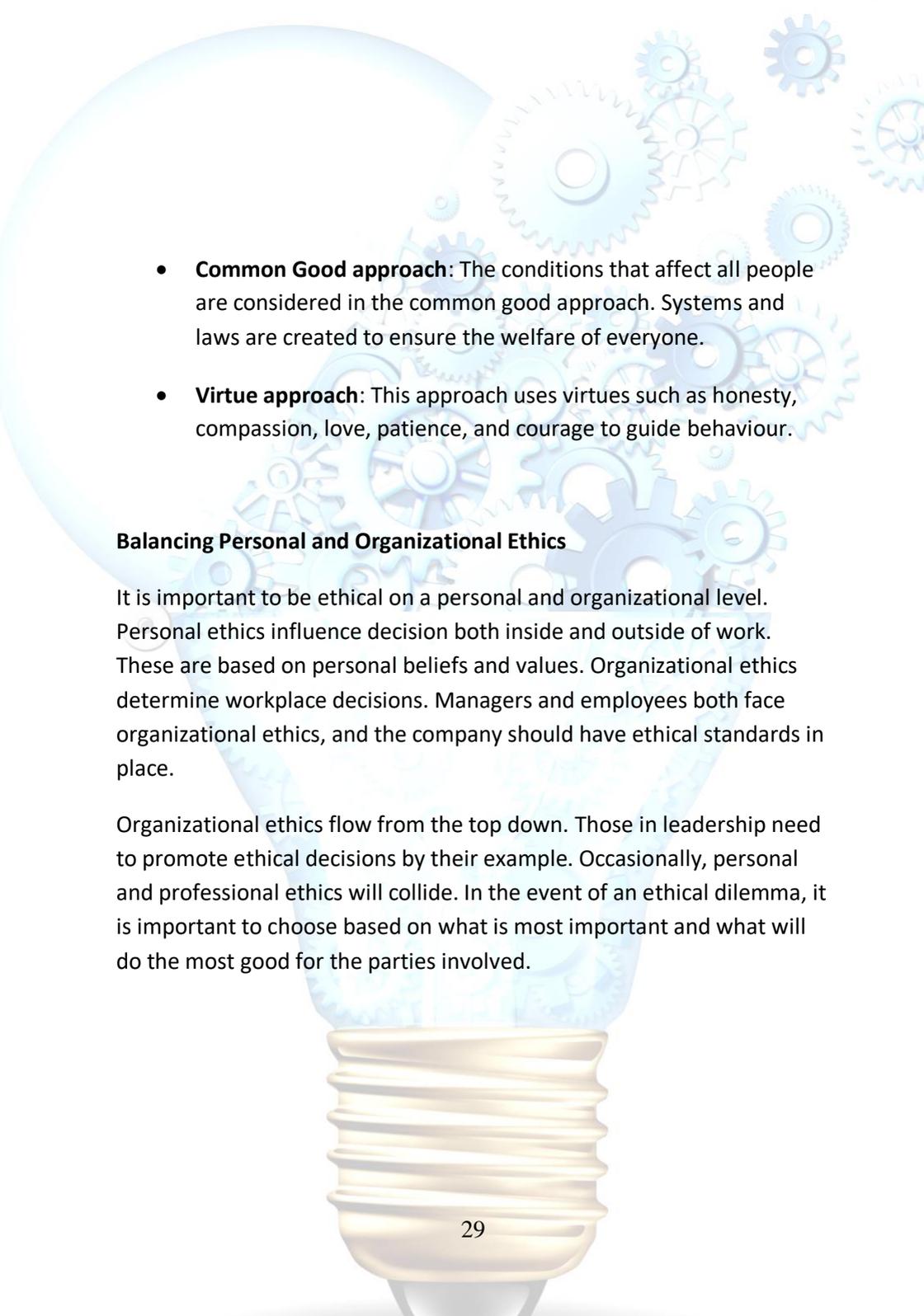
We should always attempt to make ethical decisions. It is possible, however, for two ethical people to make different decisions in a situation. In business, it is important that people understand ethical dilemmas and the ethical decision-making process.

### The Basics

People typically use five different ethical standards to interpret the world around them. For the best results, put the different approaches together and choose the answers that best fit.

### Ethical Standards

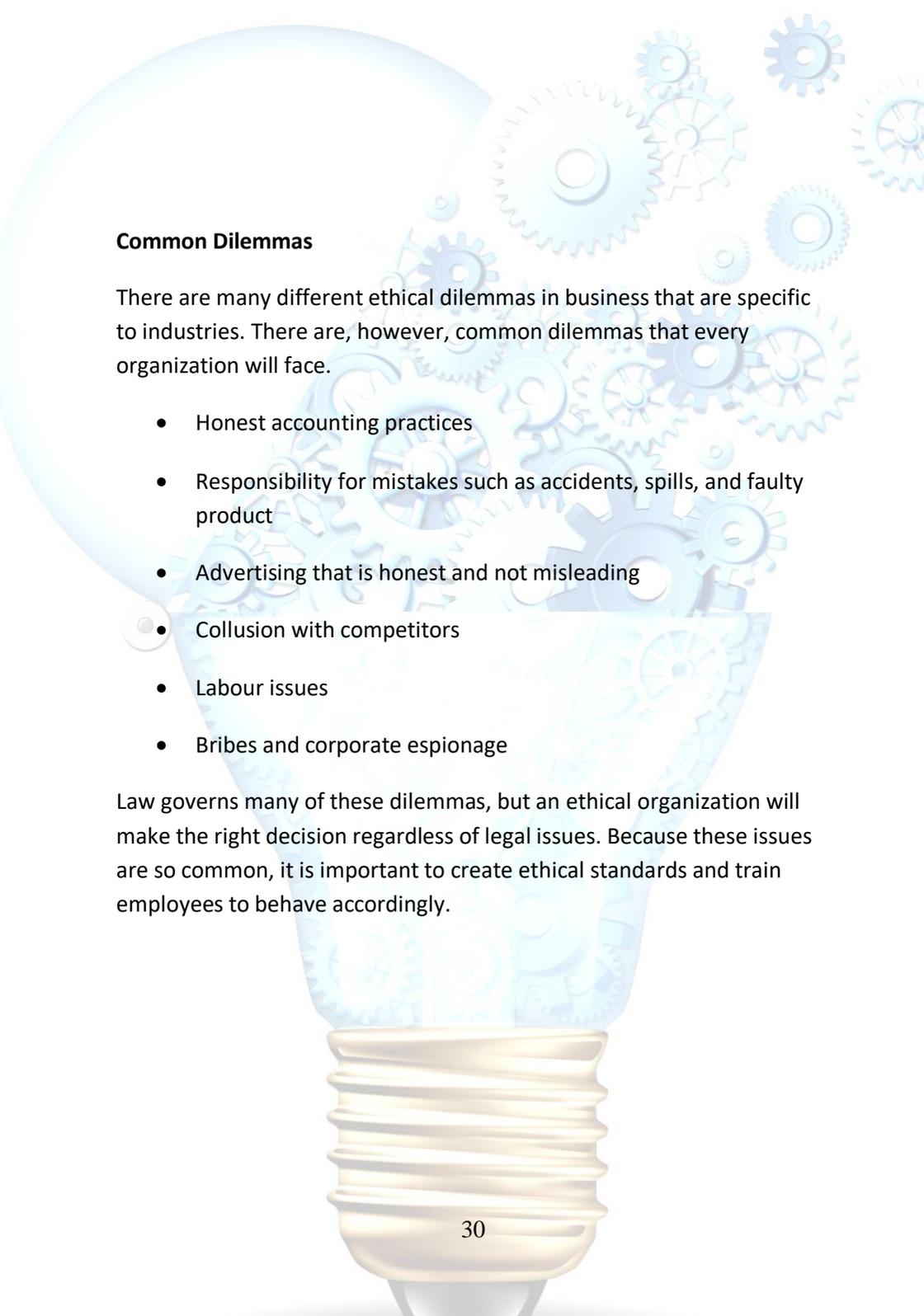
- **Utilitarian approach:** This approach focuses on the consequences of actions. The goal is to do more good than harm in a situation.
- **Rights approach:** Focusing on the rights of all involved defines this approach. It makes respecting the rights of others a moral obligation.
- **Fairness approach:** Fairness expects people to be treated equally. A fairly based standard is used to determine actions that are unequal such as pay rate.

- 
- **Common Good approach:** The conditions that affect all people are considered in the common good approach. Systems and laws are created to ensure the welfare of everyone.
  - **Virtue approach:** This approach uses virtues such as honesty, compassion, love, patience, and courage to guide behaviour.

### **Balancing Personal and Organizational Ethics**

It is important to be ethical on a personal and organizational level. Personal ethics influence decision both inside and outside of work. These are based on personal beliefs and values. Organizational ethics determine workplace decisions. Managers and employees both face organizational ethics, and the company should have ethical standards in place.

Organizational ethics flow from the top down. Those in leadership need to promote ethical decisions by their example. Occasionally, personal and professional ethics will collide. In the event of an ethical dilemma, it is important to choose based on what is most important and what will do the most good for the parties involved.

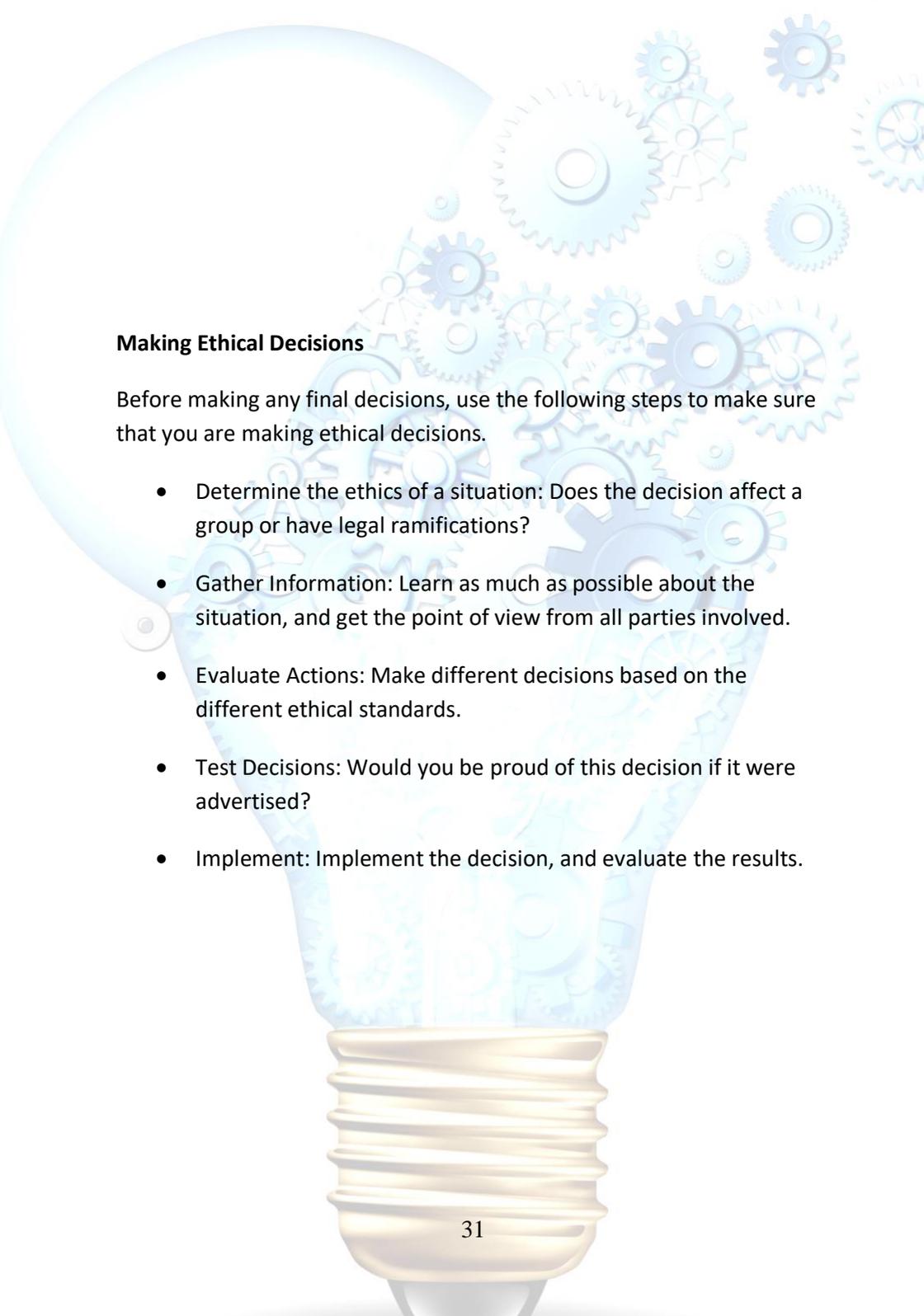


## Common Dilemmas

There are many different ethical dilemmas in business that are specific to industries. There are, however, common dilemmas that every organization will face.

- Honest accounting practices
- Responsibility for mistakes such as accidents, spills, and faulty product
- Advertising that is honest and not misleading
- Collusion with competitors
- Labour issues
- Bribes and corporate espionage

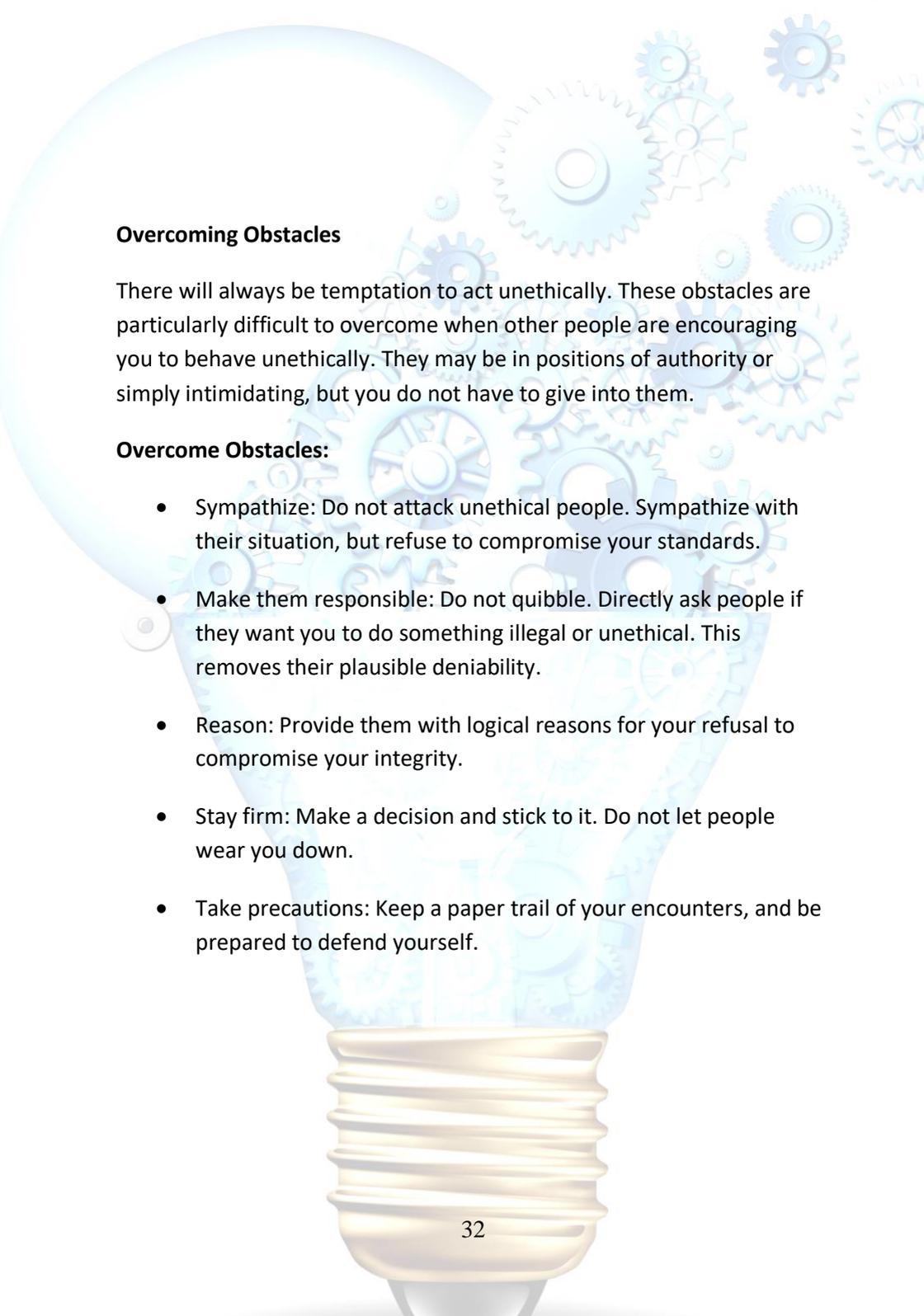
Law governs many of these dilemmas, but an ethical organization will make the right decision regardless of legal issues. Because these issues are so common, it is important to create ethical standards and train employees to behave accordingly.



## **Making Ethical Decisions**

Before making any final decisions, use the following steps to make sure that you are making ethical decisions.

- **Determine the ethics of a situation:** Does the decision affect a group or have legal ramifications?
- **Gather Information:** Learn as much as possible about the situation, and get the point of view from all parties involved.
- **Evaluate Actions:** Make different decisions based on the different ethical standards.
- **Test Decisions:** Would you be proud of this decision if it were advertised?
- **Implement:** Implement the decision, and evaluate the results.

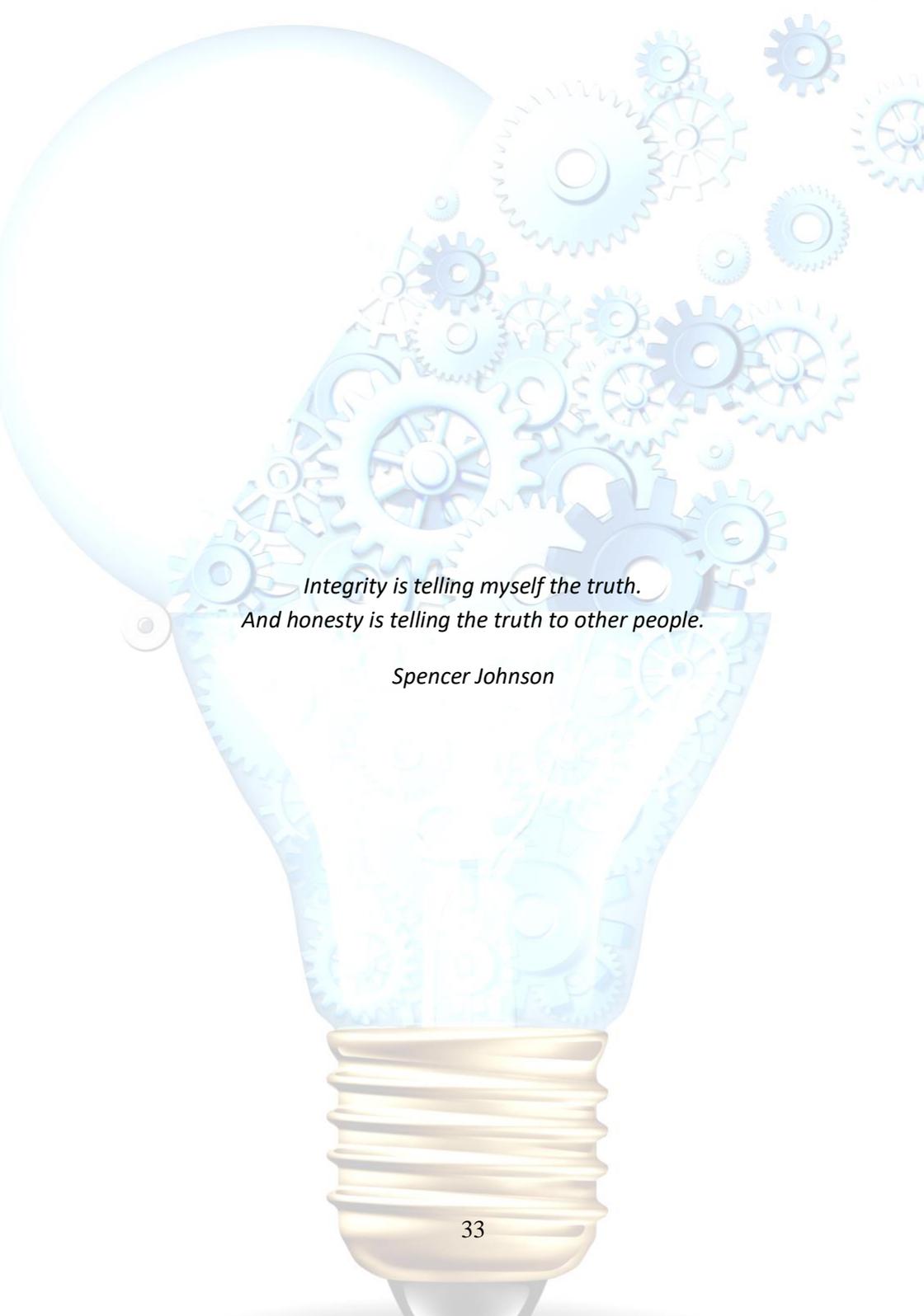


## **Overcoming Obstacles**

There will always be temptation to act unethically. These obstacles are particularly difficult to overcome when other people are encouraging you to behave unethically. They may be in positions of authority or simply intimidating, but you do not have to give into them.

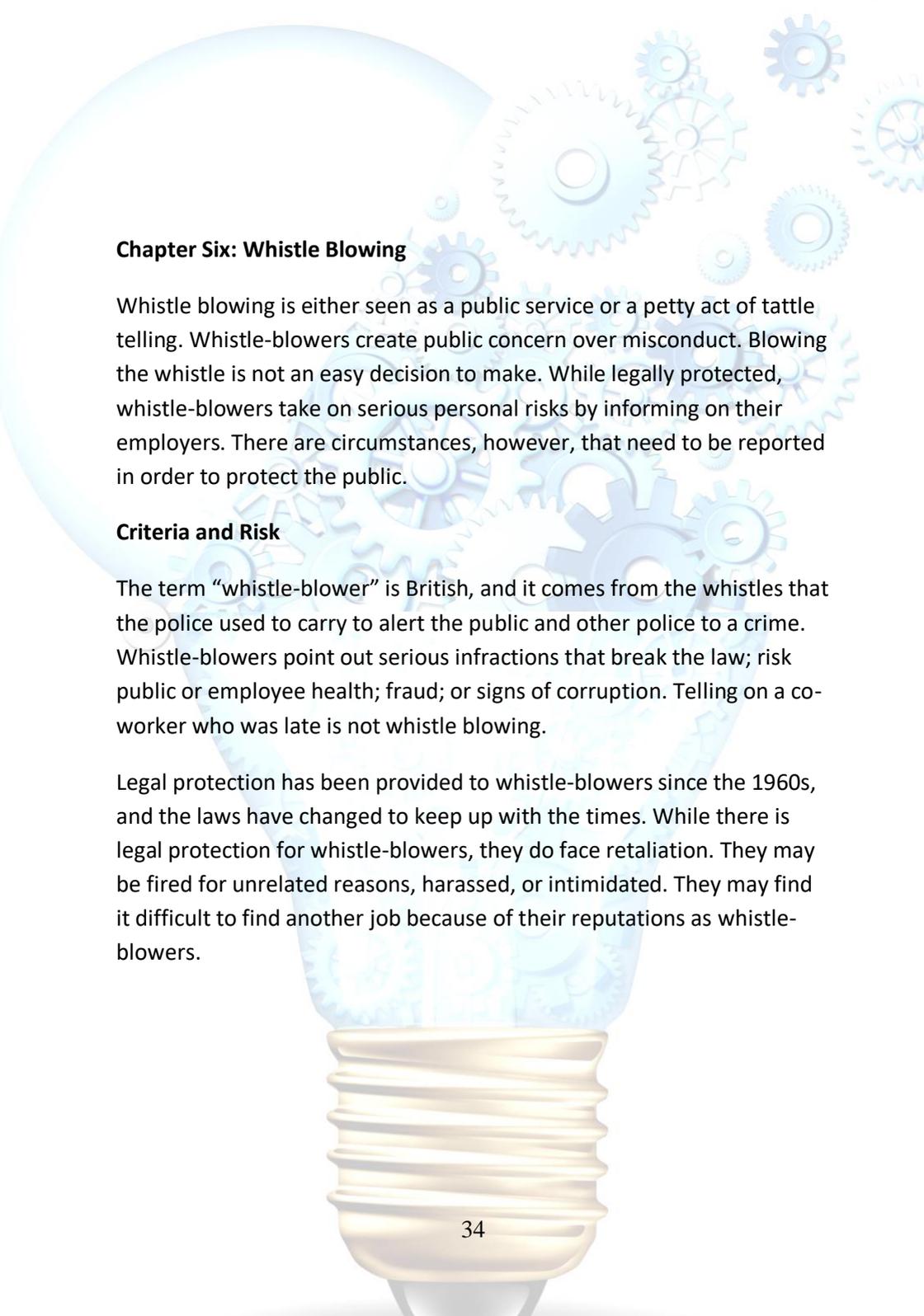
### **Overcome Obstacles:**

- **Sympathize:** Do not attack unethical people. Sympathize with their situation, but refuse to compromise your standards.
- **Make them responsible:** Do not quibble. Directly ask people if they want you to do something illegal or unethical. This removes their plausible deniability.
- **Reason:** Provide them with logical reasons for your refusal to compromise your integrity.
- **Stay firm:** Make a decision and stick to it. Do not let people wear you down.
- **Take precautions:** Keep a paper trail of your encounters, and be prepared to defend yourself.



*Integrity is telling myself the truth.  
And honesty is telling the truth to other people.*

*Spencer Johnson*



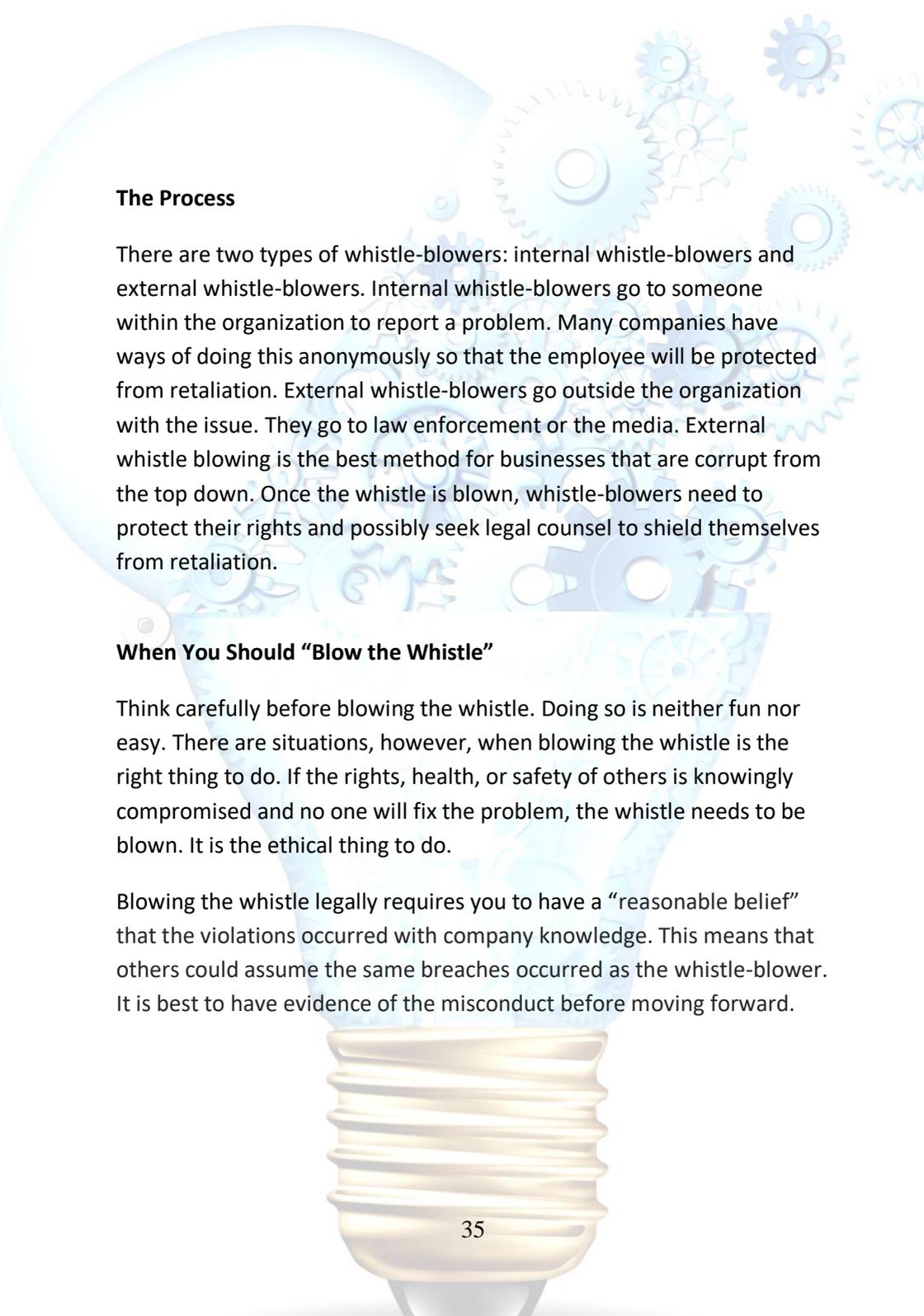
## **Chapter Six: Whistle Blowing**

Whistle blowing is either seen as a public service or a petty act of tattle telling. Whistle-blowers create public concern over misconduct. Blowing the whistle is not an easy decision to make. While legally protected, whistle-blowers take on serious personal risks by informing on their employers. There are circumstances, however, that need to be reported in order to protect the public.

### **Criteria and Risk**

The term “whistle-blower” is British, and it comes from the whistles that the police used to carry to alert the public and other police to a crime. Whistle-blowers point out serious infractions that break the law; risk public or employee health; fraud; or signs of corruption. Telling on a co-worker who was late is not whistle blowing.

Legal protection has been provided to whistle-blowers since the 1960s, and the laws have changed to keep up with the times. While there is legal protection for whistle-blowers, they do face retaliation. They may be fired for unrelated reasons, harassed, or intimidated. They may find it difficult to find another job because of their reputations as whistle-blowers.



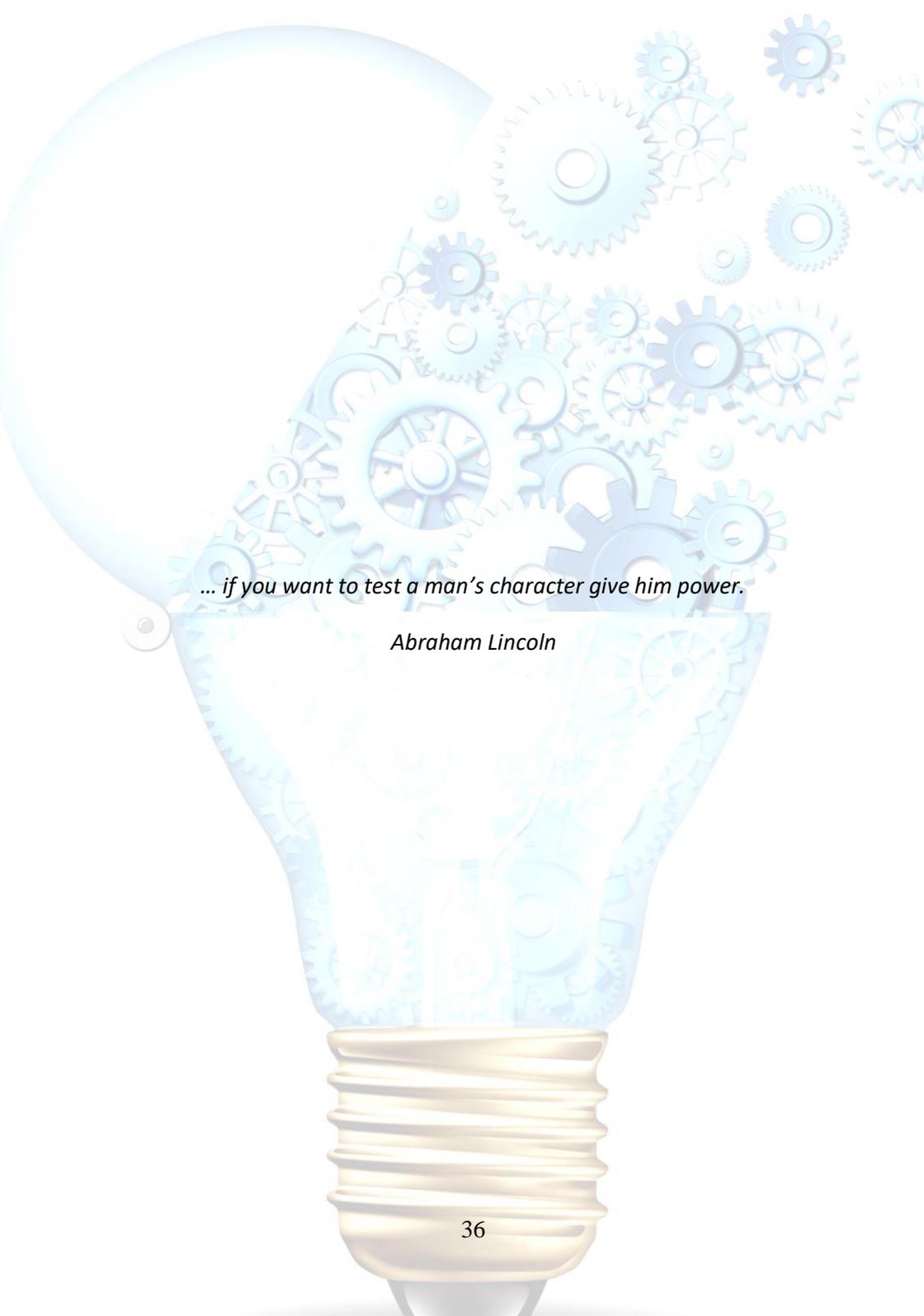
## **The Process**

There are two types of whistle-blowers: internal whistle-blowers and external whistle-blowers. Internal whistle-blowers go to someone within the organization to report a problem. Many companies have ways of doing this anonymously so that the employee will be protected from retaliation. External whistle-blowers go outside the organization with the issue. They go to law enforcement or the media. External whistle blowing is the best method for businesses that are corrupt from the top down. Once the whistle is blown, whistle-blowers need to protect their rights and possibly seek legal counsel to shield themselves from retaliation.

## **When You Should “Blow the Whistle”**

Think carefully before blowing the whistle. Doing so is neither fun nor easy. There are situations, however, when blowing the whistle is the right thing to do. If the rights, health, or safety of others is knowingly compromised and no one will fix the problem, the whistle needs to be blown. It is the ethical thing to do.

Blowing the whistle legally requires you to have a “reasonable belief” that the violations occurred with company knowledge. This means that others could assume the same breaches occurred as the whistle-blower. It is best to have evidence of the misconduct before moving forward.



*... if you want to test a man's character give him power.*

*Abraham Lincoln*

## Chapter Seven: Managerial Ethics

Managers have a responsibility to behave ethically and manage ethically. They set the example for all employees and will determine how effective ethics management can be. Ethical management provides a number of benefits, both to the company culture and financial gain of the organization.

### Ethical Management

Ethical management balances the different responsibilities of modern business organizations.

#### Responsibilities:

- **Profit:** All companies are responsible to make a profit in order to survive and fulfil their other obligations.
- **People:** This includes employees, customers, shareholders, and the community.
- **Planet:** Sustainability and the preservation of resources is a growing responsibility for businesses.
- **Principles:** The ethics that govern the organization will help the company to act ethically in every area.

## Identifying the Characteristics

There are many different characteristics of ethical management. There are three traits, however, that people identify with ethical management:

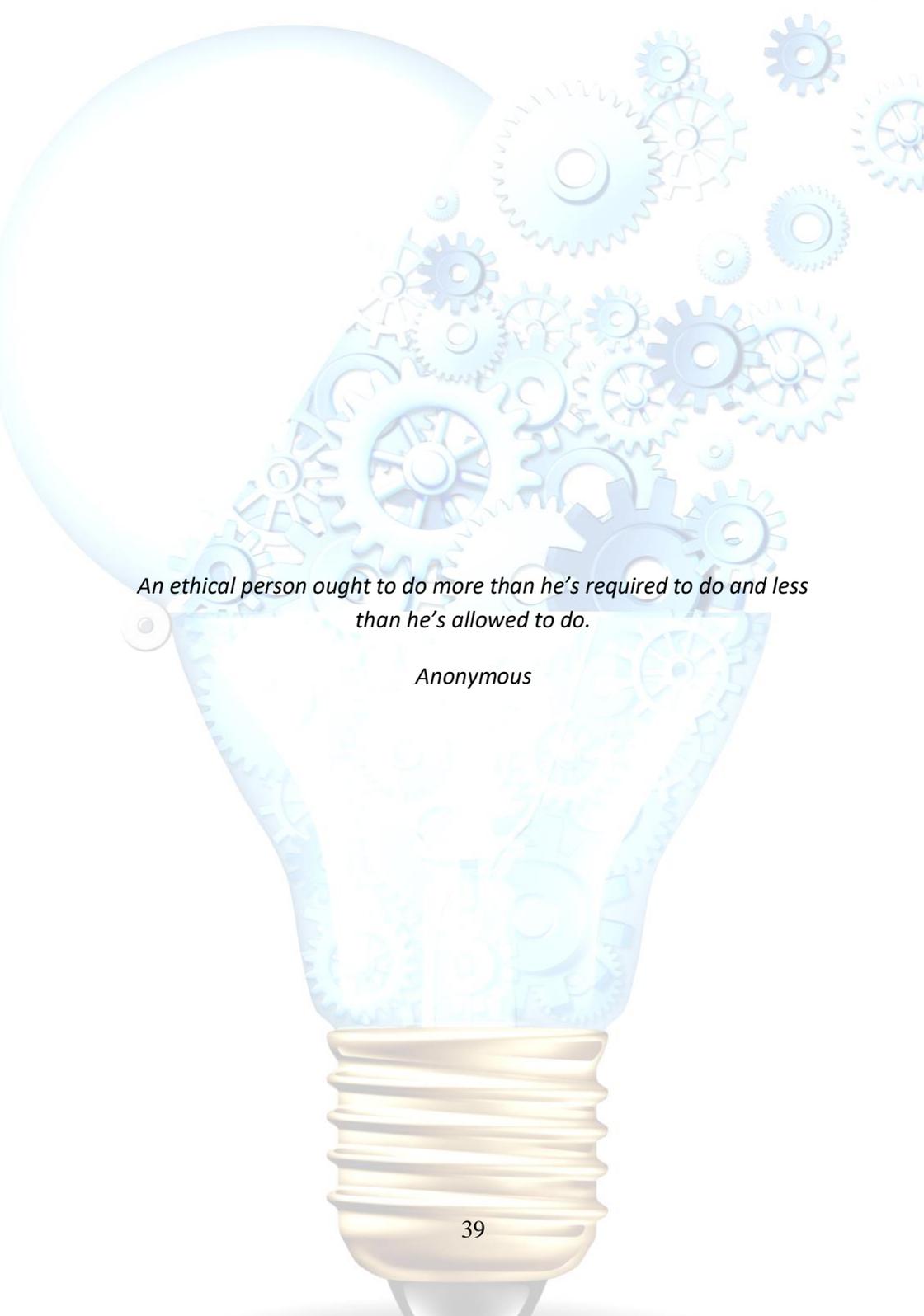
- **Integrity:** The manager behaves with integrity and leads by example.
- **Transparency:** The company and its managers are transparent and do not hide their actions.
- **Utilitarianism:** The organization and manager considers the happiness of the people involved in the organization.

## Ensuring Ethical Behaviour

Because ethics and values are extremely personal, it is difficult to ensure that all employees will practice ethical behaviour. There are ways to promote ethical behaviour, however, by simply instilling a few basic rules.

- Develop an ethics management program.
- Develop a code of ethics.
- Develop a code of conduct.
- Create policies and procedures that reflect the company ethics.

It is not enough to simply create codes, programs, policies, and procedures. All rules must be enforced in order to be effective and curb unethical behaviour.

A large, glowing lightbulb is the central focus. The interior of the bulb is filled with a complex arrangement of various-sized gears, some of which are also floating outside the bulb. The gears are rendered in shades of light blue and white, giving them a three-dimensional appearance. The lightbulb's base is a golden-yellow color with a textured, ribbed surface. The overall background is a soft, light blue gradient.

*An ethical person ought to do more than he's required to do and less than he's allowed to do.*

*Anonymous*

## **Chapter Eight: Unethical Behaviour**

Employees will act unethically from time to time. It is important to be able to identify unethical behaviour and address it. A successful manager should also be able to prevent poor behaviour and intervene before the behaviour escalates.

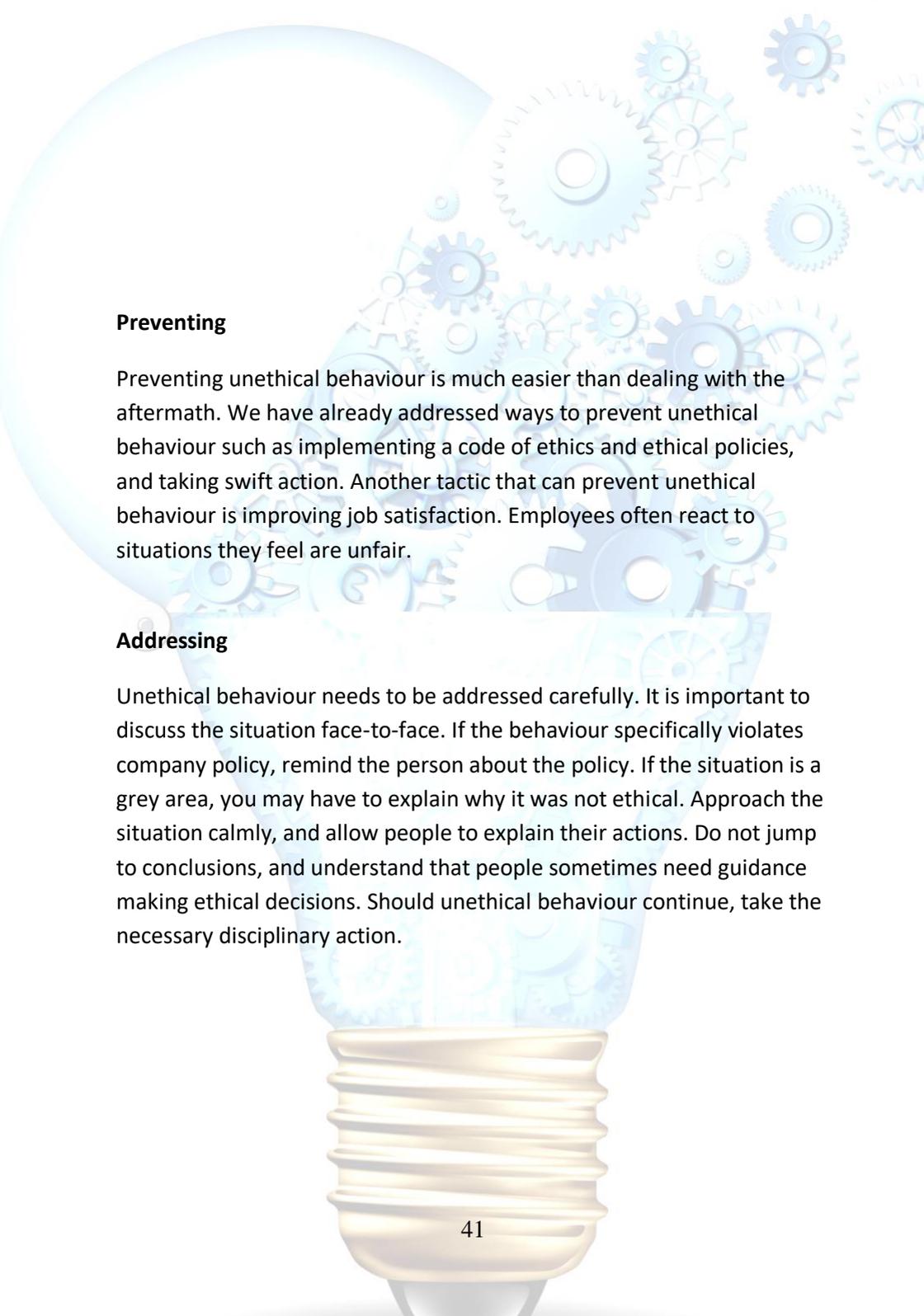
### **Recognize & Identify**

Stress can take its toll on employees, who will occasionally act out at work. When unethical behaviour begins, managers need to identify it as soon as possible. Allowing unethical behaviour to continue will have long-term consequences for the company.

#### **Typical Unethical Behaviour**

- Abusing sick leave
- Lying to customers
- Cutting corners
- Covering up mistakes

The behaviour may seem minor; most people are guilty of at least one these incidents. These minor lapses in ethical judgment, however, can lead to more unethical behaviour later.

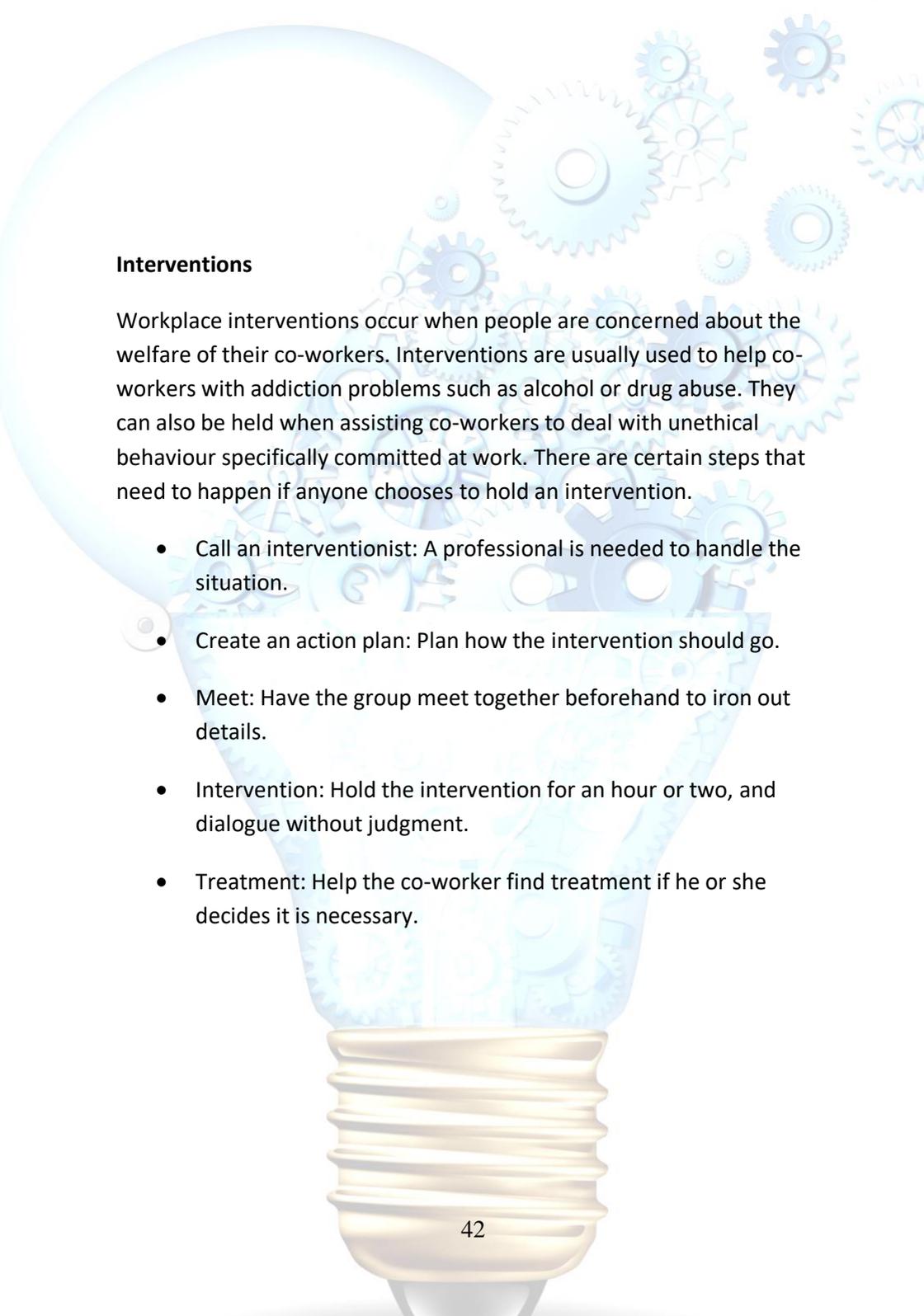


## **Preventing**

Preventing unethical behaviour is much easier than dealing with the aftermath. We have already addressed ways to prevent unethical behaviour such as implementing a code of ethics and ethical policies, and taking swift action. Another tactic that can prevent unethical behaviour is improving job satisfaction. Employees often react to situations they feel are unfair.

## **Addressing**

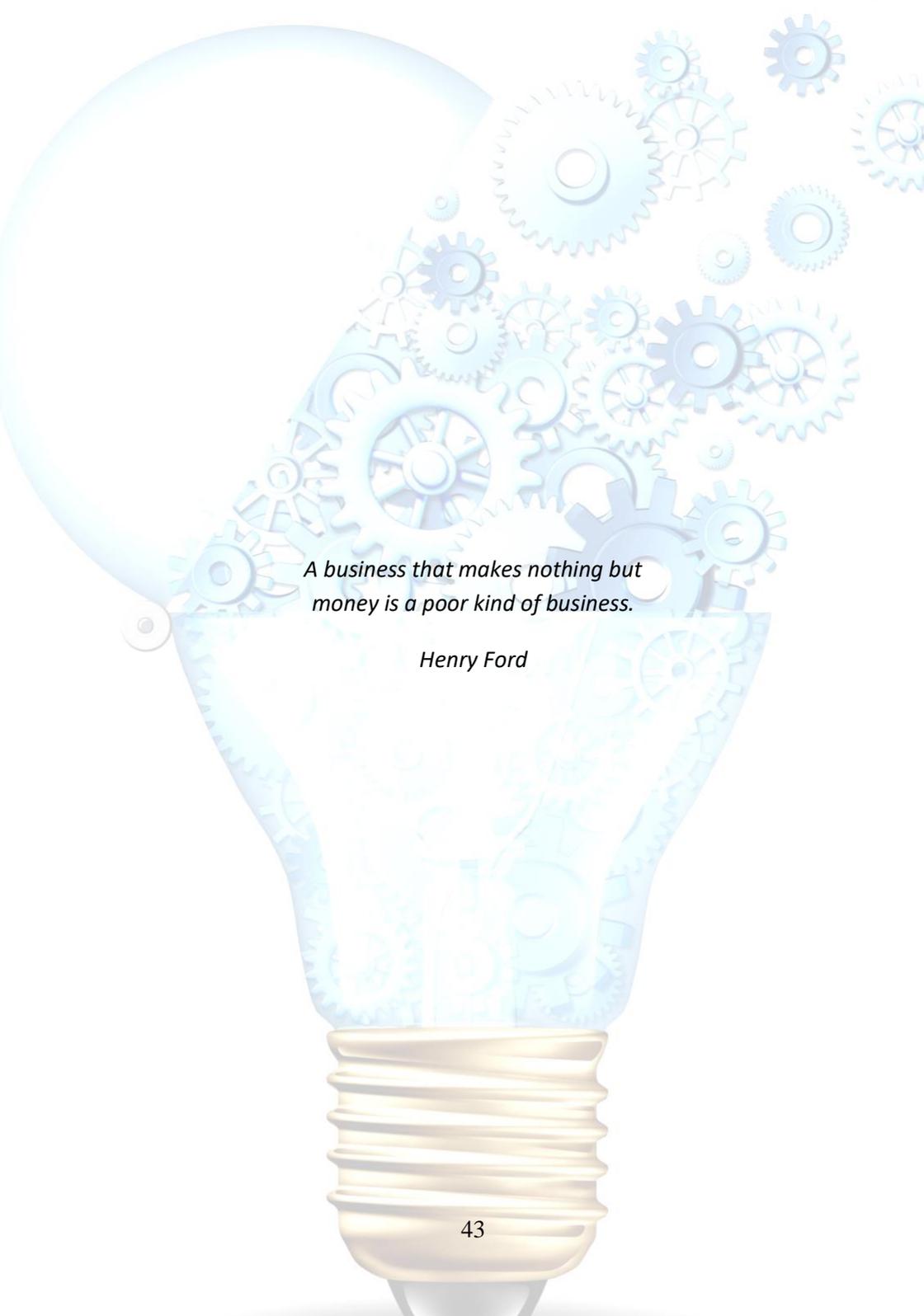
Unethical behaviour needs to be addressed carefully. It is important to discuss the situation face-to-face. If the behaviour specifically violates company policy, remind the person about the policy. If the situation is a grey area, you may have to explain why it was not ethical. Approach the situation calmly, and allow people to explain their actions. Do not jump to conclusions, and understand that people sometimes need guidance making ethical decisions. Should unethical behaviour continue, take the necessary disciplinary action.



## Interventions

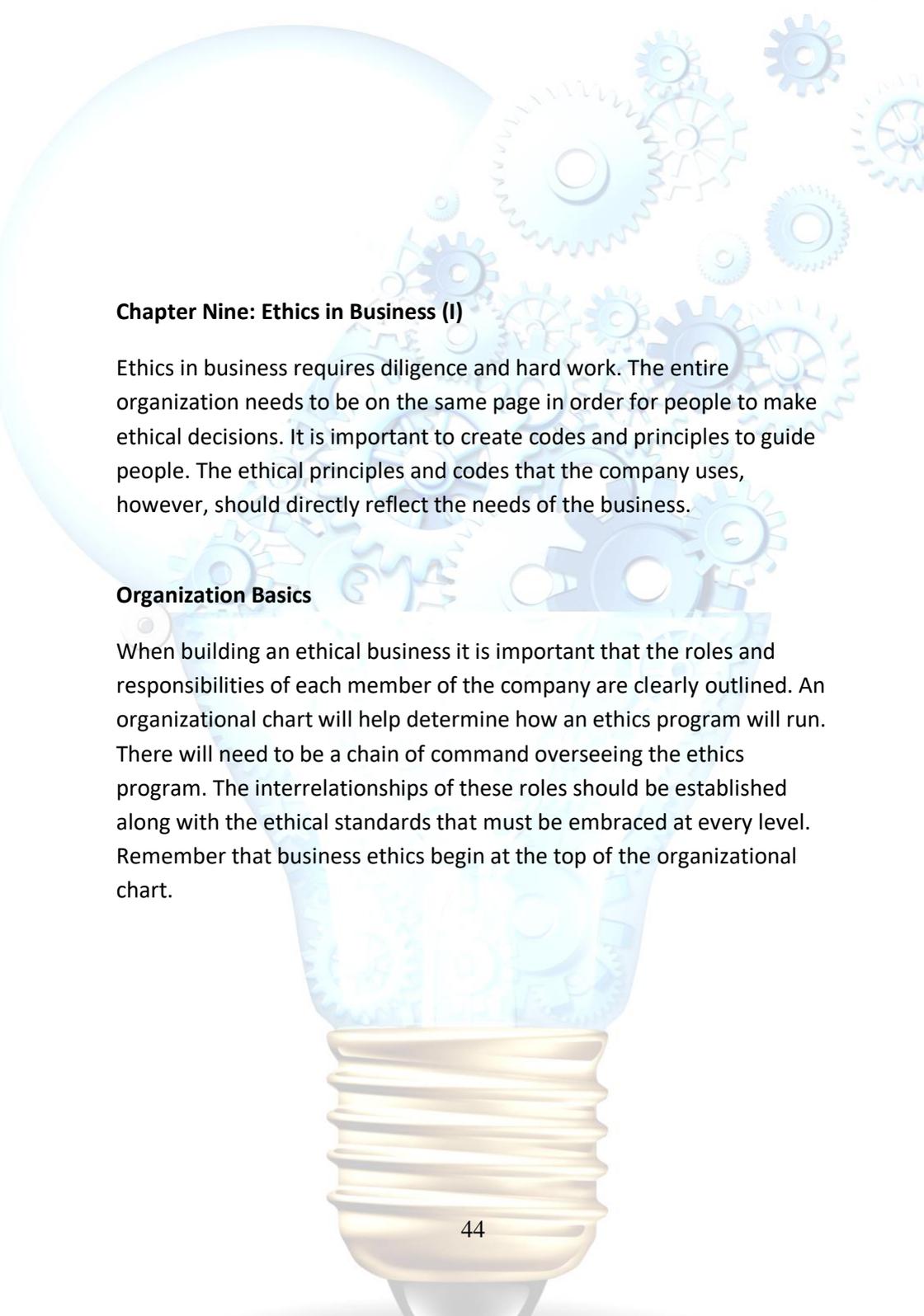
Workplace interventions occur when people are concerned about the welfare of their co-workers. Interventions are usually used to help co-workers with addiction problems such as alcohol or drug abuse. They can also be held when assisting co-workers to deal with unethical behaviour specifically committed at work. There are certain steps that need to happen if anyone chooses to hold an intervention.

- Call an interventionist: A professional is needed to handle the situation.
- Create an action plan: Plan how the intervention should go.
- Meet: Have the group meet together beforehand to iron out details.
- Intervention: Hold the intervention for an hour or two, and dialogue without judgment.
- Treatment: Help the co-worker find treatment if he or she decides it is necessary.



*A business that makes nothing but  
money is a poor kind of business.*

*Henry Ford*

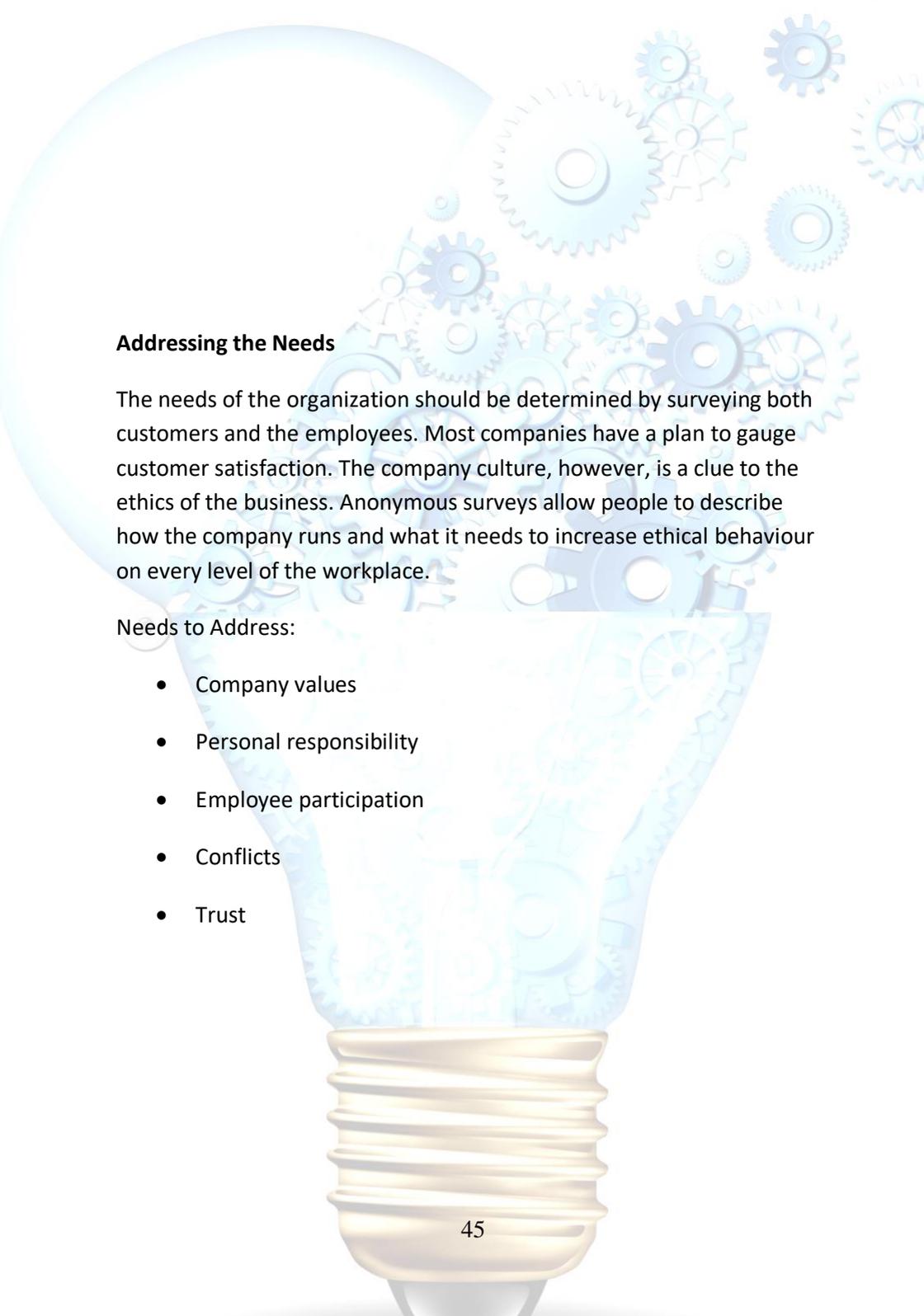


## **Chapter Nine: Ethics in Business (I)**

Ethics in business requires diligence and hard work. The entire organization needs to be on the same page in order for people to make ethical decisions. It is important to create codes and principles to guide people. The ethical principles and codes that the company uses, however, should directly reflect the needs of the business.

### **Organization Basics**

When building an ethical business it is important that the roles and responsibilities of each member of the company are clearly outlined. An organizational chart will help determine how an ethics program will run. There will need to be a chain of command overseeing the ethics program. The interrelationships of these roles should be established along with the ethical standards that must be embraced at every level. Remember that business ethics begin at the top of the organizational chart.

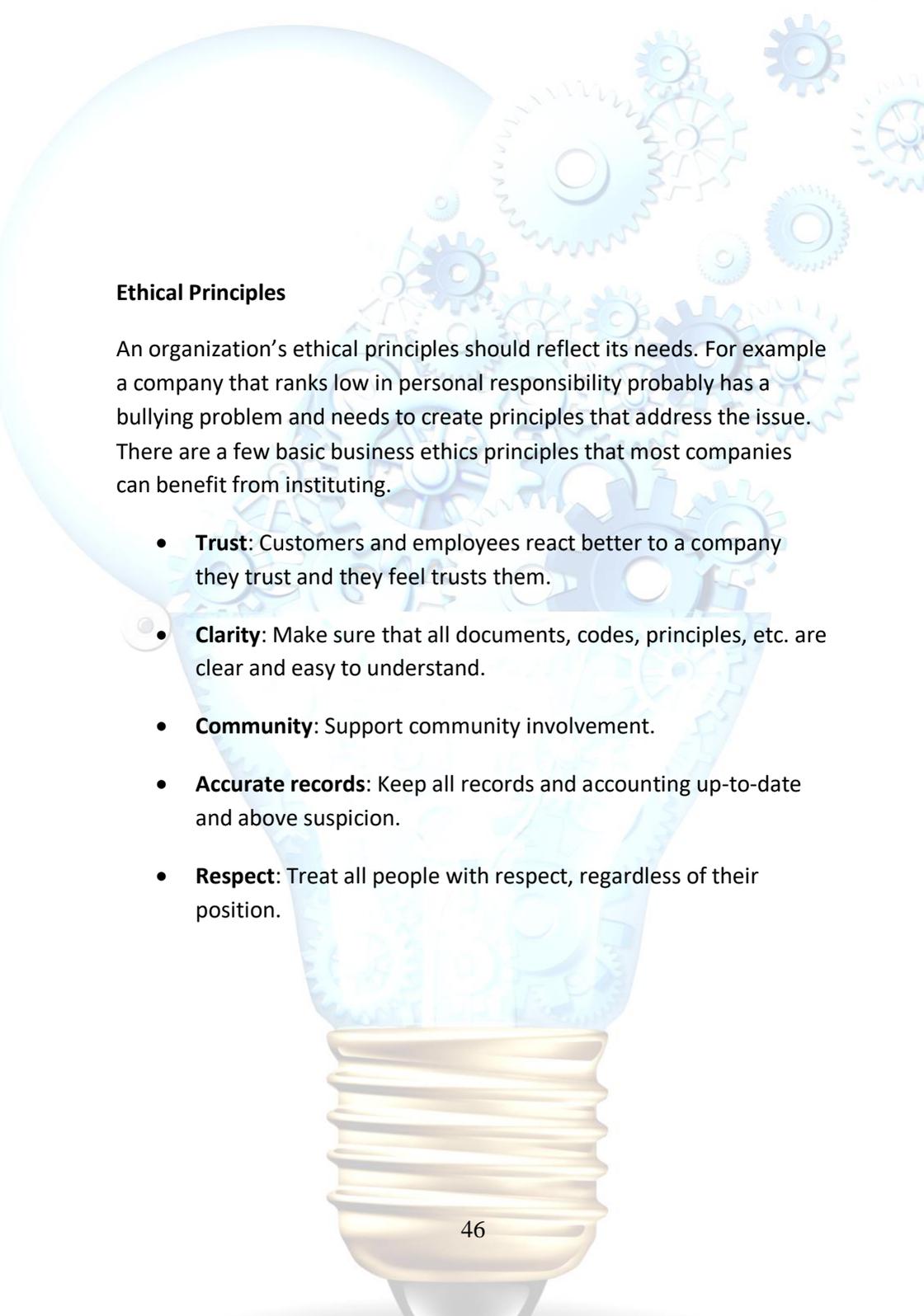


## Addressing the Needs

The needs of the organization should be determined by surveying both customers and the employees. Most companies have a plan to gauge customer satisfaction. The company culture, however, is a clue to the ethics of the business. Anonymous surveys allow people to describe how the company runs and what it needs to increase ethical behaviour on every level of the workplace.

### Needs to Address:

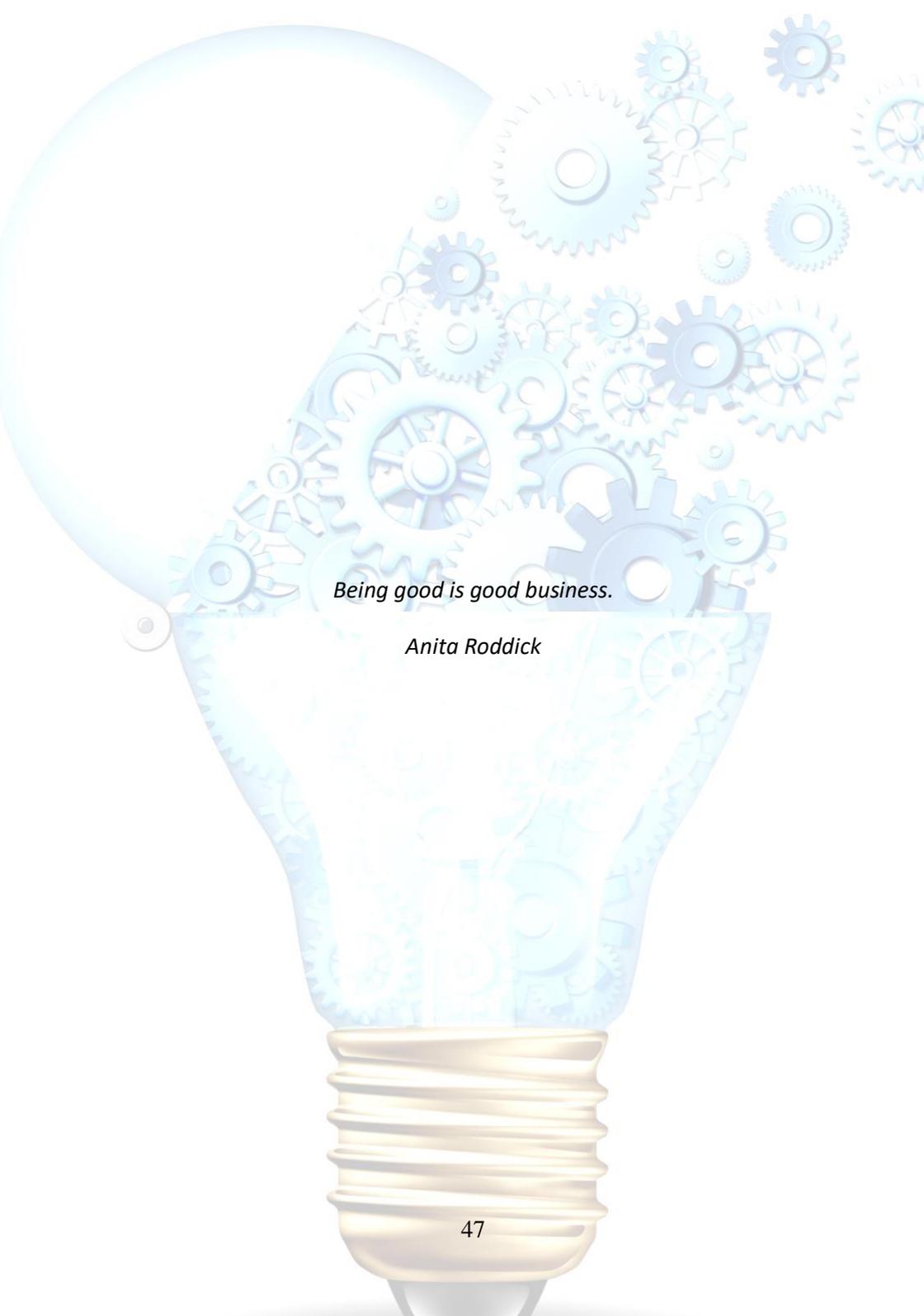
- Company values
- Personal responsibility
- Employee participation
- Conflicts
- Trust



## Ethical Principles

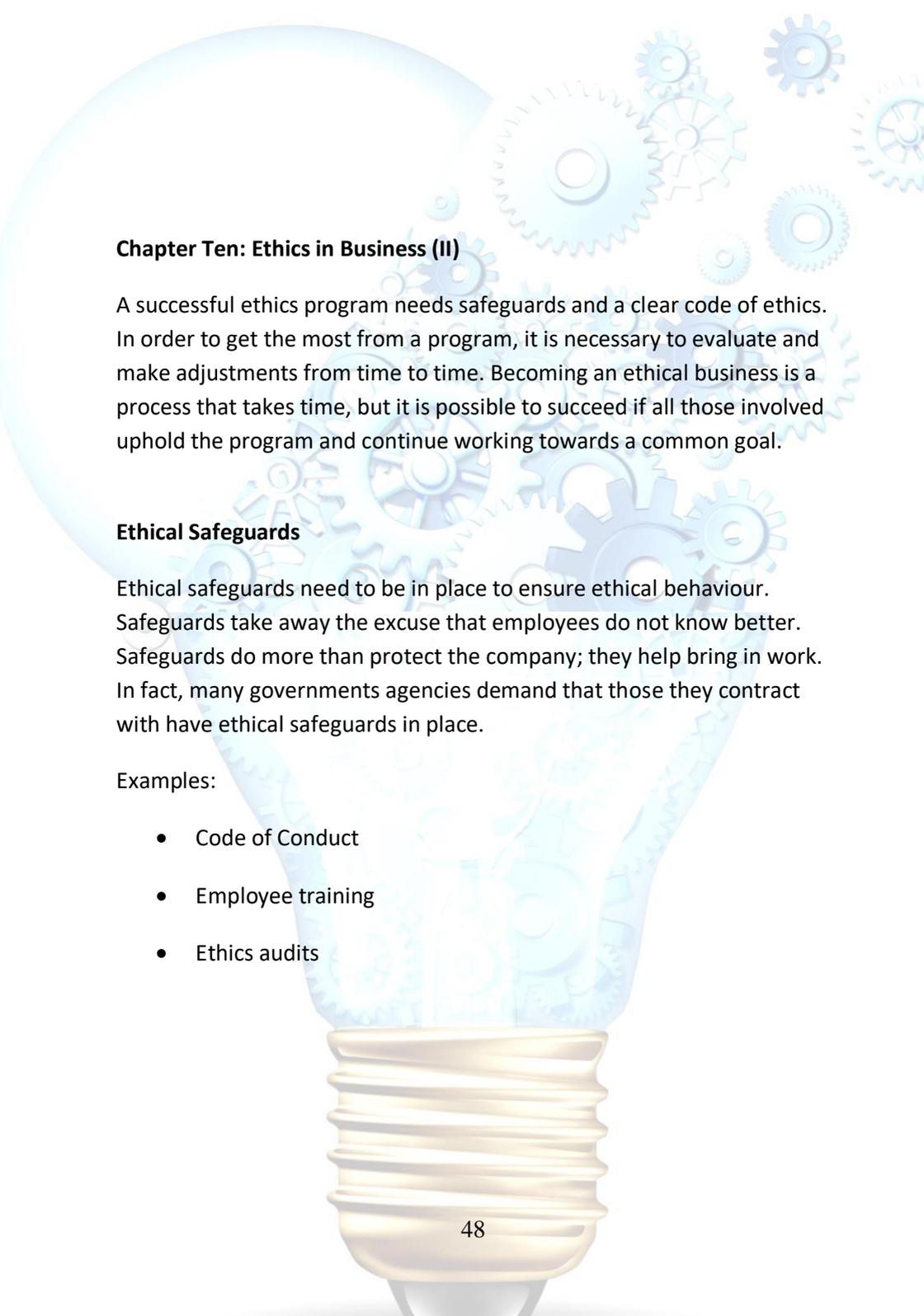
An organization's ethical principles should reflect its needs. For example a company that ranks low in personal responsibility probably has a bullying problem and needs to create principles that address the issue. There are a few basic business ethics principles that most companies can benefit from instituting.

- **Trust:** Customers and employees react better to a company they trust and they feel trusts them.
- **Clarity:** Make sure that all documents, codes, principles, etc. are clear and easy to understand.
- **Community:** Support community involvement.
- **Accurate records:** Keep all records and accounting up-to-date and above suspicion.
- **Respect:** Treat all people with respect, regardless of their position.



*Being good is good business.*

*Anita Roddick*



## **Chapter Ten: Ethics in Business (II)**

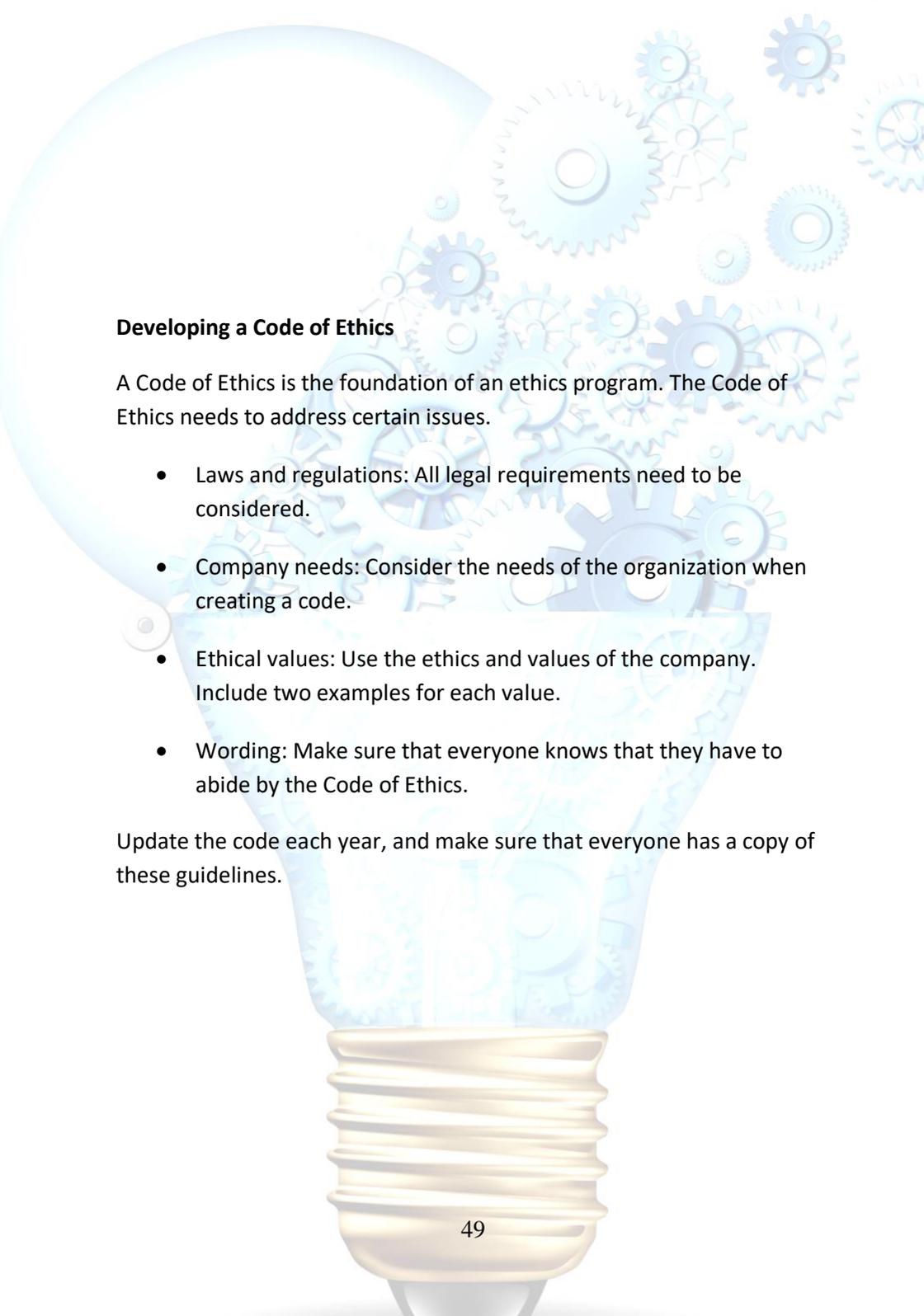
A successful ethics program needs safeguards and a clear code of ethics. In order to get the most from a program, it is necessary to evaluate and make adjustments from time to time. Becoming an ethical business is a process that takes time, but it is possible to succeed if all those involved uphold the program and continue working towards a common goal.

### **Ethical Safeguards**

Ethical safeguards need to be in place to ensure ethical behaviour. Safeguards take away the excuse that employees do not know better. Safeguards do more than protect the company; they help bring in work. In fact, many governments agencies demand that those they contract with have ethical safeguards in place.

Examples:

- Code of Conduct
- Employee training
- Ethics audits



## **Developing a Code of Ethics**

A Code of Ethics is the foundation of an ethics program. The Code of Ethics needs to address certain issues.

- **Laws and regulations:** All legal requirements need to be considered.
- **Company needs:** Consider the needs of the organization when creating a code.
- **Ethical values:** Use the ethics and values of the company. Include two examples for each value.
- **Wording:** Make sure that everyone knows that they have to abide by the Code of Ethics.

Update the code each year, and make sure that everyone has a copy of these guidelines.

## **Performing an Internal Ethics Audit**

An internal ethics audit utilizes several different sources. An auditor (or a committee, if there is no auditor) usually goes over the information to determine if any adjustments need to be made.

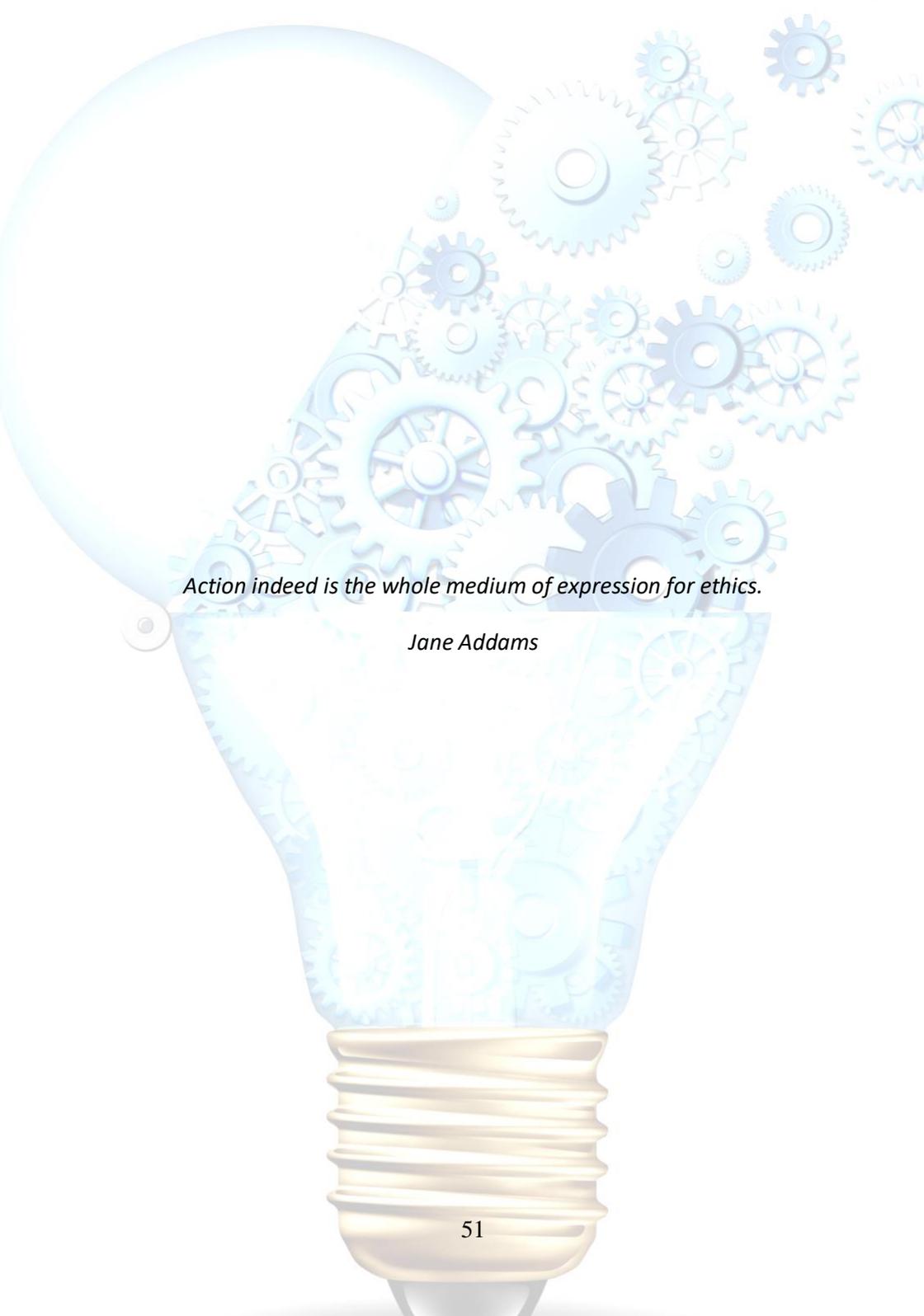
Sources:

- Surveys
- Interviews
- Documents
- Focus Groups
- Direct Observation

The audit is used to evaluate the design, execution, and effectiveness of the organization's ethical objectives, programs, and activities.

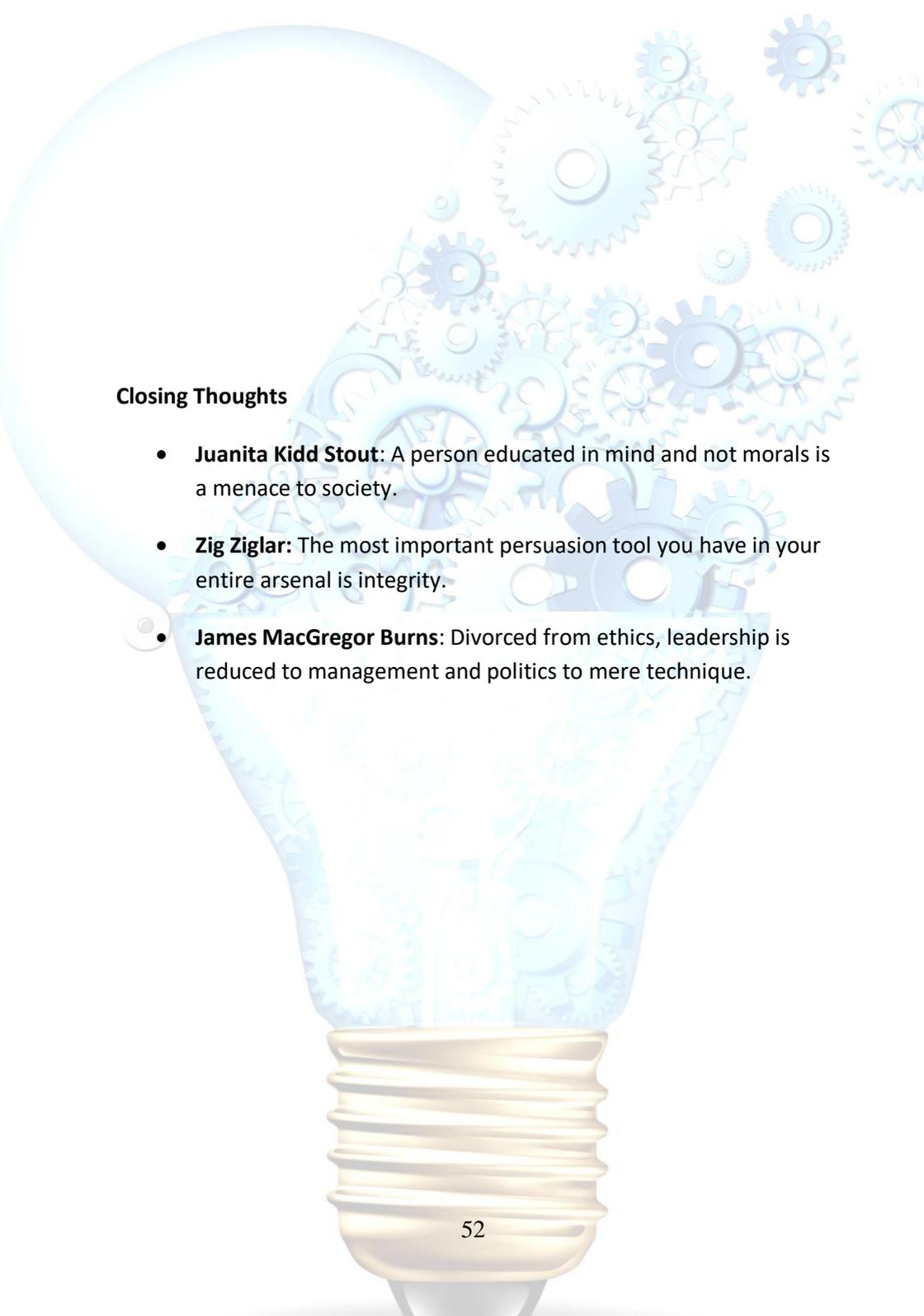
## **Upholding the Ethics Program**

There needs to be complete buy-in for an ethics program to be successful. It is not implemented to keep employees from stealing office supplies. Managers must uphold the ethics program by adhering to it themselves and holding all of their employees to the same standards. Managers are also responsible for ensuring that employees have all of the necessary resources to be successful, and that they are fully trained in any new policies or procedures.

A large, glowing lightbulb is the central focus. The interior of the bulb is filled with a complex arrangement of various-sized gears, some of which are also floating outside the bulb. The gears are rendered in a light blue, semi-transparent style, giving the impression of a mechanical or intellectual process. The lightbulb's base is a standard screw-in base, colored in a warm, golden-yellow hue. The overall background is a soft, light blue gradient, enhancing the ethereal and thoughtful atmosphere of the image.

*Action indeed is the whole medium of expression for ethics.*

*Jane Addams*



## Closing Thoughts

- **Juanita Kidd Stout:** A person educated in mind and not morals is a menace to society.
- **Zig Ziglar:** The most important persuasion tool you have in your entire arsenal is integrity.
- **James MacGregor Burns:** Divorced from ethics, leadership is reduced to management and politics to mere technique.