



**San Diego  
Industrial/Organizational  
Professionals**

***Strengthening the Role of  
Ethics in Everyday  
Decision-Making***

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## What We Are Going to Do

- Look at the role of ethics in decision-making when our values rub up against reality
  - What comes after compliance and policies, codes of ethics and ethics training
- Leave with actions in hand to make a difference “back home”
- Learn together and have fun

## What We Are Going to Do

- Examine ethics from two complementary perspectives:
  - Organizational ethics
  - Personal integrity at work

# ***ORGANIZATIONAL ETHICS***

## Setting the stage

- What do we mean by organizational ethics anyway?

## Working Definitions

### *Ethics*

A system of moral principles and the methods for applying them

### *Moral Principles*

The practices and activities that are considered right or wrong

# Organizational Ethics: Our Focus

- Key dynamics
  - Erosion
  - Autonomy
- Critical cultural elements
  - Operating State
- A high level diagnostic
  - Operating State

# Organizational Ethics: Our Focus

- The role of leadership
- Principles for working through an ethical issue

# ***THE FOUR QUARTERS GAME***

## ***HOPE SPRINGS ETERNAL***

# ***EROSION***

## The Phenomenon of Erosion: An Example

This was two years of hell. And so I witnessed a slow erosion of focus on values... If you looked at them without regard to their magnitude, and you asked, was this right or wrong? The answer would be wrong and you know it. Okay. But it's only a little bit wrong..."

## The Phenomenon of Erosion: An example

“... and I think in your head, the more you let these little wrongs build up, you start setting these mental precedents that make it easier to slide into doing more and more little things or slightly bigger and then bigger and bigger things.”

Executive in a Large Consulting Firm

## The Phenomenon of Erosion: Another Example

“Small changes regarding [quality and safety standards] — new behaviors that were slight deviations from the normal course of events — gradually became the norm, providing the basis for accepting additional deviance...”

## The Phenomenon of Erosion: Another Example

“... the responsible organizations proceeded as if nothing was wrong in the face of evidence that something was wrong.

The Challenger Launch Decision, 1996

## The Phenomenon of Erosion: In Short

Ethical Erosion is characterized by a series of small, even unnoticed, acts that erode ethical behavior with each act providing a foundation for the next more erosive act.

All of which can lead to significant even disastrous adverse organizational and personal consequences.

# ***AUTONOMY***

# Organizational Ethics: Autonomy

- Where there is autonomy there is heightened vulnerability to unethical acts
  - Private acts have the potential for organizational impact
  - This may be more poorly managed at senior levels

# Organizational Ethics: Autonomy

- Ethics is a social phenomenon; there is always an “other” involved in ethical issues
  - The best protection against private acts is “public” discussion and shared decision-making
  - Think of policy as codified ethical wisdom

# ***OPERATING STATE: AN ORGANIZATIONAL DIAGNOSTIC***

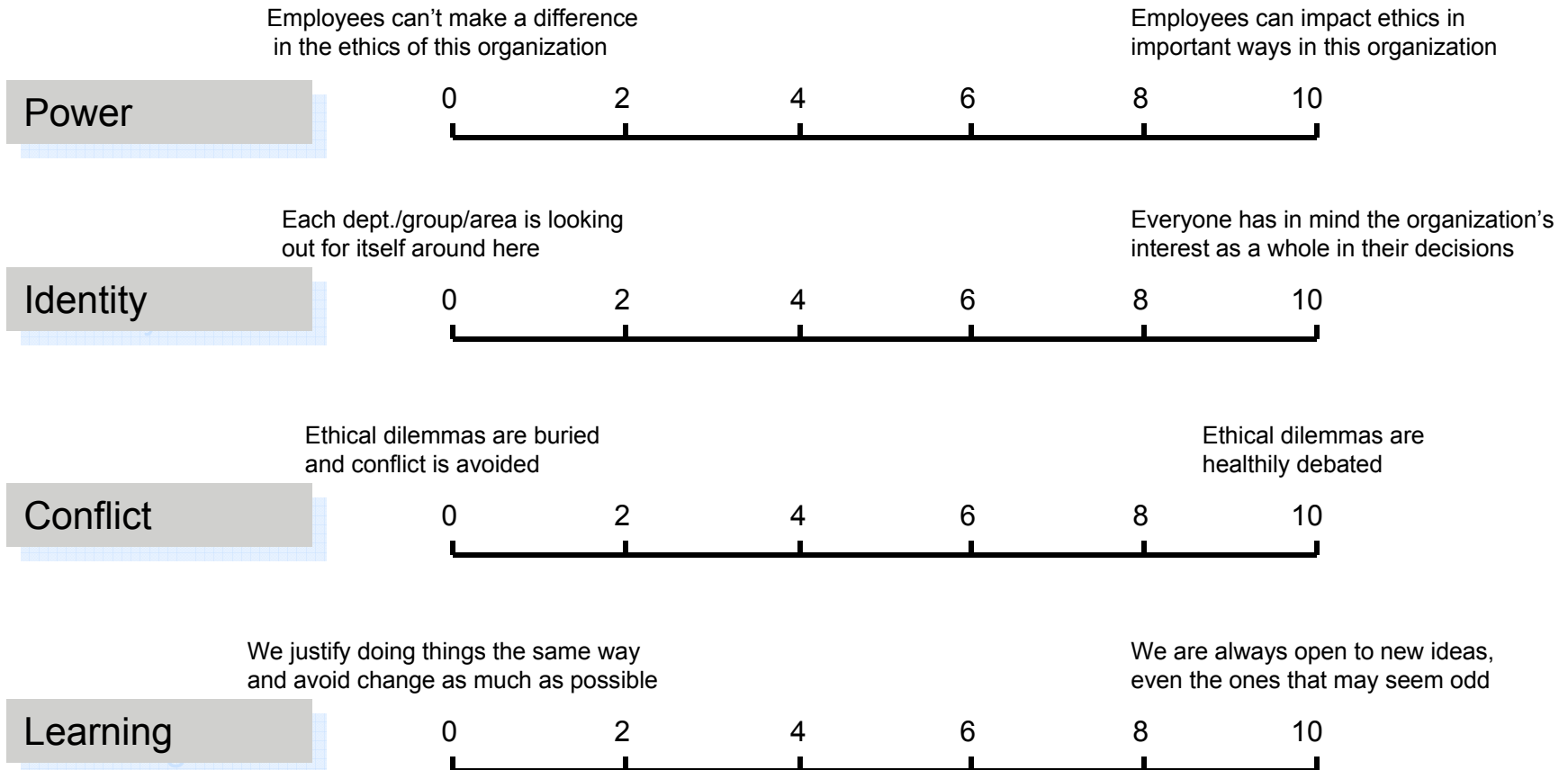
## Operating State

- It is the source of what is described as culture; a set of unseen, implicit rules that shapes and governs the behavior of an organization and creates unexamined boundaries for what can be done, or said, or even thought

# Operating State

- Four key elements: The relationship to
  - Power
  - Identity
  - Contention
  - Learning

# Operating State: A High Level Diagnostic for the Organization



Our biggest (numeric) gap: \_\_\_\_\_

Our most important gap: \_\_\_\_\_

## The Role of Leadership in Ethics

“Becoming a tougher audit firm might have meant losing some major clients, and that would have had a direct financial impact on (the partners’) livelihood...”

## The Role of Leadership in Ethics

“... so the leaders did what, unfortunately many leaders do when times are tough: They punted the ball. They released a few warning memos and essentially crossed their fingers and hoped things would work out.”

Final Accounting, 2003

## The Role of Leadership in Ethics

- To nurture the organization's Operating State so ethical behavior can flourish
- To breath life into codes and policies through regular discussion, clarifying their connection to everyday behavior
- To assure ethical behavior is rewarded and unethical behavior is not
  - That incentives are aligned with expected behaviors and results

## The Role of Leadership in Ethics

- To lead by example, delegating tasks associated with strengthening ethical behavior, not the responsibility for the health of ethical behavior
  - Values and ethical behavior as a consistent part of the leadership agenda

# Principles for Working Through an Ethical Issue

- Mindfulness
  - Be attentive to weak signals
  - Get discomfort on the table; don't wait
- Be fact-based not blame- or CYA-based
- Clarify, but don't simplify, the issue

# Principles for Working Through an Ethical Issue

- Respect differing views
- Commit to resolution and act
- Codify into a new policy when appropriate

# ***PERSONAL INTEGRITY***

# Visceral Responses Can Be For Better or For Worse

Self Preservation  
Can Dominate  
Ethical Behavior

“They were so afraid of losing the business, they would have done anything, other than financial malpractice, to keep it going.”

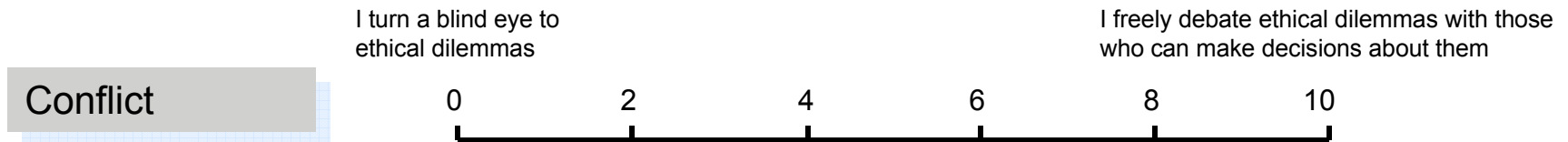
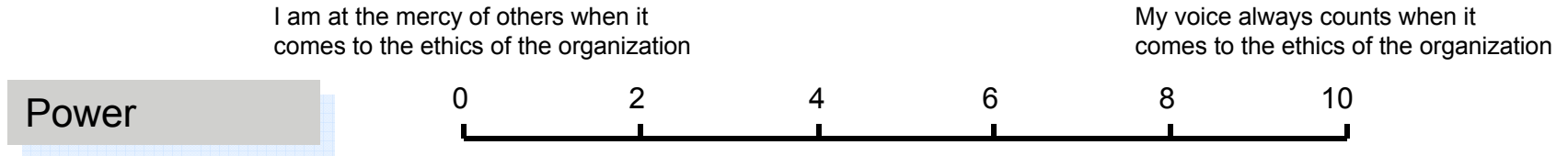
## Visceral Responses Can Be For Better or For Worse

Gut Feeling Can  
Be an Important  
Signal of an  
Ethical Dilemma

“When I’m thinking about the decision I feel it in the pit of my stomach... physically... It just doesn’t feel right... Then I know at a minimum I need to be really careful, because I’m probably thinking about doing something wrong.”

***OPERATING STATE:  
A PERSONAL  
DIAGNOSTIC***

# Operating State: A High Level Diagnostic for Myself



**My biggest (numeric) gap:** \_\_\_\_\_

**My most important gap:** \_\_\_\_\_

# Ethics, Change and the Lesson of Notre Dame Cathedral



***CLOSE***

## Leaving in Action

Decide one or two actions you will commit to completing to strengthen the role of ethics in decision-making “back home”

# Wrapping Up

## Discussion

## Some Resources

### Organizations

Institute for Global Ethics, Camden, Maine

Ethics Officer Association, Waltham, Massachusetts

Ethics Resource Center

## Some Resources

### Books

Blink, Malcolm Gladwell

How Good People Make Tough Decisions, Rushworth Kidder

Building the Bridge as You Walk on It, Robert Quinn

Managing the Unexpected, Karl Weick and Kathleen Sutcliffe

Ethical Know-How, Francisco Varela

Crossing the Unknown Sea, David Whyte

## Some Resources

### Articles

Business Ethics Magazine

Sarbanes-Oxley Act of 2002

[http://www.aicpa.org/info/sarbanes\\_oxley\\_summary.htm](http://www.aicpa.org/info/sarbanes_oxley_summary.htm)

The Role of Ethics and Personal Integrity in Organizations, Jack Gilbert (unpublished)

Acting Ethically When Our Values Rub Up Against Reality, Jack Gilbert , Professional Consultancy

[http://www.imc.co.uk/news/professional\\_consultancy\\_article.php?item\\_id=424&issue=13](http://www.imc.co.uk/news/professional_consultancy_article.php?item_id=424&issue=13)

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