

Business Ethics

Presented by:
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Today's Agenda

- The Big Secret
- The Real Truth
- Ethical Areas of Concern
- Ten Steps to Solving Ethical Problems
- Five Rules for Ethical Behavior
- A Quiz!
- Questions/Wrap-Up

Quote

- “In a general sense, ethics is the name we give to our concern for good behavior. We feel an obligation to consider not only our own personal well-being, but also that of others and of human society as a whole.”

– Dr. Albert Schweitzer

The Big Secret

- There is no such thing as
“Business Ethics”

Webster's says...

- Ethics:
 - Relating to what is good or bad, and having to do with moral duty and obligation.
 - Moral is defined as relating to principles of right and wrong.
- Does everyone have a sense of morality?

The idea of “Business” Ethics

- It really comes down to this:
 - How can ethical principles be followed in an organization over which I have limited control?

Public vs. Personal

- The public concerns about ethical practices usually are related to issues surrounding embezzlement, bribes, environmental concerns, etc. However, these issues have fairly clear cut laws, rules and codes of conduct that address them.

Public vs. Personal

- Personal ethical concerns arise from routine business practices – and where relationships and responsibilities and decisions surrounding them are not perfectly clear – and do not have hard, fast rules to follow. This creates “ethical dilemmas” for staff and management alike – and give rise to discontent and feelings of incompetence when the issues are not resolved to conform to one’s personal ethical values.

So...

- To put it simply – any time you are dealing with issues of rights and fairness, you're dealing with an ethical problem.
- The question then becomes, how do you handle these concerns?

Ethical Areas of Concern for 2011

- Employee Compensation and Benefits
- Employee Discipline
- Safety – and Costs
- Maintaining a “Member-Centric” Credit Union
- Budgets – and where the cuts are made
- Harassment
- Terminations/Privacy/Truthfulness

If it's legal...

- If our legal system is founded on principals of morality, could it then be said that if an act or decision is deemed "lawful" it is therefore "ethical"?
- Why or why not?

Let's talk about values

- Does your Credit Union have a stated set of values?
- What are they?
- Anyone?

Example

Excellence Serves a Higher Purpose

- Ecclesiastes 9:10 - Whatever your hand finds to do, do it with all your might.

Bring Yourself to Work

- Romans 12:6 - Since we have gifts that differ according to the grace given to us, each of us is to exercise them accordingly.
- There are multiple ways to do every task. Do your job your own way with your own style.
- We believe that we function best when we can be ourselves. You were given a unique personality – do not leave it at home. Infuse your uniqueness and individual quirks into everything you do.

Example - continued

Be Happy (or please leave)

- If your work makes you unhappy, you need to keep searching for your ideal place.
- Nearly half your waking life is spent at work. You simply cannot be miserable at work and lead a productive, meaningful life.

Example - continued

Build a Family

- You likely spend as much time with your co-workers as with your family. Take advantage of this opportunity and invest yourself in their lives. Get to know each person on a personal level and go out of your way to help one another.
- A large portion of a person's individual happiness is derived from the depth and breadth of their personal connections. The closer we become as a group, the more joy we will find in our daily routines.

Example - continued

Move Fast and Break Things

- Launch fast and iterate – we execute new ideas quickly and make changes based on results.
- Do not be afraid to take risks and make mistakes. If you are not making mistakes, you are not taking enough risks. We only ask that you learn from the errors.
- There is no instruction manual for creating a hyper-growth company like ours. Most things we are attempting have never been done before. Innovation is hard. We should embrace this challenge rather than be discouraged by it. If it weren't difficult, then everyone would be doing it.

Example - continued

Serve our Customers with Excellence

- Treat our customers like you would want to be treated as a customer – anything less is unacceptable.
- We will seek out creative, memorable ways to positively impact a customer's life. Whenever an employee has the opportunity to make a positive emotional impact on a customer, they should take it.
- Merely meeting a customer's expectations is not enough. Exceeding expectations is the key to making customers for life.

Ethical Values

- Take a piece of paper...
- Rank each of these in importance as you perceive it in your job

Very Important Somewhat Important
Not Important

Values

- Honesty
- Obedience to the law
- Respect for others
- Dependability
- Helpfulness
- Truthfulness
- Fairness
- Compassion
- Loyalty
- Courage
- Self-control

Observation

- How are these values exhibited in the day-to-day operation of your credit union?
- Anybody?
- Do these values pertain more to employees than to members? Or vice versa?

Who is responsible?

- We are surrounded by situations that tempt us to compromise our ethical standards. It's up to us to decide how we will act.

The Ten Step Model

1. Define the problem
2. Is it an ethical problem or a straightforward business decision?
3. Identify those elements of the problem that are ethical concerns
4. Is the problem a case of differing opinions, a conflict of interest, or a question of rights and fairness?
5. Is it a personal problem, a company problem, an industry problem or a cultural problem?

The Ten Step Model

6. Who is affected?
7. Is special help needed?
8. What are the alternative solutions?
9. Are the proposed solutions legal, moral, culturally acceptable, and in keeping with good business practice? And does the solution support the image you and the organization wish to have with employees, customers, competitors, and the general public?
10. Can the solution be implemented at a reasonable cost, with a minimum of disruption and with a high degree of probable success?

Five Rules

1. Consider the needs of others, not just your own.

Remember: you have to give to get, and life is better when you live it as a win/win process.

Five Rules

2. Never forget just who you and your credit union are.

You are part of the community and a thread in the fabric of society. Don't do those things that common sense will tell you will cause it to unravel.

Five Rules

3. Obey rules, laws, and cultural standards, or get them changed.

Remember: You can be unethical without breaking the law. Use common sense and assess the potential damage of an unethical act or the violation of moral standards in advance. Violations are not worth it in the long run.

Five Rules

4. Test your thinking frequently.

Ask yourself:

“Is this the right thing to do?”

“Is it fair?”

“Is it honest?”

“Is there a better way?”

Five Rules

5. Don't lose your objectivity!

Sounds simple, but it can be tough!

What is fair, what is right and what is in your best interest may be different things.

Be sure you put your biases aside and look at all aspects of the issue.

Is your credit union ethical?

- An ethical company:
 - Treats all stakeholders adequately and fairly
 - Consistently makes fairness the first priority
 - Expects individual, rather than vaguely collective, accountability
 - Defines objectives and goals that all members value
 - Portrays a clear vision of integrity, exemplified by management.
 - Demands and rewards integrity at all times and in all situations.

Thoughts to Ponder

- Honest organizations build trust not only among customers, but among the members of the organization.
- In the long run, ethical firms are more profitable than unethical ones.
- Over the course of time, ethical people are more likely to be successful in business than unethical ones.

The Payoff

- Important!
 - “There is NO PROFIT in gaining the entire world if you must lose your soul in the bargain.”

– Alan Axelrod

Last Words

- There are costs to doing business ethically, but the benefits substantially exceed them.
- There is NO valid excuse for acting unethically.

And finally...

- **Ethical organizations create an ethical world.**

What will you do today and in the future to ensure your credit union does it part?

Questions?

- Thank you!
 - Questions? E-mail me: warner@classinet.net
 - Put "CU CONFERENCE" in the subject line