ETHICAL DECISION MAKING IN PROFESSIONAL AND BUSINESS PRACTICE

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  • AUTONOMY (RESPECT FOR PERSONS’ RIGHTS)
  • BENEFICENCE (DO GOOD)
  • NON-MALEFICENCE (DO NO HARM)
  • FIDELITY (BUILDING TRUST)
  • LAW – ABIDING (COMPLIANCE)

• ETHICAL THEORIES
  • UTILITARIAN – CONSEQUENTIAL – MOST GOOD FOR MOST NUMBER OF PEOPLE
  • DUTY ETHICS – NOT CONSEQUENTIAL
  • VIRTUE ETHICS – PEOPLE WITH GOOD VS. BAD CHARACTER TRAITS
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STATE OF ETHICS IN GOVERNMENT WORK
ETHICS RESOURCE CENTER - 2007

• THE BAD NEWS!
  • MISCONDUCT ACROSS GOVERNMENT EMPLOYEES (FEDERAL, STATE AND LOCAL) IS VERY HIGH
  • VAST MAJORITY (90%) HAVE OBSERVED AT LEAST ONE MISDEED IS DURING LAST YEAR
  • PROBLEM IS CONTINUING; MANY EMPLOYEES WORK IN AN ENVIRONMENT CONducIVE TO MISCONDUCT (FUTURE CONCERNS).
  • STRENGTH OF ETHICAL CULTURE IS DECLINING, WHILE PRESSURE TO COMMIT MISCONDUCT IS GROWING.

• THE GOOD NEWS
  • A SIGNIFICANT MAJORITY (80%) FEEL PREPARED TO HANDLE SITUATIONS INVITING MISCONDUCT.
  • A SIZEABLE MAJORITY (70 %) ARE REPORTING OBSERVED MISCONDUCT TO MANAGEMENT
  • WITH A WELL-IMPLEMENTED ETHICS AND COMPLIANCE PROGRAM AND A STRONG ETHICAL CULTURE, MISCONDUCT DROPS (60%) , AND REPORTING RISES (40%).

• IT IS IMPORTANT THAT
  • GOVERNMENT OFFICIALS BUILD AND RESTORE PUBLIC TRUST.
STATE OF ETHICS IN THE GLOBAL WORKPLACE
ETHICS AND COMPLIANCE INITIATIVE – ECI* 2019

• THE GOOD NEWS!
  • RATES OF OBSERVED MISCONDUCT DECLINED; REPORTING OF SUSPECTED WRONGDOING IS INCREASING

• THE BAD NEWS !!
  • MORE EMPLOYEES FEEL PRESSURE TO CUT CORNERS THAN EVER BEFORE, AND RATES OF RETALIATION FOR REPORTING WRONGDOING HAS DOUBLED IN THE PAST TWO YEARS

• THE WORSE NEWS !!!
  • PRESSURE (TO COMPROMISE STANDARDS) AND RETALIATION (AGAINST WHISTLEBLOWERS) ARE INCREASING, SHOWING TROUBLE AHEAD.
  • NUMBER OF ORGANIZATIONS WITH STRONG CULTURES IS NOT RISING.
  • IF COMPANIES DO NOT IMPROVE THEIR WORKPLACE CULTURES, MISCONDUCT AMONG EMPLOYEES WILL INCREASE.

* SOURCE: ETHICS AND COMPLIANCE INITIATIVE
ETHICAL ISSUES IN PROJECT ENVIRONMENT

• **ETHICAL ISSUES** can be broadly categorized as **HARD** or **SOFT** (with some overlap).

  • **HARD ETHICAL ISSUES** – can have **LEGAL** and **FINANCIAL RAMIFICATIONS**, and are usually **EASY TO DETECT**.

  • **SOFT ETHICAL ISSUES** - can also have **FINANCIAL AND LEGAL CONSEQUENCES**; however, they are **MORE DIFFICULT TO DETECT** AND **TO DEAL WITH**.
HARD ETHICAL ISSUES

• LEGAL NONCOMPLIANCE – CRIMINAL OR CIVIL PENALTIES (SARBANES-OXLEY, OSHA, ENVIRONMENTAL LAWS, ANTITRUST)
• INADEQUATE HEALTH AND SAFETY
• NO DUE DILIGENCE/DUE CARE – FAILURE TO EXERCISE “REASONABLE” BEHAVIOR/PRECAUTIONS TO PREVENT HARM
• SUBSTANDARD QUALITY – STANDARDS, WARRANTIES
• PADDING AND LOW BALLING – INFLATED ESTIMATES AND CHANGE ORDERS
• OVERCHARGING – BILLING FOR WORK NOT CONTRACTED (FRAUD)
• BRIBES AND KICKBACKS – GIFTS AND FAVORS; COMMON AND HARD TO PROVE
• CONFLICT OF INTEREST – INCLUDES ITS APPEARANCE; E.G. PROJECT MANAGER OWNING STOCK IN A SUPPLIER COMPANY – DISCLOSURE MAY BE REMEDY
• UNFAIR COMPETITION – COLLUSION
SOFT ETHICAL ISSUES

• **SHORT-TERM THINKING** – QUICK FIX; PASSING THE BUCK

• **NO COMMITMENT, RESPONSIBILITY, ACCOUNTABILITY** – OVERPROMISING, NOT DELIVERING; **NOT TAKING RESPONSIBILITY FOR ACTION/RESULTS; BLAMING OTHERS (STAKEHOLDERS)**

• **REPRESSIVE CULTURE** – MANAGEMENT INTIMIDATION

• **EXTREME BEHAVIOR** – DOMINATING, MANAGEMENT IGNORING INPUT FROM TEAM MEMBERS, **ELIMINATING COLLABORATION AND COMMUNICATION**

• **LACK OF HONESTY AND OPENNESS IN COMMUNICATIONS** - LEADS TO CREDIBILITY ISSUES.

• **PERFORMANCE PRESSURE** – CUTTING CORNERS TO MEET COST AND SCHEDULE TARGETS. FINGER POINTING, AVOIDING RESPONSIBILITY, SABOTAGING OTHERS.
FACTORS AFFECTING MISCONDUCT

• RELATIONSHIPS – INFORMAL/FORMAL RELATIONSHIP BUILDING (PROS AND CONS)

• POWER – “ABSOLUTE POWER CORRUPTS ABSOLUTELY” (FROM SENIOR MANAGEMENT, UNIONS); POWER CAN ALSO DRIVE ETHICS IN A GOOD DIRECTION (POSITIVE LEADERSHIP)

• COMPETITION - MAY LEAD TO DYSFUNCTIONAL DECISION MAKING, POWER STRUGGLES, LACK OF INFORMATION SHARING AND COLLABORATION, WIN-LOSE PARADIGMS IN PERSONAL INTERACTIONS

• REWARDS– GENERALLY POSITIVE EFFECTS; HOWEVER, ETHICAL TRANSGRESSIONS POSSIBLE IF REWARD IS COVETED TOO MUCH (E.G. FALSIFYING DATA).

• “GROUPTHINK” - CAN LEAD TO BAD DECISIONS AT ALL LEVELS (E.G. CIRCUMVENTING CONTROLS, IGNORING REALITY)
FACTORS AFFECTING MISCONDUCT

• PAST EXPERIENCE – IF UNETHICAL ACTS HAVE NOT BEEN DWELLED ON IN PAST, THEY MAY CONTINUE (AS PART OF EXISTING CULTURE)

• CONFLICTING STAKEHOLDER EXPECTATIONS – PM TRYING TO MEET MULTIPLE EXPECTATIONS (E.G. COST VS. QUALITY, APPROACH TO DISCIPLINARY ACTION)

• ORGANIZATIONAL STRUCTURE – CENTRALIZED DECISION MAKING ON ETHICAL ISSUES MAY KEEP THE LOWER LEVELS WONDERING; IN DECENTRALIZED ORGANIZATIONS, ETHICAL ISSUES/LAPSES MAY REMAIN UNDER THE RADAR.

• MANAGEMENT STYLE – THE TONE AT THE TOP INFLUENCES ETHICS, EVEN REFLECTED IN FORMAL POLICY DOCUMENTS AND IN WAYS OF DOING BUSINESS. SUCCESS IS COMPROMISED, BECAUSE THE TEAM MEMBERS CAN NOT FREELY DISCUSS THEIR CONCERNS.
KOHLBERG’S STAGES OF MORAL DEVELOPMENT

• **PRECONVENTIONAL MORALITY STAGES**
  1. OBEDIENCE OR PUNISMENT (STRICT RULES)
  2. SELF-INTEREST (WHAT’S IN IT FOR ME ?)

• **CONVENTIONAL STAGES**
  3. SOCIAL CONFORMANCE (GOOD BOY/GIRL)
  4. LAW AND ORDER (RESPECTING AUTHORITY)

• **POSTCONVENTIONAL STAGES**
  5. SOCIAL CONTRACT (RESPECT MAJORITY DECISIONS AND COMPROMISE)
  6. UNIVERSAL ETHICS (PRINCIPLE CONSCIENCE / ETHICAL MATURITY AND FITNESS)
ETHICAL DECISION MAKING

• QUESTIONS TO BE ADDRESSED WHEN DELIBERATING AN ACTION (MICHAEL DAVIS, 1997):
  • DO THE BENEFITS OF THIS CHOICE OUTWEIGH HARMS, SHORT AND LONG TERM?
  • WOULD I THINK THIS CHOICE WAS GOOD IF I TRADED PLACES?
  • WHAT WOULD PROFESSIONAL COLLEAGUES SAY?
  • WOULD THIS CHOICE VIOLATE LAW OR POLICY (OF EMPLOYER, JURISDICTION)?
  • HOW WOULD THIS LOOK ON THE FRONT PAGE OF A NEWSPAPER?
  • WHAT IF EVERYONE BEHAVED THIS WAY?
ETHICAL DILEMMAS

- A COMPLEX SITUATION CREATING AN APPARENT MENTAL CONFLICT BETWEEN MORAL IMPERATIVES
  - RIGHT VS. WRONG
  - WRONG VS. WRONG
  - RIGHT VS. RIGHT

- TO RESOLVE THE DILEMMA, ONE CAN USE CRITICAL THINKING, AND/OR REFER TO ETHICAL NORMS (RULES)
RIGHT VS. RIGHT DILEMMAS

• INDIVIDUAL VS. COMMUNITY - INTERESTS OF AN INDIVIDUAL ARE IN CONFLICT WITH THE INTERESTS OF A COMMUNITY

• SHORT-TERM VS. LONG-TERM – SHORT-TERM GAINS JEOPARDIZING LONG-TERM WELFARE

• JUSTICE VS. MERCY – WHEN THE DESIRE TO BE FAIR AND JUDICIOUS IS IN CONFLICT WITH FORGIVENESS AND MERCY

• TRUTH VS. LOYALTY - WHEN TELLING THE TRUTH MAY CONFLICT WITH THE DESIRE TO REMAIN LOYAL TO SOMEONE OR SOMETHING
RESOLVING ETHICAL DILEMMAS

• ETHICAL DILEMMAS ARE SITUATIONS WHICH PRESENT A CHOICE BETWEEN TWO OR MORE MORAL VALUES, EACH OF WHICH HAS ITS OWN MERIT, SUCH AS
  • CONCERN FOR PUBLIC SAFETY, HEALTH, WELFARE
  • LOYALTY TO COMPANY, CLIENTS, COLLEAGUES
  • PERSONAL AMBITION

• POSSIBLE SCENARIOS FOR RESOLUTION:
  • CHOOSE THE ETHICAL VALUE WHICH IS STRONGER (HEALTH AND SAFETY OF PUBLIC VS. DUTY TOWARD EMPLOYER)
  • FIND A CREATIVE MIDDLE GROUND USUALLY INVOLVING A COMPROMISE AGREED UPON BY ALL PARTIES
  • WHEN ALL ELSE FAILS, MAKE THE BEST POSSIBLE CHOICE BASED ON AVAILABLE INFORMATION
FOUR COMPONENTS OF MORAL BEHAVIOR
(JAMES REST - 1994)

• MORAL AND ETHICAL DECISION MAKING AND ACTION REQUIRES

  • MORAL SENSITIVITY - AWARENESS/RECOGNITION THAT THE SITUATION HAS A MORAL ISSUE (POTENTIAL HARM TO PEOPLE)
  • MORAL JUDGMENT – EVALUATION OF ALTERNATIVE DECISIONS TO DETERMINE IF MORALLY SOUND
  • MORAL MOTIVATION – CHOOSING VALUE OF MORALITY OVER VALUE OF POWER / AUTHORITY
  • MORAL COURAGE – DECIDING TO TAKE ACTION IN THE DIRECTION OF MORAL JUDGMENT AND MOTIVATION (STRENGTH OF CHARACTER)
MORAL ISSUE INTENSITY

• AFFECTS ALL FOUR COMPONENTS
  • PROBABILITY AND MAGNITUDE OF CONSEQUENCES
  • TIME ELAPSED BETWEEN ACTION AND CONSEQUENCES
  • PROXIMITY OF PEOPLE AFFECTED
  • SOCIAL CONSENSUS - AGREEMENT WITH EXPECTATIONS OF PEER GROUP, OR SOCIETY AT LARGE
CRITICAL THINKING

• A PURPOSEFUL, ORGANIZED, MENTAL PROCESS THAT WE USE TO UNDERSTAND THE WORLD TO MAKE INFORMED DECISIONS

  • ASKING QUESTIONS TO COME UP WITH POTENTIAL SOLUTIONS TO DIFFERENT PROBLEMS (OF VARYING COMPLEXITY)
  • ACTIVELY AND SKILLFULLY CONCEPTUALIZING, APPLYING, ANALYZING, SYNTHESIZING, OR EVALUATING INFORMATION GATHERED BY OBSERVATION, EXPERIENCE, REFLECTION, REASONING, OR COMMUNICATION, AS A GUIDE TO BELIEF AND ACTION (NATIONAL COUNCIL FOR EXCELLENCE IN CRITICAL THINKING)

• CRITICAL THINKING REQUIRES APPLICATION OF BROAD INTELLECTUAL CRITERIA (ELDER AND PAUL, 2012)
INTELLECTUAL CRITERIA USED IN CRITICAL THINKING PROCESS

- **CLARITY** – UNDERSTANDABLE; MEANING EASILY GRASPED
- **ACCURACY** – TRUE; FREE FROM ERRORS, DISTORSIONS
- **PRECISION** – EXACT (WITH DESIRED LEVEL OF DETAIL)
- **RELEVANCE** – RELATING TO MATTER/ISSUE AT HAND
- **DEPTH** – CONTAINING COMPLEXITIES WITH MULTIPLE INTERRELATIONSHIPS
- **BREADTH** – ENCOMPASSING MULTIPLE VIEWPOINTS
- **LOGIC** – PARTS MAKE SENSE TOGETHER; NO CONTARDICTIONS
- **SIGNIFICANCE** – FOCUSING ON THE IMPORTANT, NOT THE TRIVIAL
- **FAIRNESS** – JUSTIFIABLE, NOT SELF-SERVING OR ONE-SIDED
DIMENSIONS OF ETHICAL DECISION MAKING – ETHICAL MATURITY AND FITNESS

• **CRITICAL REFLECTION:** ABILITY TO REFLECT ON LIFE EXPERIENCES AND ANALYZE THEM FOR ISOLATING IMPORTANT PRINCIPLES AND CONTINUOUSLY LEARNING OVER TIME

• **ETHICAL FITNESS:** “CAPACITY TO RECOGNIZE THE NATURE OF MORAL CHALLENGES AND RESPOND WITH A WELL-TUNED CONSCIENCE; A LIVELY PERCEPTION OF THE DIFFERENCE BETWEEN RIGHT AND WRONG AND AN ABILITY TO CHOOSE THE RIGHT AND LIVE BY IT” ~KIDDER, 1990

• **ETHICAL MATURITY:** A STATE OF UNDERSTANDING AND KNOWLEDGE THAT ENABLES AN INDIVIDUAL TO CONSISTENTLY AND RESPONSIBLY FUNCTION IN AN ETHICALLY FIT MANNER
CORPORATE ETHICS AND COMPLIANCE PROGRAMS

• NEED

  • SCANDALS IN CORPORATE WORLD HAVE REDUCED TRUST IN BUSINESSES; BUSINESSES ARE EXPECTED TO BE MORAL
  • UNDERSTANDING THE FACTORS INFLUENCING ETHICAL BEHAVIOR IS CRUCIAL FOR AVOIDANCE OF MISCONDUCT
  • EMPLOYEES ARE NOT LEGAL EXPERTS; THEY NEED GUIDANCE (ESPECIALLY NEW EMPLOYEES)
  • ORGANIZATIONS NEED TO ESTABLISH, COMMUNICATE, MONITOR UNIFORM ETHICAL VALUES AND LEGAL REQUIREMENTS

• CORPORATE CORE VALUES INCLUDE

  • TRUSTWORTHINESS
  • RESPECT
  • RESPONSIBILITY
  • FAIRNESS
  • INTEGRITY
  • CITIZENSHIP
PROGRAM FEATURES

• STATEMENT OF COMMITMENT
• OFFICERS IN CHARGE
• EFFECTIVE COMMUNICATION SYSTEM
• MONITORING, AUDITING AND REPORTING MISCONDUCT
• TRAINING
• RECORD KEEPING
• CONSISTENT ENFORCEMENT (INCLUDING PUNISHMENT)
• CONTINUOUS IMPROVEMENT FRAMEWORK
ISSUES COVERED

• CONFLICTS OF INTEREST
• CLIENT RELATIONS AND BUSINESS COURTESIES
• CONFIDENTIAL INFORMATION
• USE OF COMPANY ASSETS
• POLITICAL CONTRIBUTIONS
• SOFTWARE LICENSE AND COPYRIGHT COMPLIANCE
• COMPLIANCE WITH ENVIRONMENTAL LAWS
• ANTITRUST LAWS
• DEALING WITH FOREIGN PUBLIC OFFICIALS ABROAD
• REPORTING VIOLATIONS AND DISCIPLINE
ETHICAL LEADERSHIP

• LEADERSHIP AND ETHICS SHOULD BE UNIFIED

• ETHICAL LEADERS RECOGNIZE THAT ORGANIZATION’S LONG-TERM EFFECTIVENESS DEPENDS ON THE INTEGRITY OF THE EMPLOYEES ENTRUSTED WITH RESPONSIBILITY AND AUTHORITY, AND SET THE TONE ACCORDingly

• SUCH LEADERS NOT ONLY ARE ETHICAL IN THEIR OWN DECISIONS AND ACTIONS, BUT THEY INFLUENCE MEMBERS OF THE ORGANIZATION TO BEHAVE ETHICALLY

• ETHICAL LEADERSHIP ATTRIBUTES

  • STRONG PERSONAL CHARACTER
  • PROACTIVE BEHAVIOR
  • ROLE MODELING FOR ORGANIZATIONAL VALUES
  • PASSION FOR DOING WHAT IS RIGHT
  • TRANSPARENT
  • ACTIVELY INVOLVED IN ORGANIZATIONAL DECISION MAKING
  • CONSIDERATE OF STAKEHOLDER INTERESTS
  • COMPETENT MANAGER WHO TAKES A HOLISTIC VIEW OF THE ORGANIZATIONS ETHICAL CULTURE
THANK YOU!

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