

Business & Professional Ethics for Nonprofit Leaders

NAEHCY Webinar



strategic consulting & coaching
creating new paths for growth & success

About Strategic Consulting & Coaching, LLC

A NONPROFIT CAPACITY BUILDING FIRM

Our solutions team has deep expertise in:

Professional Consulting
*Strategic Planning, Resource Development,
Evaluation & Organizational Assessments*

Coaching and Training



Executive and
Leadership Transitions



Board Development



AGENDA

Definitions and a little history

Ethical culture in an organization

Individual ethical behavior and decision-making

Giving voice to your values

Questions/Discussion

Summary

Definitions & a Little History

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Some Definitions

Morals

- A person's principles of conduct with respect to right and wrong; a personal compass for behavior.

Ethics

- Rules of conduct with respect to a particular group, culture, society, business/profession, etc.

Business and Professional Ethics

- Applied ethics related to the business environment.

Some History: Origins of Ethics

Philosophical references

- Plato & Aristotle
 - Human well-being is the highest aim of moral thought and conduct
 - Virtues are the skills needed to attain human well-being, are central to a well-lived life, and can be learned and developed
 - Upbringing and habits help us develop virtues and the ability to see which course of action is best



Some History: Origins of Ethics

Philosophical references

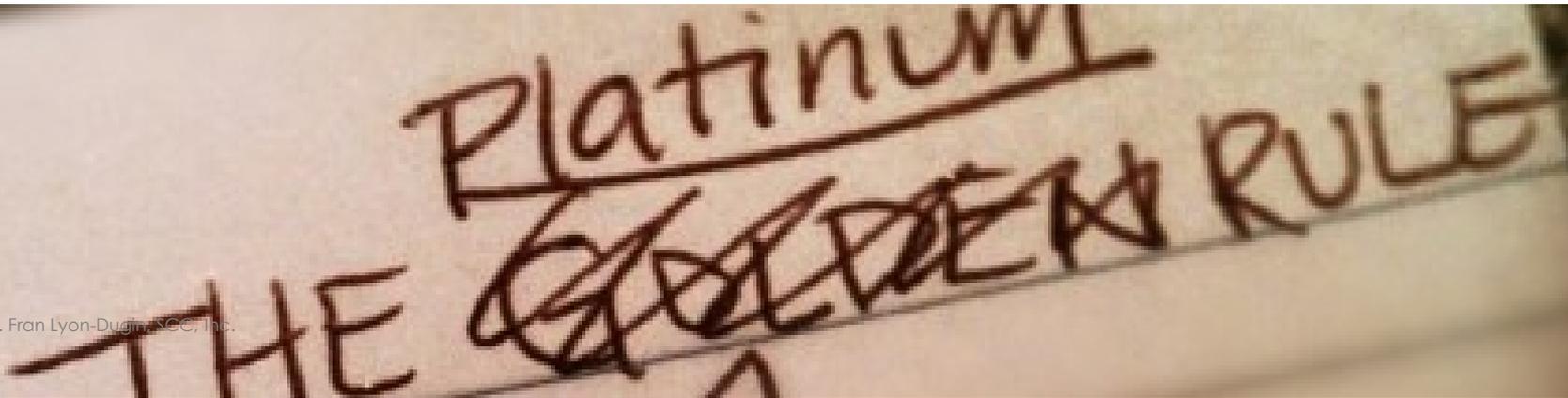
- Roman Civilization
 - Great deal of debate and discussion over what might be considered right or wrong in the process of creating a system of laws.
 - Latin terminology and legal principles are used in our modern day jurisprudence.



Some History: Origins of Ethics

Biblical references

- Ten Commandments, references to truth and honesty, notion of stewardship, the “Golden Rule”
 - “Do to others as you would want done to you”
- Many businesses/nonprofits are adopting the “Platinum Rule”
 - “Do to others as they would want done to them”
- Comparable concepts in other religious traditions and their texts



Zoroastrianism

That nature alone is good
which refrains from doing
another whatsoever is not
good for itself.
Dadisten-I-dinik, 94,5

Taoism

Regard your neighbor's gain
as your gain, and your
neighbor's loss as your own
loss. Tai Shang Kan Yin P'ien

Judaism

What is hateful to you, do
not do to your fellowman.
This is the entire Law; all the
rest is commentary. Talmud,
Shabbat 31d

Islam

No one of you is a believer
until he desires for his brother
that which he desires for
himself. Sunnah



Source: www.teachingvalues.com

Christianity

All things whatsoever ye
would that men should do to
you, do ye so to them; for this
is the law and the prophets.
Matthew 7:1

Confucianism

Do not do to others what you
would not like yourself. Then
there will be no resentment
against you, either in the
family or in the state.
Analects 12:2

Buddhism

Hurt not others in ways that
you yourself would find
hurtful. Udana-Varga 5,1

Hinduism

This is the sum of duty; do
naught onto others what you
would not have them do
unto you. Mahabharata
5,1517

Some History: Business Ethics

1960s

- Civil Rights movement and Act of 1964.
- Rise of consumerism, environmentalism and workers' rights.





Some History: Business Ethics

1970s

- Emergence of business ethics as an academic field.
- OSHA enforcing health and safety aspects for workers.



Some History: Business Ethics

1980s

- Society of Business Ethics started.
- Ethical Codes of Conduct in corporations.

Some History: Business Ethics

1990s

- US Federal Sentencing Guidelines for Corporations
- Corporate ethics officers.





Some History: Business Ethics

2000s

- Sarbanes Oxley-accountability of boards, management, and accounting firms
- Triple Bottom Line: financial, social, environmental corporate reporting
- UN Global Compact for Corporations: 10 guiding principles
 - Human Rights
 - Labor
 - Environment
 - Anti-Corruption

Ethical Culture in an Organization

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Why are Professional Ethics Important in Your Organization Today?

1

Legal and financial repercussions

2

Attracting and retaining clients/customers /investors

3

Reputation and/or “brand”

4

Community, environmental and human impact

Ethical Culture



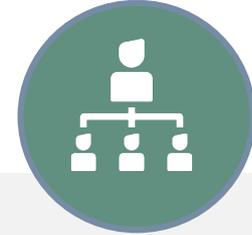
System of shared assumptions, values, beliefs that govern how people behave in an organization



Includes formal and informal systems

Example of Formal:
Code of conduct

Example of Informal:
Typical management response to project failure



Requires organizational commitment, executive leadership, and management focus

Employees are especially observant of their immediate manager's behavior



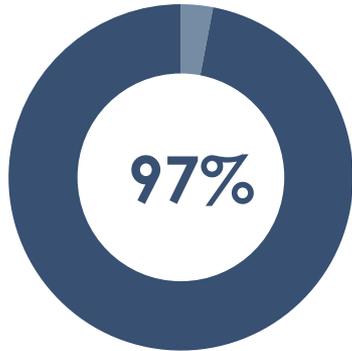
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Source: Hurley, Robert F., Gillespie, Nicole, Ferrin, Donald L. and Dietz, Graham (2013). Designing Trustworthy Organizations. MIT Sloan Management Review.

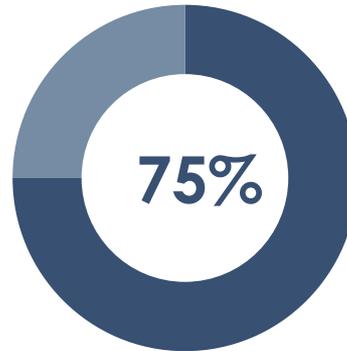
Why concern ourselves with individual ethical conduct and behavior?

The “ethical gap”:

97% of adults feel they are trustworthy



75% of adults feel the people around them are trustworthy



“I’m not that kind of person”

WE are THEY!

Individual ethical behavior and decision-making

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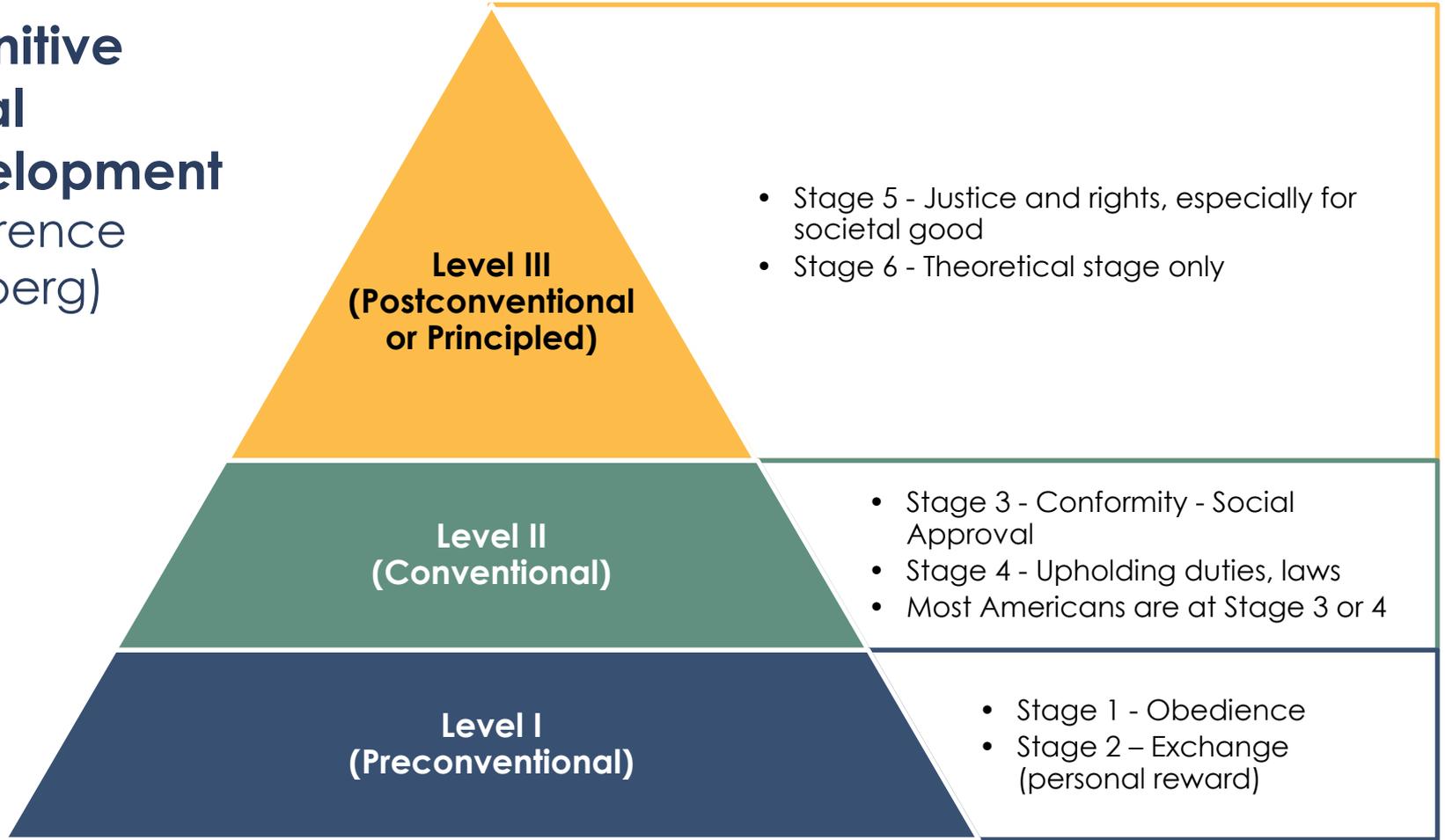


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Cognitive Moral Development

(Lawrence Kohlberg)



Level III
(Postconventional or Principled)

- Stage 5 - Justice and rights, especially for societal good
- Stage 6 - Theoretical stage only

Level II
(Conventional)

- Stage 3 - Conformity - Social Approval
- Stage 4 - Upholding duties, laws
- Most Americans are at Stage 3 or 4

Level I
(Preconventional)

- Stage 1 - Obedience
- Stage 2 - Exchange (personal reward)

How to utilize in the workplace

- **Level II**
 - Highly susceptible to external influences: “looking up and looking around”
 - Use to design formal systems of ethical culture
 - Reward systems
 - Role expectations
- **Level III (RARE)**
 - More independent of external influences
 - Use to build leaders. Find these people and single them out to lead!
- **Moral development can be enhanced through training**

**Fate, luck,
power of others
over them**

LOCUS OF CONTROL

- Individuals' perception of how much control he or she exerts over events in life.
- Will influence person's perception of his/her actions
- Can shift over time and with training, holding them more accountable

External

Internal

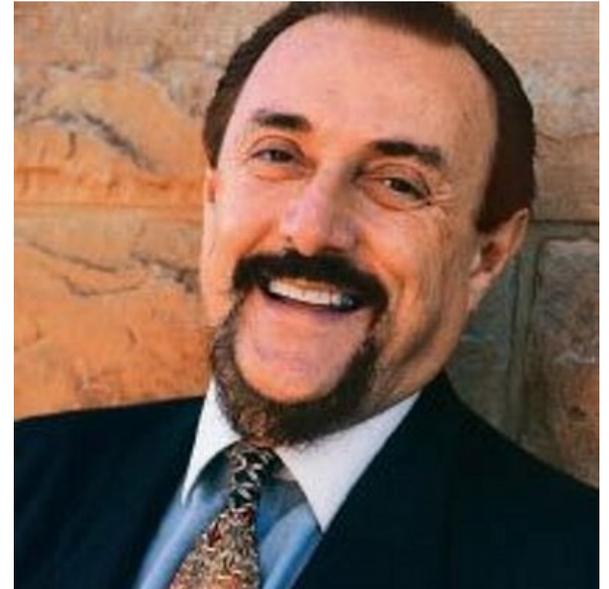
**Outcomes are
results of own
efforts; more
accountable**



Why concern ourselves with individual ethical conduct and behavior?

“Virtually anyone could be recruited to engage in evil deeds that deprive other human beings of their dignity, humanity and life....we live with the illusion of moral superiority.”

Philip Zimbardo, psychology professor, Stanford University





Ethical Decision Making: An Individual Process

Most ethical transgressions fall into 3 categories:



Deception/ Lying

- Failing to correct an inaccurate impression
- Feigning ignorance
- Not telling the whole truth
- Withholding information
- Sugarcoating the truth
- Overusing tact



Stealing

- Appropriating the property of others without permission
- Includes embezzlement and swindling
- Includes physical property, intellectual property, ideas, etc.



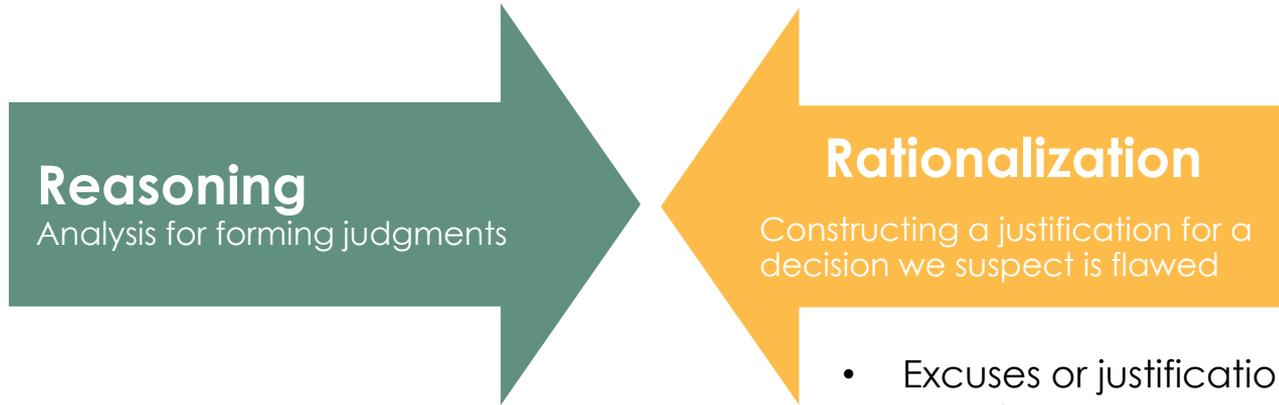
Harming

- Use of or threat to use violence against another person
- Acts that lead to injury of another
- Injury could be physical, emotional, professional reputation, etc.

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Source: Howard, Ronald A. & Korver, Clinton D. (2008). ethics (for the real world).Harvard Business School Publishing, Boston, MA.

Reasoning Versus Rationalization Blurs Ethical Decision Making



- Excuses or justifications we make for ourselves
- Often includes self-satisfying reasons for acting, avoid embarrassment, getting ahead, etc.
- People are usually unaware that they are rationalizing

Reasoning Versus Rationalization Blurs Ethical Decision Making

- A group of influential people from work frequently go out for “happy hour” and often drink too much. They ask you to join them.
- Reasoning: Consider the fact that excessive drinking can lead to multiple bad outcomes and turn down the invitation.
- Rationalization: Tell yourself you should go, because
 - it could help you be with the “right people” and be “in the know”
 - “networking” is important
 - you can watch the drinks and know when to leave



Source: Howard, Ronald A. & Korver, Clinton D. (2008). *ethics (for the real world)*. Harvard Business School Publishing, Boston, MA.



Phrases often indicating rationalization:

- If you can't beat 'em, join 'em
- If I don't do it, somebody else will
- It comes with the territory
- Everyone else is doing it

Moral Frameworks for Ethical Decision Making

1

Principles and standards of conduct

Focused on the action

2

Character of the person or company

Focused on the agent

3

Consequences of a particular action

Focused on the outcome

4

Care extended within relationships

Focused on relationships



Principles and standards of conduct

Focused on the action

- **Deontological**
 - Standards of human decency largely derived from various religious and cultural traditions
- **Widely shared and observed**
- **Example**
 - Killing someone is wrong, even if it is done in self-defense
- **Weakness:**
 - Legalistic, emphasis on “rules” versus other considerations

2

Character of the
person or
company

Focused on the agent

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Source: Wicks, Freeman, Olsson, Harris, Slover, Parmar, Mead, (2017). *Moral Theory, Frameworks, and the Language of Ethics and Business*.

- **Virtue Ethics**
 - Focuses on the “actor” or “agent” and their usual patterns of conduct. What would a “good person” or “person in this role” do?
 - Focuses on how others will see us and how we will see ourselves, taking into account the context of a situation
- **In current times, relates to “brand”**
 - Who are you?
- **Example**
 - A whistle-blower exposes illegal activity, practicing the virtues of truthfulness and courage.
- **Weakness**
 - Puts too much emphasis on ourselves/reputation versus what we need to do/how to serve others

3

Consequences of a particular action

*Focused on the
outcome*

- **Considers the likely consequences**
 - More good than harm?
 - Utilitarianism: “greatest good for the greatest number of people”
 - Stakeholder theory: focus on the effect upon various stakeholders, or those with a vested interest
- **Focus on the “ends”**
 - i.e. “the ends justify the means” – what will be achieved through certain actions

3

Consequences of a particular action

*Focused on the
outcome*

- **Example**
 - In most companies, benefits are designed to provide the most value for the most employees, and to be as fair to all stakeholders as possible
- **Weaknesses**
 - Can lead to short-term choices that can't be sustained over time, consequences hard to predict

4

Care extended
within relationships
Focused on relationships

- Focuses on ability to **sustain healthy and caring interaction and relationships** as part of moral life
- Ethics not just abstract, **but includes emotionally charged feeling and sentiment** between people
- **Care Theory**
 - Carol Gilligan

4

Care extended
within relationships
Focused on relationships

- **Cultural influences:**
 - Guanxi in Chinese culture – highlights social networks, mutual obligations, goodwill
 - Dharma in Indian culture – importance of relationships and duties people owe to others within networks
- **Example**
 - Employee's grandmother passes away and you go outside guidelines to grant bereavement leave, because her parents passed away when she was young and her grandmother raised her.

Giving Voice to Values

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Giving Voice to Values

- You know what you believe is the right course of action, but you feel disempowered, unsure or unable to find a way to confront conflicting pressures in the workplace.
- Mary Gentile (2010). *Giving Voice to Values. How to Speak Your Mind When You Know What's Right*. Yale University Press. ISBN-10: 0300161182.

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Gentile, Mary. <https://www.darden.virginia.edu/ibis/initiatives/giving-voice-to-values/>

"A wonderful guide to help us enter an era of responsibility and of leadership based on values."—Walter Isaacson, CEO of the Aspen Institute

MARY C. GENTILE

Giving Voice to Values

How to Speak Your
Mind When You
Know What's Right

Giving Voice to Values

- **Once you know what's right, how can you get it done effectively?**
 - What would you need to say, to whom, in what sequence, and what would the pushback be?
 - What data do you need?
 - How would you approach...one-on-one or building support within a group?
- **Rehearsing, pre-scripting, peer coaching**
- **What will make it easier or harder to act on my values?**

Giving Voice to Values: Example

You are in the teacher's lounge at a school where you serve as a liaison. The room is crowded, as it's lunchtime. One of the staff tells a racist joke and most people laugh. You believe racist jokes are wrong.

What do you do?

If you don't feel empowered to act, how could you be more prepared next time?

Who would you approach and what would you say?

What data do you need?

How would you approach...one-on-one or building support within a group?

What could you suggest as approaches for building support to combat this type of behavior in the future (i.e., culture)?

Who could you pre-script and practice with to gain confidence and courage to speak up next time?

Other ideas?

OTHER ETHICAL DILEMMAS

What are some of the ethical dilemmas you encounter in your work?

Questions/Discussion

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SUMMARY

Definitions/History

Ethical Culture

Individual Ethical Behavior

Giving Voice to Your Values

Questions/Discussion

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THANK YOU!