

The Canons of Business Ethics

A Practical Framework for Ethical Decision-Making

by James A. Nortz¹

The Idea in Brief

Business professionals are compelled to safely navigate their firms through a thicket of conflicting legal and extralegal obligations owed to multiple stakeholders. In light of the painful missteps that have been and continue to be made by some of the most renowned practitioners of the business arts, it's apparent that many could benefit from the adoption of a systematic methodology to integrate moral considerations into decision-making processes in business.

The Canons of Business Ethics set forth a practical framework designed to assist business professionals in charting an ethical course, thus lowering legal and reputational risks for both them and their firms. Rather than being an artificial moral construct designed for the purpose of advancing a particular social agenda or utopian dream of what ought to be, the Canons codify an approach conscientious business professionals have likely been applying for millennia to make rational and defensible business judgments.

The Canons of Business Ethics

What key factors should be taken into account to make an “ethical” business decision? What distinguishes an ethical from an unethical business decision? How can moral considerations be routinely integrated into business decision-making processes? The Canons of Business Ethics proposed herein provide an answer to these important questions.

So you've decided you want to be an “ethical” business professional. You're appalled by the behavior of business leaders who have made the headlines in recent years for their unethical or illegal conduct and you're committed to avoiding the same mistakes. You're also aware of decades of research evidencing the superior financial performance of corporations that build and sustain strong ethical cultures. Simply put, you're a conscientious business professional who wants to “do the right thing” not just because it's “right” but also because it's a sound strategy to achieve an enduring competitive edge.

But, what is the “right thing?” What makes you better equipped to find and pursue this lauded object of moral rectitude than thousands of others who have tried and failed to do so? What character strengths or powers of moral discernment do you have that they didn't? What's your strategy for charting a principled course in the face of the enormous, ever-present, existential pressure to make your numbers?

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These are not just academic questions. Your fate and your company's fate depend upon whether you have adopted and mastered an ethical decision-making framework that helps you reliably navigate the thicket of conflicting moral imperatives you confront on a daily basis.

Navigating the “Thicket”

“What ‘thicket?’” you might ask. Sure, you have to make a tough call every once in a while but you don't feel as though you spend your days wrestling with weighty “moral imperatives.” But, if you take a moment to consider the moral dimensions of even routine business decisions, you'll quickly realize that you do indeed routinely confront issues of sufficient complexity and consequence to give Aristotle a headache:

Take, for example, the options you must consider when preparing your company's annual budget. In so doing, you unavoidably confront issues such as:

- Are additional investments necessary to reduce employee risks of injury or death in the workplace?
- Should we invest more in quality controls to achieve a higher degree of product safety?
- Are we investing sufficient resources in our capital infrastructure and our research and development teams to sustain profitable operations over the long term?
- Have we invested sufficient resources to ensure compliance with the law and reduce fraud risks?
- Are sufficient resources being invested in employee's professional development?
- Are our incentive programs designed to induce high performance without compromising ethical standards?
- What, if any, contributions should we make to charitable causes?
- What, if any, investments should we make to reduce our operations' impact on the environment?

It's easy to overlook the moral dimension of such questions, in part, because they are so commonplace. Like the carpet pattern on your office floor, you're not even aware of it until someone points it out. But this aspect of routine decision-making becomes painfully obvious in hindsight when things go wrong. Serious injuries or fatalities resulting from an unsafe workplace, a product failure or an uncontrolled release of hazardous substances invariably lead to inquiries as to what the responsible business leaders were thinking and why they did not do more to recognize and better mitigate the risks. Similarly, every instance of corporate fraud is followed by recriminations and questions about how business leaders, both in and out of the board room, could have acted with such moral abandon.

For better or worse, making moral judgments is the stuff of what business professionals get paid to do. Given the individual and collective power of corporations today, business

ethics is the most consequential of all fields of applied ethics and business professionals are its practitioners. Lives, livelihoods and the fate of the natural environment often hang in the balance when business decisions are made. If you're not acutely aware of this reality, regardless of how well intentioned you might be, you run the serious risk of losing your moral bearings and causing great harm to yourself and others.

There are three aspects of navigating the "thicket" that make this work particularly challenging. First, there is no risk free path. No matter what decisions are made, there is always a non-zero risk of catastrophes of varying magnitudes. Second, business professionals have legal and ethical obligations to multiple stakeholders that vary in relative magnitude depending upon the circumstances. Third, there is no such thing as *the* "right thing" to do. Instead, many business decisions present right vs. right choices in which a choice must be made between one or more "right things." It is right to pay a dividend to your shareholders, to invest in more robust pollution controls and to give to charitable organizations. But when deciding how much, if any, limited corporate resources should be allocated toward these and the myriad other "right" causes, you must make what is often a very difficult "right vs. right" moral judgment. When confronting such common business issues, the oft repeated admonition to "do the right thing" may express a laudable sentiment, but it provides little guidance. For conscientious business professionals, the question is never whether to "do the right thing" it's "which right thing should we do?"

The Dominance of Moral Intuition

Consider for a moment how you actually do go about making ethical judgments between right and wrong or right and right in the workplace and you'll soon discover that you do it automatically and with little or no conscious deliberation. This is because we all possess a very powerful, innate skill moral psychologists call "moral intuition." Whether we like it or not, our brains are programmed to make instantaneous value judgments. It's this faculty that makes productive social interactions possible. In many circumstances, our moral intuition or "gut feel" about "which right thing to do" is sufficient to make sound, ethical judgments. However, sometimes we encounter circumstances of sufficient complexity and consequence that require us to supplement our moral intuition with what is for most of us a far weaker skill; "moral reasoning."

When you are called upon to explain why you have made a particular business decision, merely saying that you acted on "gut feel" is generally insufficient to persuade others that you are right. This is especially true when you are confronted with an important business decision in which there are multiple legal and extra-legal obligations, multiple stakeholders and a wide range of possible "right things" to choose from. Moreover, simple-minded constructs like those that merely instruct you to ask "What would it look like in the papers?" or "If it's illegal, don't do it." are woefully inadequate in helping you make principled business decisions in the face of conflicting moral imperatives. Instead, what is required is a practical ethical decision-making framework to supplement and to inform your "moral intuition" of sufficient power and flexibility to not only help you

make a good call, but also explain your rationale to others. This is the purpose the Canons of Business Ethics proposed herein are intended to serve.

The Parable of the Sadhu

The word “canon” is derived from the Greek “kanon” meaning an accepted principle or rule. “Canons of ethics” are, as you might expect, accepted rules relating to good or moral behavior. Many professions have established formal canons of ethics for the purpose of codifying agreed upon behavioral standards. Lawyers, judges, journalists, engineers, bankers, doctors and mortgage brokers are just a few of the many specialized disciplines that have agreed upon such rules. These rules can be and often are a detailed collection of dos and don’ts regarding circumstances likely to arise in a particular profession.

To my knowledge, no such canons have ever been developed for business professionals. One reason may be that there is a lack of consensus as to whether there is such a thing as a “business profession.” As a consequence, there is no governing body for “business professionals,” like a bar association for lawyers, with the authority to develop and enforce rules of conduct on its members. Yet another reason canons of business ethics have not been promulgated may be that there is little stomach for yet another rule book – especially one that might be a weighty tome of “dos” and “don’ts” duplicating many existing requirements.

Regardless of the reasons that discouraged others in the past from developing canons of business ethics, the need to deal effectively with complex legal and extra-legal moral obligations is very real and many would argue that the potpourri of prevailing methodologies for doing so are not up to the task. If they could be developed in a fashion that would win wide-spread acceptance, canons of business ethics could serve as a valuable tool in making important business decisions. In considering the various options about the optimal architecture for such canons, I think a key observation made by Bowen McCoy in his Harvard Business review 1983 classic, *The Parable of the Sadhu*, points the way.

In his *Parable of the Sadhu*, McCoy recounts an ethical dilemma he and his fellow travelers confronted while engaged in a dangerous trek over a high mountain pass in the Himalayas. Many miles from the nearest village a member of another team journeying over the pass presented McCoy and his friends with a half naked Indian holy man (a “sadhu”) who was found freezing to death high on the mountain. After rendering immediate aid to the sadhu with gifts of clothing and food, McCoy and his traveling companions left the sadhu on his own and continued up the mountain to cross the pass and re-join the rest of their team. Later, McCoy and his fellow travelers questioned whether they acted ethically in the circumstances by leaving the sadhu in his weakened state in such a harsh wilderness two days journey to the nearest village. Looking back on how he and his friends behaved, McCoy observed that, “One of our problems was that as a group we had no process for developing a consensus. We had no sense of purpose or plan.”

McCoy analogizes the dilemma he and his colleagues faced on the mountain with those confronted by business professionals who are charged with the responsibility of making decisions in difficult circumstances. In so doing, he asserts that, “Not every ethical dilemma has a right solution. Reasonable people often disagree; otherwise there would be no dilemma. In a business context, however, it is essential that managers agree on *a process for dealing with dilemmas.*” (Emphasis Added.)

In light of McCoy’s observation, perhaps the optimal architecture for canons of business ethics would be the codification of such a “process” rather than the more traditional collection of prescriptive and proscriptive mandates. Such a process-oriented canons would have some powerful advantages over alternate architectures. Instead of ceding their reasoned judgment to a business ethics commission, a professional association, a quasi judicial body or a social interest group who might offer to draft an ethical rule book for businesses, process-oriented canons of business ethics would fix the burden of discerning a moral course where it belongs – with the business professionals who have the best understanding of all the relevant facts and who have been charged with the responsibility for making the call. Moreover, instead of attempting to legislate a particular brand of business morality, process-oriented canons of business ethics provide business professionals the tools they need to integrate moral considerations into their decision-making while at the same time affording them the flexibility to find an ethical path that best fits their circumstances.

Key Attributes of “Process-Oriented” Canons of Business Ethics

In order to achieve wide acceptance in the business community, process-oriented canons of business ethics should possess the following key attributes:

1. They should be simple to remember and reasonably easy to apply to routine business decisions without having to learn a new vocabulary or obtain an advanced degree in moral philosophy;
2. They should expressly recognize the importance of understanding relevant facts, obligations owed to multiple stakeholders, reasonably available options and their likely consequences;
3. They should assist business professionals in recognizing and rationally resolving conflicts between competing moral obligations that frequently arise when making business decisions;
4. They should not be designed to pursue any particular social or religious agenda. Instead, they should provide business professionals with the flexibility they need to engage in a productive dialogue to develop customized responses to any circumstances that might arise; and
5. Their conscientious application should provide business professionals with the ability to effectively explain and defend any decision they make.

Fortunately, canons of business ethics that satisfy these criteria need not be constructed out of whole cloth. Instead, it is possible to codify a basic six step methodology

conscientious business professionals have likely used for millennia to make ethical judgments:

1. Determine the facts.
2. Identify relevant moral obligations.
3. Recognize conflicts between relevant moral obligations.
4. Determine reasonable options.
5. Consider the likely consequences of each option.
6. Select an option that strikes a principled balance between competing interests taking into account all relevant circumstances.

Canons premised on this commonsensical decision-making methodology can comprise three parts – a high level direction to act accompanied with an “interpretation” and a “discussion” to provide further insight into each canon’s implications. Instead of attempting to prescribe a particular outcome, such process-oriented canons provide a framework that business professionals can use to reach and defend their own conclusions. Canons of business ethics with the above described attributes might be presented as follows:

The Canons of Business Ethics

Prior to making an important business decision, business professionals shall undertake the actions outlined in these Canons in good faith and a genuine interest in discerning an ethical course.

Canon 1 – Fact Finding: Business professionals shall take reasonable efforts to ascertain relevant facts.

Interpretation

A clear-eyed understanding of what is known and what is unknown, is an essential prerequisite to any sound decision. This means that business professionals must:

- a) Devote reasonable time and resources commensurate with the gravity of the circumstances to determine the facts.
- b) Develop and maintain reliable fact gathering systems so as to ensure a continuous stream of relevant information to decision-makers.
- c) Acquire the competence necessary to conduct fair and unbiased inquiries, guard against bias, fear of retaliation and “group think” and foster an atmosphere of open and candid communication.

Discussion

Investing the time and resources necessary to understand the facts is just as much a moral imperative for a decision-maker as adherence to any cardinal virtue. No

one can reasonably claim that they made an ethical judgment in circumstances where they either ignore or fail to take reasonable steps to ascertain relevant facts. If you do not know the safety performance of your workplace relative to relevant industry standards, the defect rate of your products, the impact of your operations on the environment, the morale of your workforce or the reliability of your financial controls in addition to the strength of your balance sheet, you have little hope of discerning how best to deploy your firm's resources in an ethically defensible manner.

Further, understanding relevant facts in the real world is not a trivial exercise. Investments must be made in systems that have the capability of reliably providing key performance data to decision-makers in a timely manner. Moreover, multiple factors like poorly conducted investigations, bias, fear of retaliation, lack of resources, uncertainty about the future and "group think" can all hamper accurate information flow to decision-makers. Consequently, business professionals must take reasonable steps to eliminate or minimize such impediments to truth finding. This Canon does not mandate a perfect understanding of the facts. Instead, it calls for business professionals to undertake good faith efforts to gather relevant information and to commit fact gathering resources in proportion to the gravity of the decision to be made.

Canon 2 - Moral Obligations: Business professionals shall take reasonable efforts to ascertain relevant moral obligations.

Interpretation

Any ethical judgment must be premised on an express recognition of relevant moral obligations. This means that business professionals must:

- a) Devote reasonable time and resources commensurate with the gravity of the circumstances to ascertain relevant moral obligations.
- b) Consider the perspectives of all stakeholders who may be affected by a particular business decision.
- c) Develop and maintain reliable systems so as to keep apprised of applicable laws and ethics standards.

Discussion

Given the broad variety of business activities and stakeholders, there is a virtually infinite list of moral obligations business professionals may have to take into account throughout their careers. However, all such obligations generally fall into one of the following six basic categories:

- **Value Creation** – The obligation to create value for business owners.
- **Respect for Persons** – The obligation to behave toward others with civility, hospitality, tolerance and due care for their wellbeing.

- ***Environmental Stewardship*** – The obligation to be a responsible steward of the natural environment.
- ***Lawfulness*** – The obligation to abide by just laws.
- ***Veracity*** – The obligation to be truthful.
- ***Justice*** – The obligation to act with equity and compete fairly in pursuing business goals.

This short summary of ethical obligations is not derived from a desire to pursue a particular social agenda or a Pollyannaish hope for a better world. Instead, it is merely a synthesis of important expectations that market participants have always had and continue to have of one another to a greater or lesser degree. Whether business leaders acknowledge it or not, their behavior and their firm's behavior is being continuously observed and measured against such fundamental expectations. By their nature, such expectations present both business opportunities and risks. Firms that meet or exceed market expectations may realize various benefits such as reduced enterprise risks and stakeholder loyalty. Firms that fail to meet market expectations will be presented with enterprise risks of varying magnitudes depending on the circumstances. As a consequence, it is vital to take such expectations into account so as to accurately survey the terrain ahead before setting your course.

Canon 3 – Moral Conflicts: Business professionals shall take reasonable efforts to ascertain conflicts between relevant moral obligations.

Interpretation

Moral obligations can and often do conflict with one another. It's vital to expressly recognize such conflicts because it is only by doing so that business professionals can identify the key ethical questions that must be asked and answered. This means that business professionals must:

- a) Devote reasonable time and resources commensurate with the gravity of the circumstances to ascertain conflicts between relevant moral obligations.
- b) Consider the implications of any conflicts identified.

Discussion

It is the frequent conflict between relevant moral obligations that makes ethical decision-making in business a challenging endeavor. For example, the moral imperative to create value for shareholders often conflicts with the moral obligations of respect for persons, environmental stewardship, lawfulness, veracity and justice. Recognition of such conflicts provides the insight necessary to articulate and engage in a productive dialogue about the central ethical issues presented in the circumstances.

Canon 4 – Reasonable Options: Business professionals shall take reasonable efforts to ascertain available options.

Interpretation

The quality of any decision is dependent upon the universe of available options considered by the decision-makers. This means that business professionals must:

- a) Devote reasonable time and resources commensurate with the gravity of the circumstances to ascertain available options.
- b) Consider the perspectives of all stakeholders who may be affected by a particular business decision.
- c) Take into account the dimension of time. In addition to deciding what to do, decision-makers must also consider when action might be taken.

Discussion

When making an important business decision, it is vital for decision-makers to vigorously explore all reasonably available options. Prior to a final decision being made, all reasonable options should be considered – including those that may carry with them unpleasant consequences such as halting operations or declaring bankruptcy. When options with potentially unpleasant consequences are arbitrarily removed from consideration without due consideration, business professionals may foreclose the only ethical course of action available. The exercise of exploring options also requires business professionals to collaborate with one another and to apply their collective creativity. To be successful, such collaboration requires leaders to foster an open and honest dialogue where participants feel safe enough to be candid. Also, timing must always be taken into account. An action that may be imprudent in the short-term because of financial, or other considerations, may be appropriate at a later time.

Canon 5 – Consequences: Business professionals shall take reasonable efforts to ascertain the likely consequences of available options.

Interpretation

Real-world decisions necessitate careful consideration of real-world consequences. This means that business professionals must:

- a) Devote reasonable time and resources commensurate with the gravity of the circumstances to ascertain the likely consequences of available options.
- b) Consider the perspectives of all stakeholders who may be affected by a particular business decision.

- c) Consider the risks associated with each option by taking into account the relative likelihood and significance of possible beneficial and adverse impacts.

Discussion

Business decisions can and often do result in profound impacts on affected stakeholders. These may be employee raises or layoffs, customers exposed to greater or lesser product risks or environmental impacts of varying degrees. The magnitude and character of such impacts as well as the likelihood of their occurrence can and must play a significant role in choosing between available options. This does not mean, however, that the option that causes the least harm to any particular stakeholder or to all stakeholders must be chosen. Such an arbitrary rule could lead to demonstrably unreasonable and unethical consequences. For example, writing a generous check to a charity for the benefit millions of people may be both unreasonable and unethical if doing so would threaten your business's survival. Instead of imposing any particular utilitarian standard, this Canon merely mandates that decision-makers seek to understand the likely impacts their decisions will have on people, property and the environment and to take such impacts into account when choosing between available options.

Canon 6 – Principled Balance: Business professionals shall take reasonable efforts to select an option that strikes a principled balance between competing interests taking into account all relevant circumstances.

Interpretation

To strike a principled balance in circumstances where there are competing moral obligations, the rule of reason and the “harm” principle must be applied. This means that business professionals’ decisions must:

- a) Be logical (with valid premises and conclusions that rationally follow);
- b) Be objective (either free from bias or with an acknowledgment of known conflicts of interest);
- c) Be as consistent as possible with all relevant moral obligations; and
- d) Avoid unjustifiable harm to people, property and the environment.

Discussion

For business professionals desiring to chart an ethical course, this sixth Canon mandating that they seek a “principled balance between competing interests” is significantly more challenging than merely following a categorical rule. Even after undertaking the oftentimes difficult work of discerning the relevant facts, obligations, conflicts, options and consequences in accordance with the first five Canons, much work remains for conscientious business professional to find this balance. But, since there is not now, and never will be a definitive rule to follow

in every circumstance, there is no more reasonable way of responding to or managing moral complexity in business. In so doing, business professionals may benefit from taking into account the following thoughts when undertaking this important work:

1. **Consider your relationship with the relevant stakeholders.** For example, business professionals owe a duty of care and loyalty to shareholders. This does not mean that shareholder interests must trump all others' in every circumstance, but it does mean that such special relationships should be taken into consideration in deliberations regarding available options.
2. **Consider relative risks.** There is often little certainty about the outcome of business decisions. When seeking to choose the most principled option, take into account the relative probability and magnitude of averse or beneficial consequences. In so doing, more compelling reasons must be set forth to justify actions that carry with them a high probability of adverse consequences.
3. **Consider the connection between shareholder and other stakeholder interests.** For example, investments in expensive environmental controls made in the interests of honoring moral obligations to be a responsible steward of the natural environment, can ultimately benefit shareholders by reducing enterprise risks and enhancing the corporation's reputation. Similarly, foregoing well earned employee bonuses for the purpose of maximizing dividend payouts to shareholders might harm shareholders' long-term interests if such an action reduces employee loyalty to the firm.
4. **Collaborate with others.** No matter how wise or experienced you might be, you will always benefit from seeking the counsel of others when facing a difficult decision. In addition to providing you multiple perspectives, collaboration with others in making important business decisions does the important work of building the consensus necessary to maximize the probability that actions called for will be understood and carried out.
5. **Recognize that there is rarely, if ever, a single "right thing."** When undertaking the work called for in the sixth Canon, it would be a mistake to do so with the expectation that *the* right thing will emerge from your deliberations. Instead, you should expect to find a range of "right things" bounded only by the rule of reason, your conscience and the degree of acceptance by the community of affected stakeholders. Remember, the purpose of your deliberations is not to seek the "perfect" balance. What you are seeking is a course of action that both your conscience and other market participants believe is "commercially reasonable" in the circumstances.

The Canons of Business Ethics in Practice

Although they may appear a bit formulaic, the Canons are not a mathematical algorithm into which you can input data with the expectation of getting a single result. To the contrary, even if the Canons are rigorously applied in making a business decision, reasonable people can and will disagree about “which right thing to do.” But this does not diminish the Canons’ utility to business professionals. Specifically, the Canons can serve the following vital purposes:

- Establish a common, multidimensional decision-making framework;
- Teach business ethics; and
- Assist business professionals in drawing “moral chalk-lines.”

Establishing a common, multidimensional decision-making framework

Perhaps the chief benefit of adopting the Canons is the establishment of a common framework in making important business decisions involving multiple moral obligations. Absent some consensus about how business decisions should be made, you and your colleagues may find yourselves casting about in the wilderness – often through a painful process of trial and error – to develop your own decision-making techniques. The resulting assortment of approaches may make it difficult for even the most conscientious business professionals to engage in informed and productive discussions about critical ethical issues that confront their companies. What often results in such circumstances is a test of wills or the dominance of position over the rule of reason.

By contrast, if you and your colleagues adopt the Canons you will be better able to zero in on the exact nature of disagreements that are likely to arise. When conducting deliberations in accordance with the Canons, you will be able to see whether disagreements with your colleagues concern the relevant facts, obligations, options, consequences or the appropriate balance between competing interests. Such a critical insight into the root cause of varied opinions serves to enrich the dialogue and enhance the productivity of the decision-making process. Moreover, any approach that fails to systematically take into account relevant facts, moral obligations, reasonable options and their consequences, is more likely to lead to sub-optimal business decisions than one that does. Like crossing a minefield blindfolded, you and your colleagues might get to the other side unscathed, but you’re more likely to do so with your eyes open and with an agreement about how you will all work together systematically to determine where the mines are located and how best to avoid them. That being said, it’s important to recognize that using the Canons will not guarantee you “safe passage” – no decision-making framework can. Instead, the Canons can serve to optimize the quality of the deliberations in making important business decisions.

Teaching Business Ethics

Some question whether ethics – let alone “business ethics” can be taught. And, if by teaching “ethics” one means the promotion of a particular value system or world view, many would agree that such an effort is likely to meet with mixed results. But, there is broad agreement that it is possible to teach practical problem solving skills. The Canons could provide a valuable supplement to the analytical methodologies already used to evaluate case studies in business school curricula. In so doing, business schools might assist students in better coming to grips with the reality that business decisions have multiple ethical dimensions that must be considered in addition to the moral imperative to maximize returns on investment. The object of such a Canons-based curriculum would not be to preach a particular brand of “goodness” but, instead, to provide business professionals in training with both the tools and the practice necessary to rationally evaluate and resolve problems they are likely to encounter when they enter the workforce.

Drawing Moral Chalk Lines

Although these Canons mandate a process rather than particular standards of conduct, this does not mean that there are no meaningful ethical boundaries that business professionals should set for themselves or their firms. The thousands of business professionals and businesses implicated in wrongdoing every year bear witness to the fact that such boundaries are very real and, when crossed, can carry with them severe consequences for those involved.

Because you, like every business professional, are likely to encounter pressures during your careers to cross ethical boundaries, it is important to invest some time to reflect on relevant moral obligations to determine in advance what boundaries or “moral chalk-lines” you will not cross under any circumstances. Engaging in such introspection prior to encountering such pressures can prepare you to act appropriately in circumstances that might otherwise put you and your business in peril. Similarly, both businesses and industry associations can use the Canons to develop company and industry-specific standards of conduct for the purpose of setting clear moral chalk-lines for their members.

Conclusion

When seeking to make ethical business decisions, it is important to recognize that good intentions are not enough. Instead, what is required is the discipline to act in accordance with the Canons to chart an ethical course. Adopting the Canons will not guarantee business professionals will always agree upon a particular course of action, nor will it always produce business decisions that will be widely accepted in the marketplace. Given the nature of moral questions, in which there is and always will be a wide range of views as to which “right thing” to pursue, there is no process that can yield such results. However, if by adopting the Canons business professionals develop the habit of systematically integrating careful factual analysis and moral considerations into their decision-making processes, they can legitimately claim they are behaving ethically.

Possible Side Boxes

Six Questions to Chart and Ethical Course

Business professionals who adopt the Canons can use the following question set to assist them in evaluating and responding to important business decisions.

1. What are the facts?

(Facts drive the train. A clear-eyed understanding of what is known and what is unknown, is an essential prerequisite to any sound decision.)

2. What are my moral obligations in this circumstance?

(Business leaders have many moral obligations, but they generally fall into one of the following six major categories: (1) value creation for the business; (2) respect for persons; (3) responsible stewardship of the natural environment; (4) lawfulness; (5) veracity; and (6) justice. Taking into account ones' obligations is fundamental to discerning an ethical course of action.)

3. What, if any, moral obligations are in conflict with one another?

(Often moral obligations conflict with one another. An express recognition of where these conflicts lie is vital to identifying the principle issues that must be addressed.)

4. What are the most reasonable options available to me?

(Identification of reasonable options allows the decision-maker to rationally compare their respective advantages and disadvantages.)

5. What are the possible/likely consequences of each of these options?

(Real-world consequences must be taken into account in making real-world decisions.)

6. Taking into account the facts, my obligations, the available options and their likely consequences, which option is the most ethical in the circumstances?

To be "ethical," a decision must:

- *Be logical/rational*
- *Be objective/unbiased*
- *Be principled (as consistent as possible with all relevant moral obligations)*
- *Avoid unjustifiable harm to people, property and the environment.*

Why can't we just let the law be our guide?

Since laws regulate virtually every aspect of business, why not just use such government mandates as the sole guide in making ethical business decisions? Moreover, regularly doing more than the law requires to pursue some perceived moral good may put the firm at a significant competitive disadvantage.

There are several reasons the "let the law be your guide" approach to ethical decision-making does not suffice. First, many of the ethical choices business professionals

encounter are between a range of legal options. It may be entirely legal to invest in improved safety controls in your manufacturing operations or to choose to direct your limited resources elsewhere. In such circumstances, the law does not assist you in identifying the most “ethical” choice. Second, a slavish adherence to legal compliance in all circumstances can lead to demonstrably impractical or unethical results. For example, if an audit reveals that a business operation is not in compliance with the law, an absolute commitment to comply with the law in all circumstances would compel the business to halt operations until the compliance issue can be remedied. This may be a reasonable response in some circumstances, but in others – as in the case of a hospital closing its doors to patients because of a minor violation of accounting rules - doing so would be unreasonable and unethical. Third, it is both impractical and imprudent for business professionals to ignore extra-legal moral obligations. To do so would doom the firm to repeated and crippling operational and reputational difficulties. For example, it may be legal to treat your employees with open contempt, but such behavior is likely to adversely affect productivity and employee loyalty to your firm.

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Sample Moral Chalk-lines

The following are examples of moral chalk-lines business professionals might draw for themselves by the conscientious application of the Canons to common ethical challenges they may encounter during their career:

- I will never support or fail to voice an objection to deliberately false or misleading statements to employees, investors, the public or other stakeholders.
- I will never support or fail to voice an objection to action plans that unreasonably threaten the health or wellbeing of people or the environment.
- I will never support or fail to voice an objection to deliberate schemes to exploit or defraud customers, suppliers, unions or other business partners.
- I will never abuse my authority to enrich myself at the expense of the corporation or tolerate others that do.
- I will never ask another employee to take an action that violates the law or crosses my moral chalk lines.

Developing such moral chalk-lines or personal code of conduct is an effective way of ensuring you don't allow yourself to be pulled across ethical boundaries that may result in permanent damage to your professional reputation and the reputation of your firm.

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