According to the Ethics Resource Center’s 2013 National Business Ethics Survey, 41% of U.S. workers said they observed unethical or illegal misconduct on the job.

Not all incidents are “major,” but even minor incidents can accumulate into a culture of ethical misconduct.

This can lead to higher turnover, lower productivity, and a diminished reputation and loss of profit and/or effectiveness.

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Overview

1. What does Ethics mean?
2. What influences Ethics?
3. How can we be more Ethical as individuals?
4. How can we encourage Ethics among our employees and coworkers?
5. Sample ethics program: Lockheed Martin
6. Conclusion

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Ethics

- **Ethics**: a set of beliefs about right and wrong and using those beliefs to guide decisions
- **Ethics varies in terms degrees (of consequences) and philosophical basis for determining what is/is not ethical.**
- **Ethics is more than following the law.**
Business Ethics Research (1)

1. Past research:
   To encourage ethical behavior
   a. clearly state expectations,
   b. publicize them, &
   c. reward/punish accordingly
   d. (e.g. Barnett, Cochran, & Taylor, 1993; Trevino & Youngblood, 1990; Victor & Cullen, 1988).

Business Ethics Research (2)

2. Personality variables
   a. Negative relationship: Machiavellianism, Competitiveness, Negative Affect, External Locus of Control
   b. Positive relationship: Empathy, Positive Affect, Emotional Intelligence, Conscientiousness, Agreeableness

3. Gender is studied a LOT with ethics w/mixed results overall, but the general trend suggests...

Rest’s 4 Component Process of Moral Deliberation + Jones’ Moral Intensity Construct

Moral Deliberation (Rest, 1986)
- Recognition Moral Issue
- Make Moral Judgment
- Establish Moral Intent
- Engage in Moral Behavior

Moral Intensity (Jones, 1991)

Individual Factors

Environment Factors
### Ethical Intensity Depends on...

<table>
<thead>
<tr>
<th><strong>Magnitude of consequences</strong></th>
<th><strong>Social consensus</strong></th>
<th><strong>Probability of effect</strong></th>
<th><strong>Temporal immediacy</strong></th>
<th><strong>Proximity of effect</strong></th>
<th><strong>Concentration of effect</strong></th>
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<tbody>
<tr>
<td>1. The negative consequences (if any) of the decision will be very serious. (R)</td>
<td>2. People are not likely to agree about whether the decision was right or wrong.</td>
<td>3. There is a very small likelihood that the decision will actually cause any harm.</td>
<td>4. The decision will not cause any harm in the immediate future.</td>
<td>5. The harmful effects (if any) of the decision will affect people that are close to the decision maker. (R)</td>
<td>6. The harmful consequences (if any) of the decision will be concentrated on a small number of people. (R)</td>
</tr>
<tr>
<td>7. The overall harm (if any) as a result of the decision will be very small.</td>
<td>8. Most people would agree on what the appropriate decision is in this scenario. (R)</td>
<td>9. The decision is likely to cause harm. (R)</td>
<td>10. The negative effects (if any) of the decision will be felt very quickly. (R)</td>
<td>11. The decision maker is unlikely to be close to anyone who might be negatively affected by the decision.</td>
<td>12. Any negative effects of the decision will be spread across a large number of individuals.</td>
</tr>
</tbody>
</table>

**Sample Moral Intensity Scenarios with varied Magnitude of Consequences:**

1. Steve Atkins is the assistant in charge of ordering office supplies for a large accounting firm. In this week’s shipment of supplies Steve discovered *a box of staples* that was not ordered, and that did not appear on the invoice. Steve decided not to tell the office supply company about the mistake and took the *staples* home.

2. Steve Atkins is the assistant in charge of ordering office supplies for a large accounting firm. In this week’s shipment of supplies Steve discovered *a laptop computer* that was not ordered, and that did not appear on the invoice. Steve decided not to tell the office supply company about the mistake and took the *computer* home.
How can we behave more ethically? *Theoretical Criteria*

1. Who are the stakeholders affected by the action?
2. Was the action fair?
3. Was the action culturally acceptable?
4. Does the action violate an unspoken promise?

How can we behave more ethically? *Practical Criteria*

1. Does your action fall within usual standards?
2. Are you willing to see your decision communicated in a public forum (e.g., front page of newspaper)?
3. Do you believe your friends and loved ones would approve?
4. Does it “smell” bad?

How to keep your colleagues honest...

- Confront the Problem
  - Treat the ethical issue as a business matter
  - Recognize that this is part of your job
  - Be yourself
  - Challenge the rationalizations
    - Classic excuses for silence: (1) It’s standard practice, (2) it’s not a big deal, (3) it’s not my responsibility, (4) I want to be loyal.
  - Turn newbie status into an asset
  - Expose faulty “either/or” thinking
  - Make long-term risks more concrete
  - Present an alternative
Additional things to keep in mind:

- **Personality:** if your target audience is highly conscientious or highly agreeable, training may not provide as much impact.
- **Time of day:** Research showed that students tended to cheat 20% more in the afternoon than in the morning. Schedule ethics discussions for earlier in the day.
- **Person-Organization Fit of code of ethics.** Individuals with higher ethical expectations than their organizations tend to feel more frustrated and often quit. Individuals with lower ethical expectations can adjust to stated organizational expectations.
- **In order to be effective, workplace codes of ethics must be clear and consistent.** If there are contradictions, employees feel confused, frustrated, and unsupported.

Lockheed Martin Ethics Program

- They have an extensive Code of Ethics with 3 core values: *Do What’s Right, Respect Others, and Perform with Excellence.*
- Their training program is based on 5 tenets:
  1. Ask Questions
  2. Obtain Data
  3. Talk to Others
  4. Reframe the Issue
  5. Report Violations
- Their training program is available online at: [http://www.lockheedmartin.com/us/who-we-are/ethics/training/voicing-values-training.html](http://www.lockheedmartin.com/us/who-we-are/ethics/training/voicing-values-training.html)
Conclusion

- You can be ethical and encourage ethical behavior effectively no matter what your personality type or style.
- We need to provide a clear and consistent organizational context to support ethical behavior through values, code of ethics, discipline, opportunities to voice concern, training, ...
- Treat ethics as a standard business issue— it is normal, it is part of the job, and you can be as effective an ethical decision-maker as you are for any other organizational issue.
- Anticipate ethical issues, search them out, practice your responses to ethical issues (see Voicing Our Values Techniques handout)
Voicing Our Values Techniques

The key to voicing our values effectively to resolve ethical dilemmas or values conflicts is to recognize that such conflicts are not uncommon in the workplace. You can, and should, strategize how you might respond if faced with different types of ethical dilemmas or conflicts. By approaching conflicts in this manner, they become business problems that can be resolved by using an appropriate strategy, rather than emotional situations that you feel paralyzed to resolve. Should you be unable to resolve the conflict using these techniques, or in the event of a compliance breach, you should report the violation to your manager, Human Resources, the Legal Department, Security, Internal Audit, the EESH Office, or the Ethics Office.

The following are some of the techniques or actions you should consider using to address ethical dilemmas or values conflicts:

**Ask Questions**

- Gather information in a non-threatening way
- Don’t assume you’re right
- Probe for information rather than arguing.

Ask questions that demonstrate that you don’t assume you are right or know everything about the issue in question. Ask questions designed to gather information and help everyone involved in the discussion to have a clearer and more complete picture of the issue at hand. Asking questions in this manner can help you understand the situation in a way that resolves your values conflict. Alternatively, it may cause the other person involved in the conflict to reconsider his or her course of action as the discussion could lead them to rethink their initial course of action. For example, you could ask: “What factors did you consider in deciding XYZ?”; “Could you help me understand the basis for your decision?”; “Did you consider that your approach could be viewed by some as high risk?” or “What mitigation plan do we have to address the risk?”

**Obtain Data**

- Use fact-based data to support your position. Don’t assume that the other person already knows and is disregarding this data
- Explain how your data leads to a different outcome or conclusion.

Use fact-based logic and data to support your position. Ensure that those who are proposing actions that are causing you a conflict understand the data that should lead to a different outcome or conclusion. By voicing your values using data, you will avoid unnecessarily emotional arguments that likely will place the other person on the defensive.

**Talk to Others**

- Identify a network of people with whom you are comfortable
- Look for those who have related experience
- Be honest about your dilemma.

Identify people – your colleagues or leaders – with whom you feel comfortable discussing ideas and issues. Talk to them about the conflict that you face. Sometimes just talking over an issue helps you figure out how to handle it. Also, they may have experienced a similar situation. Find out how they handled it.

**Reframe the Issue**

- Use neutral language
- Highlight a different perspective
- Present risks of the current course and suggest alternatives.

Speak with the person on the other side of your dilemma. Rephrase the situation and options in more neutral language or in ways that highlight a different perspective that suggests an alternate course of action that is more consistent with your values. Reframe the issue in a manner that shows the other person that you are not questioning his or her integrity, but you do have a real concern that needs to be resolved for you to feel comfortable with the action you are being asked to take or the situation in which you find yourself. For example, a potentially unethical action can be reframed to show how the action creates a risk that the other person would want to avoid.