

The Ethical Manager

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“ More than 85% of the world's largest companies have an ethics code, but do such things actually make any difference? What does it really mean to be an ethical manager? ”

A while back I was doing some work with a medium-sized consultancy. Ethics was being discussed. Talk turned to customs and practices in different companies, sectors and countries; whether a tip was actually a bribe, if an 'introduction fee' was appropriate, how minor officials could supplement their incomes, how the power to delay was a perk for dock workers, how English councils ask developers for money under 'section 106', and how getting a visa quickly could be helped with a facilitation payment. After a while one of the partners thoughtfully said: "it seems to me that we all have a definite line we would not cross. My side of the line is fine, but an inch beyond is unethical. I think it is time we came up with an ethics policy."

More than 85% of the world's largest companies have an ethics code and Harvard MBA graduates can now take an ethics oath; but do such things actually make any difference? In particular, do they affect behaviour? I remember being in the office of a senior manager when a huge hamper, that took two men to carry, was delivered by a famous London store. It was a Christmas present from a client. The company policy was to accept gifts of a value up to \$100. "What do you think this cost?" he asked me. I told him and his face fell. He sent it back. What would you do? Of course all the readers of this magazine are ethical, but that statement raises all sorts of philosophical and practical issues – what do we mean by ethics; and what obligations do we have to be ethical at work?

'How we ought to live' is philosopher Peter Singer's deceptively simple definition of ethics. So ethics is a set of ideas of how we should live and therefore how we should behave. Many civilisations going back as far as ancient Greece, Sumatra and Babylon have sought to codify ethical ideas in laws. But that is the lower limit of what is required for a society to function. Most of us would accept that only sticking to laws would not be a good way to get along with others in society. We would expect people to be good citizens, good neighbours, helpful colleagues, genuine customers and reliable suppliers.

As managers we expect others to behave ethically, but as we have seen, the idea of what behaviour is appropriate can be influenced

by a myriad of factors. Culture is powerful and pervasive. The recent MPs' expenses scandal in the UK parliament was not anticipated by people whose political antennae are normally very acute. Our research indicates that this was partly due to the enduring and powerful culture of parliament. In any organisation with a powerful culture, a form of 'group think' takes place, where common behaviour is simply accepted as 'the way things are'. But perspective – how things are seen and by whom is crucial. We can too easily become blinkered.

So what does it mean to be an ethical manager? One currently fashionable approach (based on the thinking of Aristotle) is that of virtue ethics.

Put simply, this suggests that virtue can be learnt as a set of skills. But as we have seen, context is all important. Do people who have transgressed think they are 'bad' or 'unethical'? Rarely. On the other hand, context can cause uncharacteristic behaviour – a simple test is to ask yourself whether you could explain all your business practices to your loved ones without feeling uncomfortable? And if you could, what difficult questions could they ask that might make you feel perturbed? Is there anything you would not tell them, or you would not like them to ask? Are there any 'un-discussable' areas in your job or organisation? If the answers to any of these questions make you uneasy then that important emotion may be a sign that your ethical radar is being activated.

In organisations, other perspectives are possible beyond individual ethics; but there are links; the long-term responsible and sustainable viewpoint is critical. It is important to look beyond immediate shareholder value and the next quarter's earnings to long-term stakeholder value and to take a global and long-term view. Taking that broader and longer perspective, are you - as a manager - truly behaving ethically? Where is that line that you will not cross? Should you move it? As ever, with a discussion based on philosophical positions, we may end up with more questions than answers; but it is asking those questions of ourselves that ultimately makes the difference. MF

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2010-09-01T00:00:00Z

Richard Kwiatkowski, The ethical manager, Management Focus, Issue 29, Autumn 2010, Pages 22-23

<http://dspace.lib.cranfield.ac.uk/handle/1826/5650>

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