

THE LECTERN

THE ETHICS CHALLENGE: FINDING THE COURAGE



By Marc Le Menestrel*

■ The role of ethics in business is a much debated and often controversial subject. Seemingly, without end or solution, we speak of corporate and social responsibility, the need to cultivate compliance cultures, and endure regulatory responses to ethical failures through the issuance of rules and regulations, principles and guidance, and more recently outcomes-based regulation. Is there though, such a thing as “the ethical organization”? Where does ethical thought and consciousness begin, and where does it end? Is ethics in business the end of a process, or is it the process itself? In this remarkable article, Marc Le Menestrel takes us on a journey of self, and shows us how to infuse the ethical mindset into our actions – individual and organizational.

*Well, then it isn't one to you, since
nothing is really good or bad in itself—
it's all what a person thinks about it.*

– HAMLET, ACT II, SCENE II

■ The question that I wish to address here is going to the heart of ethics. The subject has been much debated over the last decades, yet a sceptic could rightfully argue that all the talk has delivered insufficient results in terms of change in business behaviour.

One of the main reasons for which ethics has not delivered may be that most of the effort has been directed at pointing to the lack of ethics in others. These others include employees, managers, CEOs and senior executives, boards, shareholders, regulators, governments and other stakeholders. Having designed various strategies for “these others” to behave more ethically, we end up lamenting that, alas, our strategies fail miserably. We come back to a state of powerlessness, evoking human nature as the ultimate culprit.

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All this ignores the principal of change. Ethical change, like any other, starts with oneself. One of the key requirements of successful ethical reflection is indeed to stop projecting onto others the emotions of pain and guilt that ethical reflection and self-reflection generate, for these quite naturally trigger defensive reactions and outright evasion. This is human. Hence, before reaching the ideal state where we can accomplish ourselves by being both ethical and profitable, it is necessary to look to our shadows and realize the extent to which we ourselves are unethical.

In this article, I share my experience that has revealed again and again how much changing the way we look at our own ethics is a powerful and necessary driver of personal and organizational transformation. Ethics is a personal challenge, a commitment to facing this challenge, and to travelling this journey. In ethics, a substantial change of conscience is necessary for any change of behaviour to be successful and lasting. This change of conscience is emotionally costly, yet is a necessary investment to successfully drive any change of behaviour.

Ethical training should be seen as an investment that invites this courage, and sheds a new light on the – previously unsuspected – risks that we actually face. This training is unavoidable and quite different than any “compliance” training. Such investment may then lead to a wonderful “windfall”: it frees the mind, the body and soul, and prepares the individual, and his or her organisation, for unsuspected future benefits.

The hard climb to building ethical conscience

Participants in seminars I facilitate are regularly overcome with emotions when sharing personal experiences of corruption, intimidation or coercion. Often, strong ethical judgments cloud their mind and stress their heart. Many claim to be relieved to find a space where they can openly discuss the direct or indirect subversion of the democratic sphere, using powerful influential practices or lobbying organizations. Indeed, how many boards and executive committees honestly face up to the contribution business is making to the current destruction of our natural ecosystem – in nature or in our society?

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Ethics is a personal challenge, a commitment to facing this challenge, and to travelling this journey

Seeing the full spectrum of ethical and unethical behaviours requires an emotional effort that must not be underestimated. In a very human need of self-preservation, we typically avert or abort thinking about unethical topics precisely because of the deeply unsettling emotions they evoke. This occurs both consciously and unconsciously. As a result of these psychological processes, our thinking is constrained in a tiny corridor bounded by frightening shadows. In an attempt to fight our discomfort, we sometimes desperately focus on the positive aspects of ourselves or on the light at the end of the tunnel, becoming entrenched in a perspective that is blind to the biggest risks we actually face.

The courage that we need shall be found both in the mind and in the heart. The mind must learn to let go of the sometimes obsessive need of a positive self-image and a desperate pursuit of our goals. The heart must learn to love others, as well as ourselves, even in the shadows.

The Restraining Boundaries of Self-Rationalisation

Let us consider corruption: one of the

most daunting challenges we face today. From Washington to Paris or Shanghai, I have been engaging with young and senior executives in various industries about corruption for more than 15 years. The quasi totality of the participants I taught would describe themselves as ethical managers, working for ethical organizations. Of course, they all say they would not be corrupted, or corrupt themselves. Yet, my learning process was to reveal – through role plays in ambiguous and difficult situations involving both time, competitive and hierarchical pressures – that, in one way or another, a large majority of them would indeed end up corrupting. And when this is pointed out, in the immense majority of cases, and in particular when working in groups, participants would spend most of their effort, not seeking alternatives, but rationalizing why they cut corners, and why they had no choice but to do so.

I have identified three steps in which participants typically engage when challenged to explain their choices.

- Firstly, they try to deny that they are actually corrupting.

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- Secondly, they justify why they have done it.
- Thirdly, they externalize their responsibility to others, and blame them for their being put in such a situation.

These rationalization mechanisms prevent them from being individually, and collectively, more astute in the face of corruption. In some of the cases I teach, there is actually no good reason to corrupt, and people do it because they can't think differently. Most of the time with corruption, we just do it because we don't try hard enough not to do it.

A genuine effort to minimize corruption, in and by organizations, is leveraged by first identifying the way people think, talk and act to perpetuate corruption. This, in fact, is not helped by hastily pointing fingers and apportioning blame to various "rogue elements" or "bad apples". Changing attitudes to corruption firstly requires understanding how it comes about. From there, one can discover that the drivers of corruption lie in an emotional inability to think wide enough.

Furthermore, in my experience, understanding our own unethical behaviour is a stronger driver for ethical change than preaching and reinforcing ethical behaviour. Compliance efforts help, of course, but they sometimes become a mere attempt to protect top management and feed their self-perception of righteousness: it becomes a self-deceptive practice. Worse, when compliance nurtures a belief that it guarantees ethical behaviour, it actually becomes a hindrance.

The false comfort of ethical blindness

As indicated earlier, we – us humans – avoid discomfort, physical or emotional. When avoiding a direct awareness and confrontation of the potentially unethical aspects of our business interests, we typically switch to a reactive mode. We still deliberate, but our cognition is trapped in various forms of denial, rationalization and externalization of our locus of control – in other words, apportioning responsibility to elements beyond our control – and feeling safe again. By constructing these individual and collective protections at the psychological and emotional levels, we

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In a typical business setting, we are biased in favour of the ethical side of our own actions, while focusing on the unethical side of others

also isolate ourselves from the source of future problems. We become like ostriches with our heads in the sand, seeking refuge from what seems too large a challenge. We are in this case preparing ourselves for bad surprises; we are actually sowing the seeds of real nightmares.

Firstly, and paradoxically, ethics requires suspending judgment. As a teacher, I spend a tremendous effort in my preparation working on my own prejudices towards the people and companies I address. A typical set-up for failure is when I appear to be judging them, projecting my own prejudiced shadows onto the participants or their organizations with the illusion that it serves some good. In reality, it only produces a reaction that reinforces the vicious circles in which we are all trapped: blaming the messenger of bad news to escape our shadows.

To the contrary, a solid and efficient way to proceed is to be non-judgmental, so that participants feel that they occupy a safe, intellectually honest and credible space for courageous and smart conversations to take place.

The Duality of Ethics and the “grey zone”

We prefer to think and talk about our ethics in a positive light. We easily provide arguments to explain how ethical we are. Most companies have success stories about how they contribute to environmental sustainability, advance social justice and promote human values.

However, for all of us who are neither saints nor devils, our ethics typically fall in a grey zone. It lies somewhere on a continuum between being “completely unethical” and being “fully ethical”. There is some good in most of our actions, as well as some bad. If most of our actions are therefore both ethical and unethical at the same time, it is profoundly different to look at the ethical aspects, as opposed to look at the unethical aspects. In my experience, companies whose behaviours raise the most daunting ethical issues, have developed the strongest blinding bias towards their own ethics. It is normal and profoundly human to move away from the disagreeable, to want not to see it, and rather prefer to dull ourselves in good conscience.

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But there is more: we also are biased against others. In a typical business setting, we are biased in favour of the ethical side of our own actions, while focusing on the unethical side of others' actions, especially if they are those of our competitors. In general, our ability to think about both sides of the ethical judgment is significantly influenced by our emotions, our interests, our mental habits and self-image, our cultural context, our work environment, and, finally, our power to act.

An aspect of ethical training is thus to learn to see both the good, and the bad, of any situation or action. For instance, consider the following questions:

- Is it ethical to close a profitable plant?
- Is it ethical to compromise on the safety of a product?
- Is it ethical to influence a government?

It is likely that you will naturally answer yes *or* no to these questions. Yet, there are substantial and compelling arguments to answer both yes *and* no. Thus, observe

your own bias and observe your own (in)ability to overcome it. Sometimes, it needs others to show us the other side of our own thought, and then it becomes obvious. Training this ability to explore our own ethical perspective requires discomfort and effort.

Considering that an action has both an ethical and an unethical side does not preclude the comparison between actions, i.e. judging that an action is more ethical than another. On the continuum, some actions lie closer to “fully ethical” or “completely unethical” than others. It is not because we must reject an absolute and categorical synthetic judgment about the ethics of a particular situation that all becomes relative.

Interestingly, this duality is useful to decode discourses, and to perceive the implicit preferences and objectives that lie behind them. In a series of work about the way the oil industry was influencing the science and politics of climate change, it became very clear to my colleagues and I, that the ethical aspects of actions that were profitable to the industry were emphasized, while unethical aspects

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“... There is nothing either good or bad, but thinking makes it so. To me it is a prison”

– HAMLET ACT 2, SCENE 2 - SHAKESPEARE



of alternatives were systematically highlighted.

Drawing a line in the grey zone

For our own actions, analysing both sides of the ethics equation is the only way for us to consciously choose our ethical opinion.

With effort and training we can develop our ability to look consciously at both the ethical and unethical aspects of any action. As we have seen, this is emotionally difficult. It is also cognitively difficult, because the mind does not like the ambiguity of grey zones, and even less the frontiers of the grey zone, preferring to seek the simplicity of black and white assertions. Often over-estimated for its ability to control emotions and decisions, the mind prefers to categorize each action as either ethical or unethical. Accepting that both are true is a challenge for our logical thinking and it is particularly easy to dismiss it as pure relativism: everything then goes.

The truth is that separating grey situations into two categories, in an attempt to draw a frontier between what is unacceptable

and what is acceptable in a particular situation, is essentially subjective. But it is not because each one of us may draw our ethical lines at a different point of the grey divide that the extremes cannot be objectively defined. As far as both black and white exist in themselves, the good and the bad may be clearly defined concepts. It is when a particular instance of an action, situation or person is totally reduced to one of them that we create a problem. As Shakespeare reminds us, the good and the bad are not a property of things, but of a particular perspective we take on them.

One of the goals of ethical training is to clarify what is objective (agreed upon by all) and what is subjective (specific to each one) in ethical judgments. For the objective, it is impressive how we can get absolute consensus on the negative and positive aspects of particular behaviours in a collective setting. If trust is present, all arguments for the good or for the bad can be made explicit, may be agreed upon and accepted. The plurality of experiences helps the uncovering of these multiple arguments. What remains subjective is whether, overall, these arguments should

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deem a particular action “ethical” or “unethical”. In reality, do we really need such a categorical opinion? And what does it mean? What does it mean to say that a particular grey is black or is white? Not a lot indeed. What we need is to consciously draw a line, to freely choose a frontier by saying something like “this is too bad for me to do it”.

For each one of us to consciously choose where we want to draw the line, we better be able to see both sides of the line. Having such a dual and systematic analysis increases ethical awareness at the individual and collective level and helps elaborate and improve conscious, free and powerful ethical judgment. It is a difficult process that requires us to separate the ethical analysis from the behaviour itself and to work outside of our comfort zone. Taking the pain to analyze systematically the good and the bad in our actions, doing so in contexts where a diversity of perspectives enrich the exercise, suspending our categorical judgments over people and actions, are the intellectual and emotional efforts we have to pay in order to generate alternatives that we can freely choose,

instead of merely living in denial and providing excuses.

Uncovering Ethical Risks

The concept of **Ethical Risk** refers to unexpected negative consequences stemming from a lack of ethics of our actions. Because we tend to be unaware of the unethical aspects of the actions that we choose, especially when these actions are in our self-interest, we cannot anticipate the negative consequences emanating from them. Indeed, it is likely that the stakeholders concerned will respond in an adversarial manner by seeking to impose negative consequences on us. These can be legal and reputation costs in particular, but also breach of trust and revocation of license to operate. At the individual level, it is sometimes the whole meaning of professional life that becomes questioned, which then becomes a source of profound suffering. Because we tend to deny the unethical aspects of our actions, these negative consequences are unexpected and constitute bad surprises: these are ethical risks.

As I said, when confronted with the unethical side of our actions, we tend to

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When confronted with the unethical side of our actions, we tend to react negatively, emphasizing the ethical aspects of our actions and denying their unethical aspects

react negatively, emphasizing the ethical aspects of our actions and denying their unethical aspects. For instance, because we have implemented a compliance program, we find the exposure of our unethical aspects unfair, and we trap ourselves in a reactive attitude. These attitudes further reduce the self-awareness of ethical risks and can progressively lead us to an increased propensity towards unethical action. This is the “slippery slope”.

Such reactive attitudes deal with ethical risks only superficially, because denial and justification are merely designed to appease our minds and are only effective for our own conscience. They also lead to increased secrecy and confidentiality surrounding unethical aspects of decisions taken, and consequences learnt. As a result, the whole organization becomes trapped in a culture of self-censorship and deception and eventually, we begin to believe in our own propaganda.

Who? Me?

For others, denial and justification tend to nurture the adversarial attitude of stakeholders that are alerted or harmed by our unethical actions. Offended by

our lack of understanding, frustrated by our lack of attention for issues impacting them, disabused by what they perceive as a lack of good faith, they push us towards an ethical crisis. We then face escalated costs in order to mitigate unexpected negative consequences, which can be a good opportunity for PR companies, but not for us. In a series of crises that I have investigated with colleagues, this nightmarish slippery slope leading to boycotts, dismissals, violent events or even societal crisis, can be fatal. A key learning from it is that the cost of anticipating ethical risks would have been pocket money compared with the cost they actually bear on us when they crystalise.

A Paradigm of Ethical Rationality

In reaction to our unethical behaviours, we end up pointing to external influences, as if we had no other choice. In this manner, we reduce our own power to identify a profitable alternative course of action. We reduce our freedom to choose, and deny ourselves a choice. Indeed, without proper ethical analysis, a typical justification of an unethical action is that an alternative course of action would have been too costly.

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- Inclusive awareness of ethical and unethical *aspects* triggers a natural search for more ethical solutions.
- Awareness of potential ethical *costs* increases the relative attractiveness of alternative, more ethical actions.
- A rational analysis of the *benefits* of a more ethical alternative can avoid an exaggeration of its costs and benefits.

The re-framing of the situation, an adjustment of the terms of a new paradigm by which we measure success often allows the identification of new opportunities otherwise hidden to us.

Eventually, with some ethical effort, an alternative and more ethical action may be implemented and without much additional cost, even considered as a strategic investment. I have witnessed wonderful experiences of individuals, teams and organizations rejecting corrupt practices to discover a simpler process to promote their products and ensure the smoothness of their processes.

I recall in particular an executive who stood up in front of his boss to refuse indulging in a practice that was decidedly “too much”. As a result of his disobedience, the boss of his boss, a senior executive of the company, summoned him to his office where he explained that he refused to act against his own values. That was to be the long awaited call that the senior executive was unconsciously waiting for, and the beginning of a strategy with the executive committee to modify certain practices. The company eventually became a leader within its sector group to fight against corruption, and that senior executive later took executive positions worldwide. It was impressive how he was the only one to be able to raise these subjects in meetings, beyond emotion or guilt, opened views to both sides and intelligently, and powerfully pushed the frontier towards the better.

For him, like for others, avoidance of ethical risks opened the path to unexpectedly positive consequences. It transformed the individual, the team and the company by recovering their true identity, their meaningful purpose and unleashed again the pleasure of working and doing good business.

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It is ... change at the individual level that makes the organization less vulnerable and more resistant to ethical crisis

Ethical Training Reloaded

Proper training about ethics and ethical risks allows the identification, mitigation and transformation of ethical risks, at once improving organizational efficiency and developing organizational identity.

In my experience, ethical training shall always start at the individual level. However, it is particularly interesting to work with executive teams, so as to both share our ethical analysis and confront our different perspectives. Rather than looking for systematic alignment about where to draw the line, we first look for consensus on the extreme and establish a common understanding of the various shades of grey. We can then rely on the diversity of personalities and characters present to enrich the team's capabilities to face ethical situations. Again, rather than judging, it is first important to understand the full dynamics that has led to some ethical or unethical decisions, independently of whether such decisions have led to success or failure. Further, at the level of the company itself, dedicated programs whereby a significant proportion of top executives are trained, are especially useful for companies intent to forge a

culture or develop new attitudes towards emerging or transforming markets.

Regarding identification, ethical training allows us to identify systematically the various unethical aspects of our actions, thus reducing the awareness bias, the tendency to stick with intuition and the “obvious” solution, and identifying ethical risks before they lead to bad surprises. At the individual, team or organizational levels, identification requires a safe space, a trusting environment and non-judgmental facilitation. This can be eased by a past crisis that has liberated a motivation to “do something about it”. Sometimes, different modalities and formalities are required so as to protect the company and so that individuals feel free to express themselves without fear of embarrassment or retribution.

Concerning mitigation, ethical training allows us to describe our behaviour more objectively and to anticipate the possible unravelling of ethical crisis. Simulations, case studies, sharing of personal and organizational issues are good supports for these stories to be told and for conversation to take place. The learning space shall allow participants to experience both their

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ethical and unethical behaviours so as to understand their attitudes at each side of the frontier. In terms of stakeholders, management are trained to recognize the legitimate part of stakeholders' reactions, communicate with more sincerity and engage with them, thereby preserving trust and alliances. Rather than behaving reactively, they learn to empathize and act proactively towards the mitigation of the unethical aspects of their actions.

With regards to transformation, ethical training enables us to spend at least as much time looking for opportunities. This intends to un-bias our tendency to justify the actions that we expect to maximize our interest, while being unaware of the unethical risks they bear. Decisions *not* to engage in more ethical actions become more salient, and the training allows participants to develop their power of discrimination.

It is this change at the individual level that makes the organization less vulnerable and more resistant to ethical crisis. Moreover, decisions to engage in more ethical actions do not follow a blind faith in favour of ethics. In this manner, ethical training develops resilience and fortitude:

it turns ethical risks into opportunities by dedicating cognitive and organizational resources to creating good surprises.

It is a constant surprise to me to realize how much we are blind to our ethical shadows. Still, the individual and organizational courage to face the risks that these shadows entail quickly brings us to a change of ethical conscience and a natural transformation of our behaviour. There is no better driver of ethical behaviour than conscientiousness of our unethical behaviours. ■

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Picture on page 11 is of Laurence Olivier performing Shakespeare's Hamlet.