

Leg 11. From Gothenburg to The Hague

Integral Strategy and Ethical Upraising 02. Ethical Essential Toolkit for Strategists





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OUTLINE. Integral Strategy and Ethical Upraising

01

*Introduction to
Integral Strategy*



02

*Ethical Essential
Toolkit for
Strategists*



03

*My book is a Work in
Progress, wait until next
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We are Here





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Ethical Essential Toolkit for Strategists

Ethical dilemmas are ethical decision making. Since corporate strategy is all about deciding which businesses should we be in? We have to include Ethical Considerations here too...

The most general guide recommended when learning to solve ethical dilemmas is the following:





Ethical Essential Toolkit for Strategists

Nevertheless there are several techniques on how to solve ethical dilemmas, this is material for another Volvo Ocean Race edition. Independently of the technique used, ethical decision making is not easy...

1

Identifying an ethical dilemma without values or without knowing the right-wrong standards is not easy. Value Standards are different depending on the person, culture, religion, education, etc. Moreover, universal values as forgiveness, honesty, courage, compassion, generosity, citizenship, fairness, self-control, prudence, safety, respect, truth, "do not harm", privacy, security have to be refreshed and constantly reminded.

2

Despite the encouragement to do a pros-cons analysis from different perspectives, when it comes to the practice, it is hard to dissent to the boss or CEO. In practice differing view points are stifled by the desire to agree or to please the ones with power positions.

3

Most decisions in business are made quickly and rely on intuition rather than in careful, reflective reasoning. Mindless judgements happen when we are on stressful deadlines, or in need, or in situations where mistakes have happened, and people tend to cover them, and respond without a cautious analysis.

Source: <https://hbr.org/2017/01/why-its-so-hard-to-train-someone-to-make-an-ethical-decision>



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Before starting any business strategy or corporate strategy analysis, any strategist has to understand the existent or non-existing values of the people who decide and at every organizational level in the company...

- In real life, ethical decision making is done by individuals.
- Each individual has its own ethical values and their own standards.
- The problem when doing decision making happens when the values are not the same and are not aligned horizontally and vertically (at the Board of Directors and the Managers-Operational decision makers and the rest of the personnel).
- An ethical misalignment does more harm in an organization than an operational disarrangement.
- Talent HR teams are so busy with hiring, capability development tasks and administrative work, but not with regular ethical values training. "Many leaders felt poorly prepared for the dilemmas they faced and felt compelled to take decisions they later regretted".
- Is there a need for an Ombudsman Office? Can we expect the creation of an Ethical Division? Are ethical values communicated, trained and developed, oriented and supported?
- In addition, ethical unwritten values must be discovered. The organizational culture is a reflection of the shared ethical values inside the company.



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Sometimes as a strategist, you will have to start from scratch and design core ethical values systems... Which values? Are these expected values? Or Perceived Values?

- Organizational values, norms and beliefs can be expected or perceived or real.
- These can be found in the organization, or not.
- A perceived value (perception) may not fit with the real ethical value shown by the individuals.
- **How to evaluate and distinguish between perception and reality values?.**
- Which values must exist in an organization? The most relevant values and virtues depend on the type of organization.

https://www.researchgate.net/publication/286189072_Values-Based_Approach_to_Ethical_Culture_A_Case_Study

For example an Australian Hospital entity may define the following top 4 values:

These values-clarifying statements refer to the characteristics that members of this specific hospital are expected to demonstrate at every organizational level.





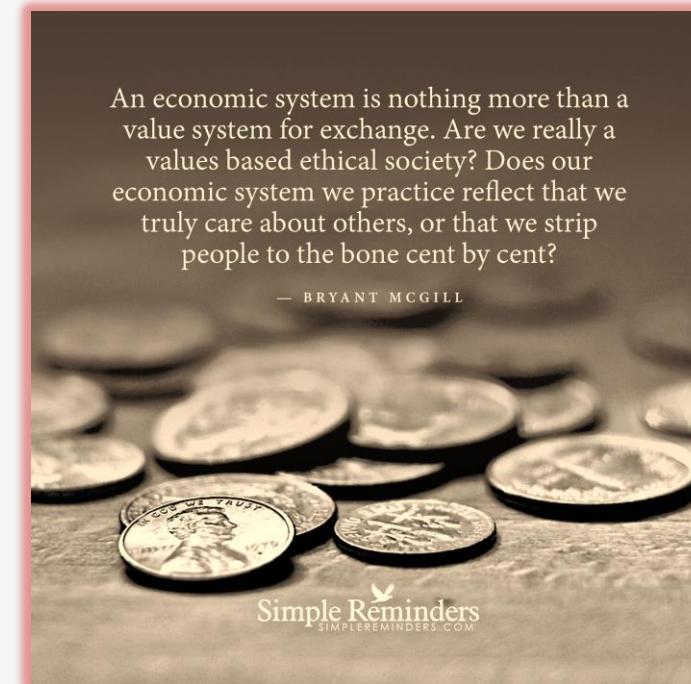
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Finally, it is crucial for each company to define their own ethical values system. This is beyond the code of ethics or conduct..

- Many companies have failed to institutionalize ethical practices by limiting it to prepare a code of ethics (codes of conduct or codes of practice). Other business leaders have confused an ethical values system with the corporate governance.
- **Buchholz (1989) identified seven mechanisms to institutionalize ethics including a code of ethics, ethics committees, judiciary boards, ethical ombudsmen, ethics training, social audits and changes to corporate structure.**
- Similar frameworks to institutionalize ethical practices by experts in the field have been proposed.



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Without considering an ethical value system as the strategic gear for our corporate decision making, sooner or later, our beautiful businesses will breakdown.



Leadership

This component provides the executive and strategic commitment to ethical practices, developing supporting resources, support mechanisms, policies and responsibility for managing the ethics function (Hoffman et al., 2001; Segon, 2007).



Policies

These policies need to be developed and communicated. These components assist in developing and outlining expected standards of practice and support communication of standards and the evaluation of any breaches (Francis, 2002a; Hoffman et al., 2001).



Techniques and Systems

Aspects such as decision-making guidance and reporting systems as well as training and development can enable people to actually use the ethical system effectively (Hoffman et al., 2001; Preston, 1996).



Motivation

Through the application of participative approaches and the involvement of those to be affected by the ethical system in decision making, there is greater likelihood towards organization-wide commitment to the values and ethical framework (McKenna, 1999).



Audit

A review of the ethical framework should occur at regular intervals to assess effectiveness and relevance (McDonald, 2008; Trevino & Nelson, 2009).





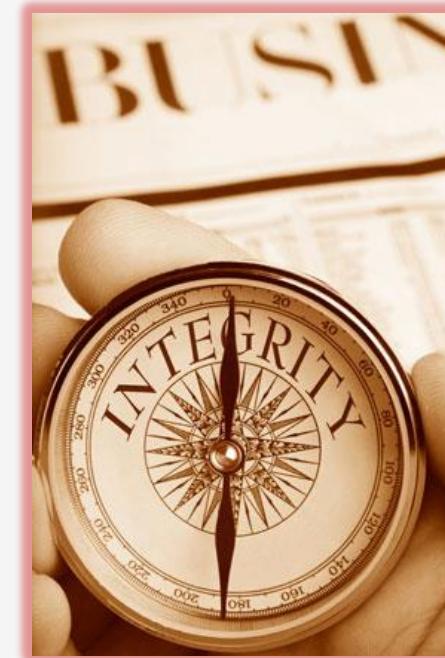
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Boatright (2008) suggests that the components of a corporate ethics programme or an ethics system generally include a code of ethics, ethics training for employees, a communication strategy and a reporting mechanism for detecting wrongdoing.

- Following from the above, ethical behavior needs to be developed into an organizational norm or standard.
- White and Lam (2000) argue that institutionalization of ethics within an organization needs to be built around a proactive strategy that includes formulation of policy to clarify what is acceptable behavior.
- In particular they advocate that management must provide leadership and support for the ethical system and that inclusive processes strengthen the likelihood of effective institutionalization of ethical processes and standards.



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Ethical Essential Toolkit for Strategists

Without considering an ethical value system embedded in corporate and business strategy, sooner or later, our beautiful businesses will breakdown.



Success Will Come and Go, But Integrity Is Forever

Thank you!