Business & Professional Ethics for Nonprofit Leaders

NAEHCY Webinar
About Strategic Consulting & Coaching, LLC
A NONPROFIT CAPACITY BUILDING FIRM
Our solutions team has deep expertise in:

- Executive and Leadership Transitions
- Professional Consulting
  Strategic Planning, Resource Development, Evaluation & Organizational Assessments
- Coaching and Training
- Board Development
Definitions & a Little History

NAEHCY Webinar
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.

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
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.

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
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
No one of you is a believer until he desires for his brother that which he desires for himself. Sunnah

Islam

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

Hinduism

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

Buddhism

What is hateful to you, do not do to your fellowman. This is the entire Law; all the rest is commentary. Talmud, Shabbat 3i'd

Judaism

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

Taoism

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

Zoroastrianism

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

Confucianism

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

Christianity

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

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

Christianity

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

Hinduism

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

Zoroastrianism

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

Confucianism

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

Christianity

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

Hinduism

That nature alone is good which refrains from doing another whatsoever is not good for itself. Dadisten-i-dinik, 94,5
Some History: Business Ethics

1960s

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

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
Some History: Business Ethics

1970s

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

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
Some History: Business Ethics

1980s

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

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
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

NAEHCY Webinar
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

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
Model of Organizational Trust

- Clear mission and values
- Leadership and management embody company values
- Strong shared norms and beliefs
- Processes reinforce trust-inducing behaviors
- Processes support customer/client and other stakeholder needs and expectations, and are legally compliant
- Organization and governance set clear roles and oversight

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!

2018 Dr. Fran Lyon-Dugin, SCC, Inc.

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
Outcomes are results of own efforts; more accountable

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

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
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.

Reasoning Versus Rationalization Blurs Ethical Decision Making

Reasoning
Analysis for forming judgments

Rationalization
Constructing a justification for a decision we suspect is flawed

- 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


2018 Dr. Fran Lyon-Dugin, SCC, Inc.
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

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

<table>
<thead>
<tr>
<th></th>
<th>Principles and standards of conduct</th>
<th>Character of the person or company</th>
<th>Consequences of a particular action</th>
<th>Care extended within relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Focused on the action</td>
<td>Focused on the person or company</td>
<td>Focused on the outcome</td>
<td>Focused on relationships</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


2018 Dr. Fran Lyon-Dugin, SCC, Inc.
• 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

Principles and standards of conduct
Focused on the action

Character of the person or company

Focused on the agent

• **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


2018 Dr. Fran Lyon-Dugin, SCC, Inc.
• 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

Consequences of a particular action
Focused on the outcome

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

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
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
NAEHCY Webinar
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.

2018 Dr. Fran Lyon-Dugin, SCC, Inc.
Gentile, Mary. https://www.darden.virginia.edu/ibis/initiatives/giving-voice-to-values/
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

NAEHCY Webinar
THANK YOU!

Dr. Fran Lyon-Dugin
Strategic Consulting and Coaching
612-670-3408