CHAPTER 9

Achieving Ethical Practice

INTRODUCTION

Ethical values shape the search for opportunities, the design of organizational systems, and the decision-making process used by individuals and groups. They provide a common frame of reference and serve as a unifying force across different functions, lines of business, and employee groups. Organizational ethics helps define what a company is and what it stands for.

(Paine 1994: 111)

In today's service-based economy organisations in no matter what sector are faced with increasing demands from government, from investors and from the public to be socially and ethically responsible. In 2007 Business in the Community found that over 80% of FTSE-100 companies and 60% of FTSE-250 companies claimed to have ethical policies (BITC 2007). But policies are no longer enough. Environmental and community responsibilities, equality, inclusion, diversity, are all areas in which business leaders are having to demonstrate how they put into practice the values that they preach.

The purpose of this chapter is to explain and explore the two kinds of responsibility that L&D professionals hold in relation to ethics: to ensure that they themselves are ethical practitioners, and to work with others to build fairness and trust into the organisation's relations with its members and external stakeholders. For reasons explained in its first section, I have adopted the following definition of what is meant by 'ethical behaviour' in a business context:

- behaviour continuously striving to ensure that its consequences bring the greatest benefit and least harm to the greatest number in society (both within and beyond the organisation).

The first of the chapter’s six sections sets the scene by reviewing various definitions of ‘ethical behaviour’ and the ‘good’ organisation. The second explores six powerful forces that are shaping organisations’ approach to corporate social responsibility and ethics.
This leads in the third section to the importance of the psychological contract in building trust and commitment to a shared ‘moral purpose’. The fourth section takes the discussion into the L&D field, examining what being an ‘ethical’ L&D practitioner can involve. Helping to achieve equality and the valuing of diversity are two key tasks here, and are the focus of the final two sections.

**ETHICS AND CORPORATE SOCIAL RESPONSIBILITY**

**WHAT IS ‘ETHICAL BEHAVIOUR’?**

Ethics is concerned with rules or principles that help us to distinguish between right and wrong (Hamlin *et al* 2001: 98). It has been likened by John Gray (Cartwright 2007) to a ‘hidden moral grammar that evaluates the causes and consequences of our own and others’ actions’.

Such statements make it clear that any discussion of ethics can quickly plunge us into complex human territory. There are various codes offering ethical guidelines for HR professionals, including those established by professional bodies such as the CIPD (2008c). There are also codes of practice related to UK and European legislation. Yet conforming to a code does not of itself guarantee ethical practice. There is always a gap that only the individual can close, using as the reference points his or her own judgement and values. And here lies the difficulty in business ethics, because although being ‘ethical’ may be generally understood to mean ‘morally correct’ or ‘honourable’ (Pearsall and Trumble 1996), that raises the question – morally correct by whose standards? Honourable in whose eyes? Whose values should prevail here?

In considering ethics in a business context it is common to focus not on definitions of behaviour itself – since these inevitably drag insoluble philosophical debates in their train – but on behaviour’s consequences for others. The rationale here is that any organisation has the potential to bring benefits and harms, both directly and indirectly, to human beings, and that the bigger the organisation and its scale of operations, the greater both benefits and harms can be (Ostapski *et al* 1996). ‘Ethical behaviour’ in a business context can therefore be interpreted to mean behaviour of an organisation, group or individual that brings the greatest benefit and least harm to the greatest number. At the practical level this raises the question of how far an organisation should go in attempts to distribute benefits and harms fairly – what does it, or should it, mean today to be a ‘good’ organisation?
Many forces are interacting to produce a strong focus both on companies’ corporate social responsibility (CSR) and on ethical business behaviour. Six of the most powerful are shown in Figure 11 and are discussed in this section.

**THE MEDIA**

Following the collapse of communism in the 1970s, the ‘liberation’ of market forces was at first widely welcomed as offering benefits both to businesses and to society at large.

**FIGURE 11** Forces influencing organisations’ definitions of CSR, moral purpose and bottom line

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**REFLECTION**

Consider any organisation that is regarded as a ‘good employer’. What forces do you think drove the organisation’s owners or corporate management to seek that status, and how far in today’s difficult economic conditions do you think the status is likely to prove durable?
that its intentions are put into practice. Companies like KPMG with a high profile in relation to community and environmental initiatives seek to achieve this through closely aligning their CSR and HR strategies (Chynoweth 2007). The UK Government for its part regards CSR as a mainstream issue for all managers, urging that its principles be built into the education, training and development of staff throughout all organisations. Business in the Community launched a CSR Academy in 2004 as a resource for organisations wanting to develop their corporate social responsibility (CSR) skills. It was due to be re-launched in 2008 as a ‘one-stop shop’ on CSR training and as promoter of the 2004 national CSR Competency Framework which will be integrated into existing professional bodies (http://www.bitc.org.uk/resources/training/csr_academy/ index.html [accessed 5 July 2008]).

ENVIRONMENTAL CONCERNS

Research is showing a direct link between environmentally friendly organisations and employer brand. For example, a company adopting a strategy of reducing carbon emissions and ‘greening’ the business can thereby acknowledge both its social responsibility to limit the damage it causes to the environment and its recognition of customer concerns. Going ‘green’ also links to companies’ economic bottom line, since with energy costs rising at unprecedented rates energy-efficiency is a business ‘must’.

HSBC’S CLIMATE PARTNERSHIP

HSBC initiates partnership programmes with environmental charities and non-government organisations to carry out work of environmental benefit that draws on its core business and HR competencies. It launched a five-year HSBC Climate Partnership in 2007. It is a £50 million venture carried out in collaboration with four charities – the Climate Group, Earthwatch, the WWF and the Smithsonian Tropical Research Institute. It involves employees in two stages: learning about climate change, then getting involved in local environmental projects. ‘Climate champions’ have been created to observe projects around the world and bring ideas back into the business.

A CSR Forum has also been set up, developed from the Environment and Travel Group created in 2005 in response to staff’s and customers’ growing interest in first direct’s environmental policies and record. Its members were briefed to propose ideas for ‘greening’ the business and to suggest how they could be implemented. The CSR Forum embraces a wider range of charitable and community activities and involves a wider group of volunteers.

HSBC’s 2006 employee focus survey found that 75% of its
employees believed that the bank operated ethically and that 64% thought it was environmentally responsible. There also appeared to be a positive impact on employee retention figures. Its Climate Partnership projects benefit wider society while also resulting in benefits for the business. They help to bring together a global HSBC workforce and to forge an ethical company brand that can attract new talent as well as expand its customer and shareholder base.


THE TALENT WAR

While many corporate leaders are coming to realise that establishing a strong ethical purpose for their organisations is integral to the long-term viability of their businesses, and in many cases as a series of opportunities to be embraced (Stone 2007), one important business advantage is an enhanced ability to attract and retain talent. HSBC has been strongly influenced by research it has carried out in recent years showing that over 10% of recent graduates identified CSR as one of the top three factors influencing their choice of employer (Simms 2007). Generation Y (today’s young people in their twenties) is the most strongly associated yet with environmental awareness and a preference to work in companies that are committed to ‘giving something back’. Supporting community projects both at home and across the world, funding environmental improvement and setting up charitable foundations are all ways through which an increasing number of organisations are signalling their ethical purpose in order to attract young talent.

Early in 2008 OnePoll.com conducted an online survey covering over 1,500 employees working across sectors in organisations with 500 or more staff (CHA 2008). The survey revealed that many employees, especially at the younger end of the workforce, want to make a noticeable impact on major issues in society such as climate change and community improvement. Over 40% of 18- to 25-year-olds and 38% of 26- to 35-year-olds in its sample were considering a move from the private to public or charity sectors in order to find a more worthwhile job. On a broader front more than 70% of respondents said that private companies’ efforts on climate change and social responsibility helped to strengthen those companies’ reputation (CHA 2008).

LEGISLATION, BENCHMARKING AND CODES

Under pressure from the European Framework Directive for Equal Treatment in Employment and Occupation, the UK in 2006 produced sweeping changes in its anti-discrimination law, and this has direct implications for organisations’ handling of workforce diversity as well as for its overall ethical code. The law’s extensive coverage now protects employees against discrimination in employment
the interests of all stakeholders who are directly or indirectly affected by the organisation’s activities. He stresses that ‘simply implementing lots of stakeholder initiatives won’t do’ since it is unlikely to improve the way organisations perform – and performing effectively is their primary responsibility. What is needed is a strategic approach that stresses underlying performance improvement (Philpott 2003).

Shareholders and customers constitute stakeholder groups whose power has increased particularly strongly over the past two decades, both in the USA and the UK. In some companies shareholders’ influence has led to unprecedented changes in the boardroom and is sometimes beginning to interfere in the legitimate role of management (Durman 2003). In the increasingly volatile economic climate that is confronting institutional investors worldwide, shareholders are more anxious than ever to get quick returns on their investment in businesses yet at the same time many want the companies in which they invest to have a clean ethical record, some because they have become genuinely ethically-minded, others because they perceive that ‘ethics is good for business’. The steady growth in ethical investing is exemplified in the development of investment indices such as FTSE4Good and the Dow Jones Sustainability Indexes (sic) which offer an alternative to the mainstream stock market benchmarks. Pension funds are also legally obliged to make a statement of their ethical principles in their investment strategy (Cooper 2003).

**CASE EXAMPLE**

**ACCENTURE’S CODE OF BUSINESS ETHICS**

In 2006 Accenture, the global outsourcing firm, produced a substantially revised version of ‘The Accenture Code of Business Ethics’, which has to be read and followed by all its employees across the world. The Code has four distinguishing features:

- It places emphasis on Accenture’s six core values.
- It gives practical examples for its employees of what those values mean in relation to their everyday work life.
- It incorporates new legal and regulatory developments.
- It aims to be user-friendly.

As explained on the Accenture website, the Code lies at the heart of the company’s Ethics and Compliance programme, whose purpose is to ensure not only legal compliance in all its activity, but also the highest ethical standards in its employees. Periodically all who work for Accenture across the world must certify their compliance with the Code:

‘The Code emphasizes critical areas particular to our organization and business model while highlighting aspects of conduct that are imperative for all employees. Our Code does not incorporate or refer to all policies, but acts as a synthesis of the key policies and principles that should govern all employees’ conduct.’

Source: [http://www.accenture.com/Global/About_Accenture/Corporate_Governance/CodeProgram.htm](http://www.accenture.com/Global/About_Accenture/Corporate_Governance/CodeProgram.htm) [accessed 16 July 2008], where the full Code can also be viewed.
As explained in Chapter 7 customers now exercise unprecedented influence over companies through the rapidity and ease with which, through the Internet, they can gain access to information, compare experiences and rapidly switch their loyalties. Many are strongly influenced by ethical and environmental considerations and expect to see these reflected in the conduct, products and services of the organisations with which they deal. However, in increasingly uncertain financial times it remains to be seen how far those considerations continue to exercise a real influence over customer choice.

**BUILDING TRUST**

**A PROBLEMATIC PROCESS**

‘Trust’ appears on many corporate value statements, and the building of trust and the commitment that it engenders is one of the core elements of the ‘People and Performance’ framework (Purcell et al 2003). However, ways of building it can differ widely according to the parties involved, especially in cross-cultural situations. Banu Golesorkhi, Director of the Research Centre for Pharos International in Brussels, cites the example of Asian managers who expect their colleagues to show ‘benevolence’ towards others. Those who do not are unable to gain trust no matter how expert or powerful they may be. On the other hand northern Europeans tend to distinguish between work and personal life ‘so they don’t expect their co-workers to behave like their friends’ (Smethurst 2007: 34).

Similar difficulties are involved in building trust between an organisation and stakeholders whose interests and expectations may be as varied as are cultural differences in a multicultural organisation.

Here is a very brief outline of one international organisation’s trust-building strategy.

**TOSCA CONSULTING GROUP**

The Tosca Consulting Group, whose participants include the United Nations Refugee Agency and Dave Ulrich, regards trust as a currency that an organisation must build up through:

- meeting its commitments
- effectively managing expectations
- keeping people informed
- giving them an opportunity to have their say.

It finds that discussions on ethics, on the company’s code of conduct, and on related managerial and leadership issues can be built into learning materials and management training, giving a language and a vocabulary with which to talk about trust and business ethics to non-HR specialists.

between employer and employee, but in a more generalised sense between the organisation and its external stakeholders. There must be a mutually acceptable ‘deal’ and a genuine agreement to honour it. Such an approach is consistent with the advice given 70 years ago by one of the great management writers, Chester Barnard (1938: 259): that although an organisation’s members are motivated by many individual interests, they will tend to respond positively to organisational strategies that can inspire co-operation by creating faith in the ‘integrity of common purpose’.

**ETHICS AND L&D PRACTICE**

**THE ‘ETHICAL’ L&D PROFESSIONAL**

The starting-point in becoming an ‘ethical’ professional is for the individual to be clear about his or her own values. Here, they may have to face an uncomfortable reality: one where they may not be able to endorse corporate practices and conduct because these conflict with their personal ethical beliefs or with their profession’s code of conduct. As one reader of the CIPD magazine *People Management* wrote (*People Management* 2002):

> If HR professionals want to be taken seriously, we need to be able to determine for ourselves whether the organisations in which we work are actually having a benign effect on society and to take action accordingly.

But what if such action is likely to be opposed by the employer or by senior management? To take it could alienate colleagues, superiors and work teams. It could open the individual to accusations of disloyalty. It could threaten their career progression. Ultimately it could even put their job at risk. Yet it is part of any L&D practitioner’s professional responsibility to genuinely commit to the ethical standards and values that they are required by their organisation to communicate and to embed in training and development processes and initiatives. If they cannot give that commitment, and if they are unable to influence those standards and values in ways that they consider to be essential, the decision they then face is a harsh one: either to compromise their own values or to leave the organisation.
the workplace. It is therefore essential to establish what those perceptions are (ibid: 651):

Management may intend that an ethics program operates in a fair manner with consistent follow-through, but if employees perceive otherwise, unethical behavior and failures to report ethical problems may be more likely.

The following case example outlines training practice that apparently ignored all such principles.

**FAILURES IN RACE AWARENESS TRAINING**

In 2000, a 'damning report' was published by Her Majesty's Inspectorate of Constabulary on the Metropolitan Police Force's efforts to erase racism. The race awareness training introduced following the Macpherson Report on the Stephen Lawrence murder investigation was found to be particularly inadequate. One reason was that senior personnel chiefs did not exercise enough influence and lacked the necessary power and organisational credibility to ensure wider support for the training; another was serious deficiencies in training expertise at strategic and operational levels, resulting in:

- lack of clarity on overall training strategy and how it fitted with wider HR functions
- lack of understanding as to who would be trained to what standard, and when
- failure to undertake effective long-term evaluation of training.

On a wider front, it was revealed in 2004 by a Commission for Racial Equality investigation that despite continuous high investment in police diversity training following the Lawrence Inquiry more than 90% of police race-equality schemes in England and Wales had failed to meet the minimum legal requirements of the Race Relations Act.

Sources: Cooper, C. (2000a) People Management, 10 July; People Management (2004) 30 June

In the light of such findings it is unsurprising that the accusation of 'institutionalised racism', whether or not justified, is still so frequently levelled at police forces in Britain.
**DIVERSITY AND INCLUSIVITY: THE CHALLENGES**

**VALUING DIVERSITY AND INCLUSIVITY**

Organisations employ a diverse workforce for reasons that can include maximising the available labour market talent, creating business opportunities by drawing on wider perspectives and thriving in different cultures, and better serving an increasingly diverse customer base. Being known as an inclusive place to work where diversity is valued can also bring reputational benefits, including becoming an employer of choice.

Recent legislation has highlighted the importance of effective diversity management. Early in 2007 a ‘root and branch’ Equalities Review that had been set up to ‘investigate the causes of persistent discrimination and inequality in British society’ produced its final report. It aimed to inform both the modernisation of equality legislation towards a Single Equality Act and the development of a new Commission for Equality and Human Rights (http://www.theequalitiesreview.org.uk [accessed 10 July 2008]). By mid-2008 a Bill was in progress through Parliament to bring all grounds of discrimination within one piece of legislation, uniting more than 100 existing pieces of anti-discrimination legislation, placing a single duty on public bodies to ensure equality across all strands of diversity and making diversity a key factor in awarding public procurement contracts (Brockett 2008c).

Perversely such a weight of legislation is likely to make it more, not less, difficult to ensure equality at work while also trying to build on diversity and achieve inclusivity. The next case example identifies some of the problematic issues.
problems of ‘difference’

One big issue affecting diversity in the labour market at large and with specific consequences for an organisation’s workplace is the impact of the knowledge economy. It can intensify old labour market divisions in countries like the UK where most new jobs are in the low-skill, low-paid sector and where knowledge workers form as yet only a small minority of the labour force. In the UK (as discussed in Chapters 2 and 3) there are wide income and job opportunity disparities between the better trained and educated and those who lack those advantages. The skilled continue to get the good jobs, while the unskilled either fall out of work or adapt by taking on the low-paid work that is often all that remains. Despite all the rhetoric of the learning organisation, the breakdown of hierarchy and the benefits of diversity, in the service-based knowledge economy ‘difference’ for many employees means an experience of continued subordination (Field 2000: 84).

There are many other differences in workplaces today that receive no legal protection but that can produce more harms than benefits for those experiencing them. Take, for example, the quite common situation where people who work side by side are contracted to different employers. They may be separated by significant differences – in pay, in terms and conditions, in the ways in which they are treated by their employers. When they are brought together in training or other forms of learning experience, such differences, unless identified and responded to effectively by L&D staff, can undermine the learning process.
practices, and that front-line managers especially understand how to achieve this and are enabled to do so.

- They must review policies for selection for training and development, for ‘helping’ processes such as mentoring and coaching, for succession planning and for career development, all of which should demonstrate that diversity is valued because of the benefits it offers to individuals and to the business.

- They should harness diversity in stimulating ways to the pursuit of learning goals. For example, Ely and Thomas (2001), researching race and culture in professional service organisations, found that linking diversity with the way employees work can encourage better relations between work groups, make employees feel more valued and produce more efficient functioning (especially through bringing many different perspectives to bear on problem-solving). Achieving a similar kind of integration in a training programme, perhaps where feasible having representatives from suppliers, customers and outsource partners all learning alongside the organisation’s core employees in relevant training situations, is likely to have similar outcomes.

Achieving inclusivity is a long-haul journey and training initiatives can never be more than stages in its progress. But even the shortest programme that is based on a sound business partnership, is well designed, expertly delivered and followed up appropriately can make a useful contribution. Here is one example.

### Diversity Training: A Values-Based Starting Point for Cultural Change

Douglas, a training consultant, describes how he worked with a national police force on a short developmental initiative to promote changed behaviours related to diversity. Its aims were:

- to achieve a shift in participants’ perception of diversity both within the force and in the local community in order to enable differences to be celebrated. Sensitivity to multi-cultural differences was crucial because of the profile of the workforce and of the local community
- to focus on meeting customer needs and improving service delivery, with a particular concern to accord dignity and respect to all local community groups
- to use ethical principles that guided the programme’s design as key behavioural learning points for participants.

Approximately 350 police and civilian staff in diversified cohorts of 16 attended one-day workshops run by two facilitators, each of whom came from a different cultural or ethnic background. Although restricted to one day for the training, the trainers saw the need to ensure some in-depth work on difference. Dilemma-based exercises mirroring issues that participants encountered in the course of their jobs were devised to lead to a different outcome every time they were run. They dealt with issues around diversity, dignity and respect and required participants to choose from a range of behavioural
The principles on which Douglas’ training design was based are similar to those applied by Barbara Walker (1994) in her ‘valuing differences’ training at Digital Equipment Corporation:

- Strip away stereotypes.
Learn to listen and probe for the differences in people’s assumptions.

Build strong relationships with people one regards as ‘different’.

Empower oneself in order to become more open to learning from ‘differences’.

Explore and identify group differences.

Walker’s training has proved a powerful adjunct to the company’s Affirmative Action and Equal Employment Opportunity work, achieving consistency between employees’ perceptions of a positive approach to diversity both within the training situation and in the workplace context. In a similar way the type of training intervention that Douglas describes needs to be supported by appropriate HR policies and practices, by role modelling by leaders and managers, and by a performance management and development system that has inclusivity and the valuing of diversity at its heart.

**Reflection**

Consider a learning event or educational programme with which you are familiar (whether directly or indirectly). How far do you think that it managed to change – or begin to change – participants’ values related to diversity, and what do you think should be done to build on that change?

**Conclusion**

You should now have a sound understanding of the two kinds of responsibility that L&D professionals hold in relation to ethics: to ensure that they themselves are ethical as well as professional practitioners, and to work with others to build trust, fairness and inclusivity into the organisation’s relations with its members and other stakeholders. You should also feel confident to tackle the review questions related to this chapter that are shown in Appendix 3.

The main themes covered by this chapter’s six sections have been the following:

- varying interpretations of ‘ethical behaviour’ and the ‘good’ organisation; six forces powerfully influencing organisations’ approach to corporate social responsibility and business ethics
- the concept of a triple rather than a single bottom line for the business, to embrace not only economic accountability but affordability, diversity and equity; the need for the ‘good’ organisation to embed a concern for ethics in its culture, practices and core behaviours
- the importance of achieving trust in order to engage
Learn to listen and probe for the differences in people’s assumptions.

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- Explore and identify group differences.

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- the importance of achieving trust in order to engage
organisational members in a shared purpose and gain their commitment to enacting values associated with it; the value of relational psychological contracts in building trust

• the role of L&D practitioners in communicating and enacting their organisation’s social and ethical values, and the moral conflict that, for some, this may involve; the need for them to recognise and respond appropriately to ethical dilemmas encountered in their daily work; the value of codes of conduct, but the need ultimately to act in accordance with their own personal and professional judgement

• L&D tasks related to equality, diversity and inclusivity in the organisation; the difference between compliance-based and values-based training and learning initiatives and the complementary benefits they can bring

• the need for a conducive organisational and workplace context if diversity is to be genuinely valued and inclusivity achieved; the importance of employees forming positive perceptions of ‘fairness’ in the organisation

• working in partnership with stakeholders – especially management – as the vital key to L&D practitioners’ success, whether in trying to change negative aspects of context or in planning and organising learning events as part of a long-haul process to communicate, enact and embed the organisation’s social and ethical values.
FURTHER INFORMATION SOURCES


http://www.cipd.co.uk/subjects/corpsrty/corpsocres/ Area of the CIPD's website providing information about corporate environmental and social responsibility

CIPD podcast, 1 June 2007. *Diversity*. Available at: http://www.cipd.co.uk/podcasts [accessed 7 July 2008]