

## EDWARD MILLS

We then heard from, Edward Mills, operations manager for Great Lakes (UK). Edward focused on the way that he had changed as a result of completing a programme over six months on emotional intelligence. This was an interesting insight, and proved to be an excellent balance with the other speakers who had talked about its use in their organisations. To hear from an individual who had actually used it was fascinating. He was very open and disclosed the fact that one of his EQ scores did not even register on a bar chart (as it was so low) when he first completed the questionnaire. He completed it again six months later, after putting in place a plan for change, and things were very different. He was a great advocate for its use.

## PANEL DISCUSSION

The final event of the day was a panel discussion, which was facilitated by Sean Germond, a research and counselling psychologist. The panel consisted of Dr Reuven Bar-On, Geetu Orme, Steve Langhorn and Andrea Charman from the Department for Education and Skills.

There were some interesting questions from the floor and it was useful to have a range of perspectives available from which to draw.

## CONCLUSION

This was an excellent conference with a programme reflecting several dimensions of emotional intelligence work – research, input from organisations using the EQ-i, personal input from an EQ-i user and discussions.

The conference handout was excellent. The venue – Adlington Hall in Cheshire – lent itself well to this kind of conference, and there was an appropriate number of people supporting the event behind the scenes to make it run smoothly.

My advice to you is to book now for next year's conference; you won't be disappointed. The date is Friday 20 June 2003, and information can be found at [www.eiuk.com](http://www.eiuk.com).

● JOHN WESTON IS DIRECTOR OF DIRECTOR DEVELOPMENT AT THE INSTITUTE OF DIRECTORS; HE CAN BE CONTACTED AT [john.weston@iod.com](mailto:john.weston@iod.com) OR TEL: 020 7766 8800.

### Reference:

1. "Emotional Intelligence – Can you measure it?", Widget Finn, *Human Resources*, July/August 2002, pp.46–50.

---

# Ethics: a foundation competency

Geetu Orme and Carolann Ashton highlight the dawn of a new focus on ethics within the competency set of major organisations.

It seems that "ethics" is the word on many people's lips at the moment. Recent accounting scandals in corporate America have cast doubt on companies' trustworthiness and the way in which they do business the world over. Employers who may in the past have been considered to be "squeaky clean" are now being discussed in the business press, as journalists try to predict when and where the next big corporate scandal will emerge.

Even before these recent scandals, there was evidence of a trend over the past decade towards higher demands being made of organisations

by employees, customers and sometimes even the wider community. For example:

- consumers expecting private and public sector organisations to be more ethical in their trading policies and business dealings;
- board directors being asked to consider the impact of awarding themselves large pay rises when their employees receive less than the rate of inflation;
- journalists being asked to look at the issue of privacy invasion; and
- scientists being asked to question their motivation to explore the human genome (see box 1).

Literature and research in this area is evolving too. A recent edition of *IRS Employment Review* featured a report of 25 organisations' policies and practices concerning corporate social responsibility (IRS, 2002). Quoted within that report are three central reasons why businesses cannot ignore ethics<sup>1</sup>:

- good practice;
- the risk to their reputation; and
- increasing external pressures.

The very heart of a number of sectors has been shaken through this questioning of the values, principles and guiding ethos of well-known organisations. Box 2 shows a number of different words that can be used to refer to ethics (although we would argue that ethics merits its own unique vocabulary and that there are subtle and important differences in the words shown).

Various organisations have added "ethical" to their list of corporate values. In some organisations, policies have been drafted and codes of conduct agreed. Yet we still seem to be a long way from creating the perfect ethical workplace that we might want and may aspire to as leaders.

### 1. A PLETHORA OF ETHICS

- Nursing ethics
- Medical ethics
- Computer ethics
- Business ethics
- Journalism ethics
- Boardroom ethics

### 2. SYNONYMS

- Principles
- Morals
- Beliefs
- Citizenship
- Way of life
- Values
- Authenticity
- Transparency
- Social responsibility
- Corporate social responsibility
- Morality

So what is missing? This article seeks to create a dialogue on how we can help organisations, teams and executives move closer to defining ethics, what it means in practice and how to work towards ethical practices in business. While it may be true that ethics is a valuable part of a competency framework, we would also advocate that it is the very backbone of corporate life. Key questions that then emerge are how do we then learn it, test it and teach it?

Robinson and Garrett (1996, pp.6–7) suggest 10 further questions that get at the very essence of what ethics means.

We believe that these are very pertinent in a business context:

1. *Are there any differences between moral laws and society's laws? If there are, why is this?*
2. *What are human beings really like: selfish and greedy or generous and kind?*
3. *Are some people better at "morality" than others, or is everyone equally capable of being good?*
4. *Are there good ways of teaching children to behave morally?*
5. *Does anyone have the right to tell anyone else what goodness and wickedness are?*
6. *Are there certain kinds of acts that are always wrong? If so, what are they?*
7. *What do you think is the best answer to the question: "Why should I be a good person?"*
8. *Is ethics a special kind of knowledge? If so, what sort of knowledge is it and how do we get hold of it?*
9. *Is morality about obeying a set of rules or is it about thinking carefully about consequences?*
10. *When people say "I know murder is wrong," do they know it is wrong or just believe it very strongly?*

First, let's start by defining what we mean by the word "ethics" and explore three different types of ethics.

### WHAT IS "ETHICS"?

There are many definitions of "ethics". *Chambers English dictionary* defines it as "a system of morals" and "rules of behaviour", but the definition preferred by the authors of the current article is by Connock and Johns (1995):

*"Ethics is about fairness, and deciding what is right or wrong, about defining the practices and rules which underpin responsible conduct between individuals and groups."*

We would add to this our own definition:

*“Being ethical involves taking action to ensure that these practices and rules are applied consistently in all day-to-day business situations.”*

So, in other words, the word “ethics” is fundamental to the very essence of who we are, burying itself deeply within our sense of values.

### THREE TYPES OF ETHICS

The existing literature in this area suggests that there are three possible approaches to ethics<sup>2</sup>:

**1. Social ethics:** an approach that came from Greek society and is based on the Greeks’ idea of basic rules for civilised living, but which is different from one group or society to another. In other words, organisation A may have different ethics to organisation B by virtue of a different set of values and/or principles.

For example, take the financial advice that several different professional services firms offer their clients. In each case, it is likely to be based on a firm’s beliefs about the integrity and quality of the information provided. But the starting point for its ethical stance differs according to a firm’s particular values or principles. These differences in approach are valuable in differentiating a particular company from its competitors in a difficult marketplace. But the end result is confusion and lack of confidence among consumers if the ethics involved differ widely. Recent scandals have served to emphasise the problems that can occur. It is not only the firms that have been implicated, but virtually a whole sector.

**2. Transcendental ethics:** rely on the absolute concept of right and wrong and a sense of justice, which is applied equally, regardless of any social, geographical or cultural restriction. It is our view that organisations are moving towards this particular understanding of ethics, and that it represents the next phase of evolution for companies across the world. After all, what is understood as being ethical in the petrochemical sector in Europe should also be considered ethical in the retail sector in the USA. This is, of course, far from where things are now. It involves taking some unpopular decisions that will have beneficial results in the long term. It relies on leaders being able to operate ethically (more about this later).

**3. Tactical ethics:** are based on obeying rules or laws in order to avoid any penalties arising from their infringement. These ethics are

usually practised out of convenience and self-interest rather than a sense of right or wrong. Many people would consider that “sticking to the law” is an example of being ethical. The authors believe that tactical ethics will be a step towards achieving transcendental ethics, but that they are not likely to provide the compelling case required for change to take place.

So, as you can see, we have to be clear about which type of ethics we are referring to when we start to have a dialogue about them. Speaking cynically, some current business practice seems to focus on using tactical ethics with the intention of being seen as an “ethical” company only if it brings the organisation more customers. For example, a 1993 survey on business ethics in Britain carried out by the University of Westminster (Burke, 1993) found an ethical separation between senior managers and their junior employees. It also found that although business people displayed a high degree of ethical awareness, many would discard their principles if profit were affected. Therefore, “ethics” is not something we suddenly adopt because our company develops a policy. So, why are ethics important?

### THE IMPORTANCE OF ETHICS IN BUSINESS

Imagine a world without ethics, where we put ourselves first all the time. Where no one was interested in the environment or making things better for all. In the UK, there would be no National Health Service, no state education system, and our decisions would be based on “What’s in it for us?”. Sadly, this is how some people would describe their current workplace.

Research by Axiom Software into graduate recruitment identified that 75% of graduates would not work for a company with a poor ethical record (*Personnel Today*, 2002). It seems that we are all becoming more aware of the need for ethics. In the USA, companies have now identified the new role of Ethics Officer. But is this role likely to make any difference to the way in which companies are run?

Consumers are certainly more driven now than ever before by ethics and social responsibility. The Co-operative Bank has developed a new Ethical Purchasing Index (EPI) to understand the growth of the ethical marketplace (see box 3).

So, why is ethical business becoming so important? Many of us are likely to have formed our ideas of decency and fairness based on our experiences of life. Often, our views have been influenced by people

### 3. THE CO-OPERATIVE BANK'S ETHICAL PURCHASING INDEX

#### Headline results

- Ethical market has grown 15% – the 2001 EPI now stands at 115.
- The value of ethical consumer purchases in selected sectors (where there is an ethical alternative) grew 18.2% between 1999 and 2000 – from £4.8 billion to £5.7 billion.
- This compares with a total market growth in the same sectors of only 2.8% – ethical purchasing is growing more than six times faster than the overall market.
- Ethical purchases in these selected sectors now have a market share of 1.6%, up from 1.3% in 1999, the baseline year.
- Ethical investments and banking, which have not been included in the EPI, account for an additional £7.8 billion of ethical activity – growing at a rate of 20% per year.
- Total ethical activity, with banking and investments, amounts to £13.4 billion in 2000 – a growth of 19% from 1999.

Source: "Ethical purchasing index 2001", Co-operative Bank, [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk).

we have met who have helped to shape our view of the world – for example: parents, teachers, mentors, coaches, suppliers, family, friends and colleagues. They grow and evolve with us, and changing our ethics involves changes at the very heart of our being.

The workplace is a collection of these many different experiences and therefore of differing ethics. Many people join a company without investigating the ethics of their employing organisation closely and often find themselves at variance and out of balance when those ethics are tested. For instance, someone who believes in "equality and justice for all" may have a problem working for a business whose board earns vast salaries and does not practise the values of the company.

Ethics need a structure, they need a policy, a code of practice, or a cultural understanding of the rules, but this alone is not enough. They also need individuals who can differentiate between right and wrong, people who can make difficult decisions and are assertive enough to stand by the decisions they make. This often includes standing up for both themselves and others. These testing times are often the points at which company values become "flexible" and separate themselves from what may be a more transcendental approach by the individual.

Take for example the organisation with a state-of-the-art bullying policy. An employee invokes the policy in order to challenge the bullying behaviour of their boss. However, the company knows that the boss has turned that department round in record time and delivers financial results. The moral dilemma is then whether to challenge the manager and risk upsetting the status quo, or move the individual elsewhere.

Of course, moving the employee is usually quicker and cheaper. The employee is then moved to another department and the issue is labelled "a clash of personalities". Now the organisation is escalating the problem by dealing with it *tactically* and not *transcendentally*. Word soon spreads that the bullying policy is not worth the paper it is written on, and that bullying is rewarded.

So, what role do organisational values play? Can individuals be expected to follow "ethical" rules if they do not believe in or understand them, if they are not part of their own value system, or indeed if they change from day-to-day? How many organisations would put ethics above profit? How many companies include issues of ethics in their recruitment process or, indeed, include ethics in the training plans of their employees?

It appears to the present authors that having senior managers who value ethical behaviour as much as profit will achieve the greatest impact on a company's ethical standards. Businesses need to develop the kind of environment that promotes ethical development and they can only do that from the top down. So, accepting that ethics are important, can we measure and test them?

#### MEASURING ETHICS

The Dalai Lama (1999) states that: "Every one of us has a responsibility to act as if our thoughts, words and deeds matter." Of course, everything we do has a consequence; that is a plain and simple matter of physics. Therefore, the amount to which it has an effect should also be measurable.

Certainly, the question of social responsibility and ethics has become more of a core issue for businesses. About 80% of FTSE 100 companies now provide information about their environmental performance, social impact or both.

The CBI's Value Creation Index is providing research in this area. It offers insights into the "value drivers" that are strongly correlated

#### 4. BAR-ON EQ-i DESCRIPTIONS

The Bar-On EQ-i is the first scientifically developed and validated measure of emotionally and socially intelligent behaviour. The author is Dr Reuven Bar-On.

##### **Intrapersonal**

**SR – Self-Regard:** The ability to look at and understand oneself, respect and accept oneself, accepting one's perceived positive and negative aspects as well as one's limitations and possibilities.

**ES – Emotional Self-awareness:** The ability to recognise and understand one's feelings and emotions, differentiate between them, know what caused them and why.

**AS – Assertiveness:** The ability to express feelings, beliefs, and thoughts and defend one's rights in a non-destructive way.

**IN – Independence:** The ability to be self-reliant and self-directed in one's thinking and actions, and to be free of emotional dependency. These people may ask for and consider the advice of others, but they rarely depend on others to make important decisions or do things for them.

**SA – Self-Actualization:** The ability to realise one's potential capacities and to strive to do that which one wants to do and enjoys doing.

##### **Interpersonal**

**EM – Empathy:** The ability to be attentive to, to understand, and to appreciate the feelings of others. It is being able to "emotionally read" other people.

**RE – Social Responsibility:** The ability to demonstrate oneself as a cooperative, contributing and constructive member of one's social group.

**IR – Interpersonal Relationship:** The ability to establish and maintain mutually satisfying relationships that are characterised by intimacy and by giving and receiving affection.

##### **Adaptability**

**RT – Reality Testing:** The ability to assess the correspondence between what is experienced (the subjective) and what in reality exists (the objective).

**FL – Flexibility:** The ability to adjust one's emotions, thoughts, and behaviour to changing situations and conditions.

**PS – Problem-Solving:** The ability to identify and define problems as well as to generate and implement potentially effective solutions.

##### **Stress management**

**ST – Stress Tolerance:** The ability to withstand adverse events and stressful situations without falling apart by actively and confidently coping with stress.

**IC – Impulse Control:** The ability to resist or delay an impulse, drive, or temptation to act.

##### **General mood**

**OP – Optimism:** The ability to look at the brighter side of life and to maintain a positive attitude even in the face of adversity.

**HA – Happiness:** The ability to feel satisfied with one's life, to enjoy oneself and others, and to have fun.

*The Bar-On EQ-i is a trademark of Multi Health Systems, Toronto, Canada.*

with market value. Although the drivers can vary according to a particular industry, there is a consistency related to management credibility, innovativeness, ability to attract talented employees and research leadership (Ashton, 2002).

New practitioners in the field of emotional intelligence have often asked the authors "What role does ethics play in being emotionally intelligent?". It is our belief that you can test for ethics through emotional intelligence instruments such as the Bar-On EQ-i<sup>3</sup> and that this would make an innovative research topic. It is fair to say that there may be other ways to test for ethics – for example, by looking at how our workplace or home are performing as moral communities.

Here, for the purpose of providing information that human resource or organisational development specialists and departments can use immediately, we are keeping the focus on emotional intelligence components drawn from a single, but widely used, measure of emotional intelligence. We highlight below the specific combinations

from the Bar-On EQ-i that we observe in leaders experiencing day-to-day ethical challenges. Although our hypothesis would need to be tested over time, we hope that this article will engage other practitioners in dialogue.

We first start with what we believe to be powerful combinations for an ethical leader or employee and then we move to considering more problematic combinations. For ease of reference, the Bar-On EQ-i descriptions are reproduced in box 4.

#### **POWERFUL COMBINATIONS**

■ **High Social Responsibility combined with high Emotional Self-Awareness** means that the individual is able to be responsible, dependable and reliable as a member of their group. In addition, they are likely to be able to know what they are feeling and why. This combination is likely to provide an important internal radar to help an individual be aware of their own responses to situations, particularly when there is a suspicion that something is not right. It is our

belief that leaders who have this combination should do two things: (i) trust their “gut” when they are experiencing some discomfort; and (ii) ask themselves whether the situation they are experiencing involves ethics or not? Then, they have to decide what to do which is where the second combination comes in.

■ **High Problem-solving combined with high Assertiveness and Reality Testing.** In other words, someone who is able to solve problems of a personal and interpersonal nature and can express themselves non-destructively taking into account the full reality of the situation. When dealing with ethical situations, this combination would show itself in someone who was able to own up to their mistakes, and come up with solutions that would meet everyone’s needs (assuming that they have the high social responsibility from the first powerful combination, shown above).

■ **High Stress Tolerance, high Impulse Control and low Flexibility.** In other words, this is someone who can cope with the emotions of stress without falling apart, combined with patience and low flexibility. This set of attributes may come as a surprise. There are two important points here. The first involves timing – if someone perceives that an ethical stance has been taken without careful consideration, the decision may be perceived to be irrational, not well-thought through and impulsive. Second, being ethical also means not being swayed by others’ opinions and unduly influenced by the situation in which one finds oneself.

## A PROBLEMATIC COMBINATION

■ **Low Reality Testing and low Independence.** In other words, someone who is carried away by their own thoughts, dreams and perspectives, and who is also not comfortable being self-directed and working alone without direction from others. When dealing with situations involving ethics, this combination could be descriptive of someone who might follow the group and not question the acts of themselves or others too deeply. Sadly, the authors have seen this combination more frequently than one would perhaps like within the leadership populations that they have tested for emotional intelligence. The extent to which Europe’s business community is already being affected by this unhappy combination is still to be examined in detail.

So, now that we have explored some basic thoughts about these combinations, what can be said about the possibilities of teaching this ethical competency?

## CAN ETHICS BE TAUGHT?

“Ethics is not a methodology or a strategy one can apply without a grounding in basic theory, principles, concepts” (Foy, 2002).

Bentley College’s Center for Ethics believes that you can provide this grounding; it offers a five-day course on the subject. In fact, many education experts believe that you can, and are now looking at ways of making it part of the core curriculum of British state schools. These authors believe that you can – but that this type of training needs to be rooted in the core values of each individual. The concept of ethics needs to be explained, and practical and experiential exercises need to be included in order to help people look at moral and ethical issues and discuss their reaction to them in a non-threatening way.

If, for example, someone has a low sense of social responsibility and an average problem-solving ability, it may be appropriate to focus on the ethical problem-solving questions in box 5 in order to raise both sets of scores.

However, organisations need to be careful about the ethical training they provide because the implication of providing it is that it and the employees it is training are going to abide by its principles. Actually, following through on this means a great deal of work, for example looking at:

- the way in which the organisation deals with customers, suppliers and employees;
- everyday routines;
- the way in which the organisation designs and supports its products;
- the way in which the organisation deals with mistakes; and
- the ways in which it spends its money.

## 5. ETHICAL PROBLEM-SOLVING

Velasquez, Andre, Shanks, and Meyer (1996) suggest that we should ask ourselves five questions when trying to resolve a moral issue:

- What benefits and what harm will each course of action produce, and which alternative will lead to the best overall consequences?
- What moral rights do the affected parties have, and which course of action best respects those rights?
- Which course of action treats everyone the same, except where there is a morally justifiable reason not to, and does not show favouritism or discrimination?
- Which course of action advances the common good?
- Which course of action develops moral virtues?

However, before any teaching can begin, we need to look at our individual role as trainers, and the actions of our clients. We need to agree ethical contracts and adhere to them; after all, we will be a role model for ethical behaviour. We need to be transparent in our actions and held accountable for them. The client also needs to be aware of the consequences of their own actions.

In conclusion, we think it is appropriate to bring the focus back to you the reader and to finish on a key question:

## WHAT ARE YOUR ETHICS?

Of course, self-development is the key to understanding “ethics”.

We would like to leave you with a set of questions that we believe get to the heart of this important question, and we hope that this might start you on the journey of articulating what ethics means to you in the context of your current workplace:

1. *What are the two or three key principles that are most important to you in how you do your work?*
2. *On a scale of 0 to 10, where 10 is fully aligned, to what extent is your work in full alignment with each of these key principles?*
3. *What situations are you involved in right now that may be in conflict with these principles?*
4. *How many of these situations are of your own creation, either through a lack of personal clarity and/or a lack of personal confidence in confronting it in yourself?*
5. *What are the specific conversations that you are not yet having with people that you work with and/or with yourself?*
6. *How would having these conversations help you now?*

● GEETU ORME IS FOUNDER AND MANAGING DIRECTOR, AND CAROLANN ASHTON IS AN ASSOCIATE CONSULTANT, OF Ei (UK)

LIMITED, A SPECIALIST PROVIDER OF EMOTIONAL INTELLIGENCE ASSESSMENT, RESEARCH, COACHING AND DEVELOPMENT. THEY CAN BE CONTACTED AT [geetu@eiuk.com](mailto:geetu@eiuk.com) AND [carolann@eiuk.com](mailto:carolann@eiuk.com) AND WOULD VALUE COMMENT ON THIS ARTICLE.

## Acknowledgements

Geetu Orme would like to acknowledge the assistance of Brian Ross for engaging in a full debate about what ethics means during his recent visit to England. Your willingness to discuss the concepts here was much appreciated.

## Notes

1. Simon Webley, Institute of Business Ethics, quoted in IRS (2002).
2. Adapted from Connock, S and Johns, T (1995), *Ethical leadership*, IPD, (pp.4–8). The authors further subdivide ethics into “macro-ethics” and “micro-ethics” in chapters 3 and 4.
3. The Bar-On EQ-i is the most widely used measure of emotional intelligence today; it was developed by Dr Reuven Bar-On, and is a registered trademark of Multi Health Systems Inc, Toronto, Canada, which publishes it. In the UK, information can be obtained through [www.eiuk.com](http://www.eiuk.com).

## References

- Ashton, C (2002), “Importance of diversity in innovation”, in *The psychological management of individual diversity*, edited by Davidson, M and Fielden, M, John Wiley.
- Bentley College Center for Ethics, *Managing ethics in organizations*, <http://ecampus.bentley.edu>.
- Burke, T (1993), University of Westminster survey for the Co-operative Bank, [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk).
- Connock, S and Johns, T (1995), *Ethical leadership*, IPD.
- Dalai Lama (1999), *Ethics for the new millennium*, Riverhead Books.
- Ethical Purchasing Index 2001, Co-operative Bank, [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk).
- Foy, Sandra (2002), *The “who” and the “how” of moral education*, <http://ethics.ascud.edu/eac>.
- IRS (2002), “Corporate accountability”, *IRS Employment Review*, no.756, 22 July, pp.6–12, [www.irsonline.co.uk](http://www.irsonline.co.uk).
- Personnel Today* (2002), “Graduates drawn to ethically sound companies”, original research on behalf of Axiom Software, 31 January, [www.personneltoday.com](http://www.personneltoday.com).
- Robinson, D and Garrett, C (1996), *Introducing ethics*, Icon Books.
- Velasquez, M, Andre, C, Shanks, T, and Meyer, M (1996), “Thinking ethically: a framework for moral decision-making”, in *Issues in Ethics*, vol. 7 no.1, Winter, [www.scu.edu/ethics/publications/iie/v7n1/thinking.html](http://www.scu.edu/ethics/publications/iie/v7n1/thinking.html).