



Making Ethical Choices

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- ▶ Over 25 years teaching experience in accounting, auditing and ethics
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Learning Objectives

After the session attendees will be able to:

- ▶ Increase their understanding of the role that personal and cultural values play determining our ethical standards.
- ▶ Define ethics and determine why high ethical standards and behavior is important in the business environment.
- ▶ Reflect on differing approaches to ethical reasoning that a person can use to analyze ethical dilemmas



What are Ethics?

- ▶ The basic concepts and fundamental principles of decent human conduct
- ▶ The study of universal values that govern the actions and decisions of an individual or groups

[Ethics Video](#)

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So What are Morals?

- ▶ Morals are the principals of right and wrong behavior that are agreed upon by society
- ▶ Examples of morals:
 - Don't lie or cheat
 - Don't hurt others
 - Don't steal
 - Speak respectfully to your superiors

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Where Do Morals Come From?

- ▶ Although morals are generally seen separate from religion, most religions have strict codes of moral behavior
- ▶ Societies morals are often based on moral teachings found in religion
- ▶ Most societies and religions have similar morals, so what is moral in one country or to one religion is often the same elsewhere

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Our Own Moral Values

- ▶ Ethics also means the continuous effort of studying our own moral beliefs and our moral conduct, and striving to ensure that we, and the institutions we help to shape, live up to standards that are reasonable and solidly-based.

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Why Study Ethics?

- ▶ Encourage practitioners to develop a solid background in ethical and moral reasoning, professional principles and standards for discerning professional behavior in questionable circumstances.



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Why Study Ethics?

- ▶ As members of society it is necessary to make personal, collective, and interdependent decisions about the allocation of resources.
- ▶ This allocation process requires us to make decisions that affect people, businesses and organizations
- ▶ These decisions reflect our sensitivity and commitment to ethics.

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Study and Development of One's Ethical Behavior

- Feelings, laws, and social norms can deviate from what is ethical
- So it is necessary to constantly examine one's standards to ensure that they are reasonable and well-founded.

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Ethical Standards

1. Impose the reasonable obligations to refrain from rape, stealing, murder, assault, slander, and fraud.
2. Those that enjoin virtues of honesty, compassion, and loyalty
3. Include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy.
4. These are adequate standards of ethics because they are supported by consistent and well founded reasons.

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Ethics and the Law

- Many laws are based on ethical standards, which are in turn based on morals
- If something is unethical, it is usually illegal
- But not everything that is illegal is unethical



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Ethics and the Law – Example

- You are having lunch with a friend and you forget to put more quarters in the parking meter
- You may get a ticket because you broke the law
- But being forgetful is not unethical
- You have broken the law and pay the ticket, but you are still an ethical person



Ethics and the Law – Example

- You are a health inspector and found various health violations at a famous restaurant
- Instead of issuing health violations which would result in huge fines for the restaurant and bad publicity, you ask them to cater your son's wedding for free and the violations go away.
- This is both unethical and illegal.



Ethics and the Law – Example

- Consider a person filming a woman being assaulted. He did not help the woman but instead kept on filming.
- The film ended up being used in court but if the woman died, he would have been a witness to a murder and did nothing to prevent it.
- This situation shows an ethical dilemma.



What are Ethical Dilemmas?

- ▶ A situation that an individual faces involving a decision about appropriate behavior
- ▶ Key Aspect: Generally involves a situation in which the welfare of one or more other individuals is affected by the results of the decision



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Framework For Ethical Decisions

1. Identify the problem.
2. Identify possible courses of action.
3. Identify any constraints relating to the decision.
 - Internal – religious beliefs
 - External – society, profession
4. Analyze the likely effects of the possible courses of action.
 - Short term vs. long term
5. Select the best course of action.
6. Monitor results

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Core Ethical Values

Provide a rationale for ethical conduct among professionals

- ▶ Honesty
- ▶ Responsibility
- ▶ Respect
- ▶ Cooperation
- ▶ Justice
- ▶ Competence
- ▶ Greed (lack of)
- ▶ Courage
- ▶ Loyalty



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Honesty

- ▶ The value of speaking the truth and creating trust in the minds of others. This includes all varieties of communication, both verbal and non-verbal.

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Honesty



- ▶ "Honesty is the best policy. If I lose mine honor, I lose myself." -- William Shakespeare

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Six Laws of Absolute Honesty

- ▶ Tell the truth
- ▶ Tackle the problem
- ▶ Disagree and commit
- ▶ Welcome honesty
- ▶ Reward the messenger
- ▶ Build a platform of integrity

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Cultivating Honesty

- Lead by example
- Insist on candor
- Create debate groups and reverse roles
- Send a message it matters
- Restrain your own brilliance

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Responsibility

- Being accountable to someone for one's actions
- Answerable or accountable for something within one's power, control or management
- Two kinds of responsibility:
 - Static
 - Dynamic

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Static Responsibility

- The world of duty, obligation, and accountability: doing what you are told, doing what you promised, doing what is expected.

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Dynamic Responsibility

- The world of embracing problems and challenges; knowing when to renegotiate promises made; and fostering change in the society around us.
- Here people are responsible for exercising authority wisely. They create something new and different in their lives—for themselves and those around them. Something that goes "beyond" what was before, so that the world is a better place for their having passed through.

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Responsibility



➤ "You are not only responsible for what you say, but also for what you do not say." – Martin Luther

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Respect

- Treating people as ends in themselves and not as mere means to an end.
- Respect fosters an appreciation for the idea and beliefs of others
- People are *respectful* to those who have earned their respect through their actions.

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Respect



➤ "Men are respectable only as they respect." – Ralph Waldo Emerson

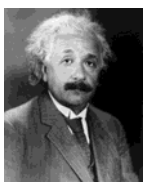
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Cooperation

- Working together in the pursuit of some common end
- Achieves productivity, efficiency, equity and sustainability

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Cooperation



➤ "Nothing truly valuable can be achieved except by the unselfish cooperation of many individuals." – Albert Einstein

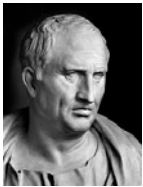
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Justice

- ▶ The quality of being just or fair
- ▶ Judgment involved in the determination of rights and the assignment of rewards and punishments

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Justice



- ▶ "Justice is the crowning glory of the virtues." – Marcus Tullius Cicero

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Competence



- ▶ Standardized requirement for an individual to properly perform a specific job
- ▶ Derived from a blending of education and experience
- ▶ "Everyone rises to their level of incompetence." – Laurence J. Peter

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Competence Encompasses

- ▶ Knowledge (College Education)
- ▶ Training (CPE)
- ▶ Skills
- ▶ Work Experience
- ▶ Behavior utilized to improve performance

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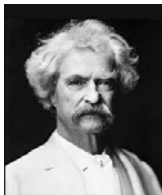
Greed



- ▶ The excessive desire to acquire or possess more than one needs or deserves
- ▶ One consequence of greed is suffering
- ▶ "He who is greedy is always in want." – Horace

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Courage



- ▶ The internal strength to attempt that which seems impossible
- ▶ "Courage is not the absence of fear. It is acting in spite of it." – Mark Twain

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Where does Courage come from?

- The heart
- One's core
- What drives you?
- Firmness of mind and will in the face of opposition
- Stand even if you have to stand alone

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Loyalty

- Loyalty connotes sentiment and the feeling of devotion that one holds for one's country, creed, family, friends, etc.
- Loyalty is something that cannot be bought. Loyalty must be earned.
- Loyalty turns into fanaticism when it becomes wild and unreasoning; and into resignation when it displays the characteristics of reluctant acceptance

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Loyalty



➤ "Loyalty means nothing unless it has at its heart the absolute principle of self-sacrifice." – Woodrow Wilson

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Core Ethical Values

- Provides a rationale for ethical conduct among professionals



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