



Business Ethics: A Moving Target?

Ethics have always been important consideration in business but sometimes the need to do the “right thing” is clouded with confusion and choices. What’s the right thing to do for one stakeholder may not be in the best interests of others. We’ve read and heard about the extreme cases of ethics malfeasance but the reality is that there are many more commonplace situations where ethics plays a part in the decisions and actions of an organization.

With that in mind we came across a few articles recently which spelled out this dilemma for today’s business executive. In Issue 1 2005 of The Journal of the Human Resource Planning Society, Mark R. Vickers wrote an article on this topic entitled: Business Ethics and the HR Role: Past, Present and Future. Here are some of the key contextual findings:

- ◆ Tension is inherent in the term “business ethics” as there are natural conflicts between the interests of companies and their employees, customers, and the greater society. Managers must also balance their personal needs and desires against those of their organization.
- ◆ Ethics is a moving target as social values shift over time.
- ◆ Today’s business climate of globalization, technological innovation, and the quickening pace of business change, has made balancing the needs of all stakeholders even more difficult.

The business response to these new challenges has varied. Certainly regulatory pressure has forced firms to step up their compliance efforts as new laws such as Sarbanes–Oxley Act of 2002 emerged. Some have argued that little has really changed from an ethics standpoint over the past few years and have highlighted the continuing press of corporate scandals and greed. But there seems to be an undercurrent of change toward a more ethical business environment. Recent studies conducted by groups such as the Human Resource Institute, Ethics Resource Center and the Society of HR Management indicate that ethics is becoming more entrenched in the fabric of companies. As an example the 2003 HRI survey listed “ethics in business” as the third most critical issue among 120 issues up from 10th in 2001. Even MBA programs are getting into the act. As reported in the April 19, 2005 Wall St. Journal, top business schools such as Columbia and Harvard are integrating ethics into the curriculum on a required basis. Harvard’s required course, “Leadership and Corporate Accountability” places ethics within a larger framework and includes sections on personal values and leadership, governance issues, and the legal, ethical and economic responsibilities of companies to their stakeholders.



As we look to the future our view is that ethics will be a continuing issue for the modern organization. Companies that are run well will keep ethics as one of the top organizational priorities and have found a way to integrate ethics into the corporate culture.

We also see a need for HR departments to take a more proactive approach on this issue. As part of overall strategy HR needs to put an emphasis on ethics in critical people management processes such as leadership selection and development. Keeping abreast of new developments in the “marketplace” is essential to craft policies and programs that meet the letter and spirit of the law.

The ethics issue becomes even more challenging when considering the global differences where issues are not uniformly viewed as illegal or unethical. Global companies have to develop ethical standards and norms that can be applied across the world.

The whole issue of ethics, in summary, is like opening Pandora’s Box. It’s just very hard to have a full grasp of the complexity and enormity of the issue. Being proactive will become more important as a key organizational strategy. Moreover, matching the actions (individually and corporately) to one’s words, beliefs and values will be a visible signal to the commitment level.