

## Six Criteria for Right & Wrong in Today's Business

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Ethics is about right and wrong. An ethical company makes a good faith effort to do the right thing in all of its activities.

But who gets to decide what is right? And what is wrong?

When people lived in separate, homogeneous groups, they often had agreed-upon standards of right and wrong. Irish Catholic workers in the Dublin Guinness brewery or Tibetan Buddhist weavers or Iranian Shia shepherds could turn to agreed-upon sacred texts and official moral interpreters and authorities for guidance.

But where do we turn for ethical guidance in a heterogeneous, diverse, global business context?

Some of our contemporaries opt out of this problem by simply declaring "we all know what's right" (naïve optimism)----or "nobody can know; to each his own convictions about right and wrong" (naïve skepticism). But both of these extremes are naïve, dangerous, and unnecessary.

We need to get over the idea that ethical reflection will yield perfection. To hear some people (even some philosophers) tell it, if we don't wind up with uncompromised moral "absolutes" or "universals" we have sold out on ethics. Nonsense. Ethics is about making our best, good faith effort to do the right thing in the circumstances of our life and business. Like all matters of life (and business), ethics is about making wise judgments in difficult, complex circumstances. It's about gray areas, trade-offs, and making the best of tough situations.

Our best strategy in seeking to know what is right, is to use six criteria. These function like six lenses to look through, six litmus tests, six authorities to listen to. None of these authorities is perfect or can stand alone. All of them together, especially when we deploy them as a team of stakeholders facing a complex dilemma, will optimize our prospects of figuring out, and then carrying out, the right thing.

### Two Compliance Criteria

The first criterion is the law. Our laws and regulations (and those of other countries in which we or our business partners have operations) are explicit, written guidelines about how we ought to treat people, the natural environment, financial records, and so on. These laws are not perfect (slavery, discrimination against women, silence about hazardous waste disposal, etc., have all been part of the American story). Sometimes they need to be changed. But they do represent the government's sense of what is right and wrong. The burden of proof is always on those companies and leaders who violate this first criterion. *Ethical companies to do their best to comply with applicable laws and regulations.*

The second criterion is the company or professional code of ethics. These statements are also of varying quality. They are not perfect or complete. But they represent the guidelines for right and wrong promulgated by a company (HP, Genentech, Chevron, Costco, etc.) or a profession (law, accounting, marketing, etc.). The ethical guidelines of our own company or profession ought to be taken seriously. The burden of proof is on those who violate them. *Ethical companies do their best to comply with relevant company and professional ethical standards.*

These first two compliance criteria will not capture every ethical dilemma and we will require four other ethical litmus tests. But before moving on we should note that good laws and regulations are good for business. To the extent that we can, we should try to influence governments and regulatory agencies toward lean but sufficient, fair and effective guidelines for our industries.

Even more accessible are our own organizational codes of ethics. Sharpening up our own code of business conduct and our ethics training programs is within reach of most of us.

### **Three Thought Experiments**

Now come three “thought experiments.” These are not “compliance” tests because they are not about conforming to explicitly-stated standards. The first is this: are our individual, personal values, our “conscience” and our “moral compass” troubled . . . or at peace? Just as governments, companies, and professions have standards of right and wrong, so do all individuals. It is a universal characteristic of human beings to be “moral animals” who make judgments about right and wrong. Of course we don’t all agree (neither do all countries or all companies). Our different convictions come from our varied upbringing, experiences, religions, affinity groups, and so on. The point is that there is wisdom and insight here. If I (or one or more of my colleagues) am troubled and have a “gut feeling” that “this is just not right”---I should stop and take a careful look. We will never please everyone but *ethical companies do their best to respect peoples’ personal values and ethics.*

Next is the famous “Golden Rule”: do to others what you would want done to you. This thought experiment is not about my gut feelings or convictions but about whether I and my loved ones would use this product, or tolerate this service, or this business practice. If we wouldn’t want it done to us, we probably shouldn’t do it to others (at least, not without very clearly explaining it and asking how they feel about it). Again, this is not a perfect, failsafe, sufficient criterion, but *ethical companies and leaders do not do to others what they would not want done to themselves.*

The third thought experiment is to ask “if this was on the six o’clock news (i.e., known publicly) would it be understood and accepted---or create an uproar.” Think about how thieves like to wear masks and work in the dark, about how the affair is carefully hidden, about the compensation package that is sometimes disguised on the books. One of our Supreme Court justices once said that “The best disinfectant is sunlight.” There are some good and justifiable things that the public is unlikely to understand and (perhaps) approve. But transparency remains a great litmus test. *Ethical companies do their best to operate in a manner they could explain and justify to the public.*

### **One Bottom Line**

There is one final ethics test: could someone be seriously and irresponsibly harmed? Ultimately, what justifies our laws and regulations and our company and professional codes is that they protect people from such harm and create space for our freedom to pursue our life goals as we see them. But our personal values and conscience, the Golden Rule, and the publicity/transparency test are also ways of protecting from harm. If we forget everything else, we should always ask the harm question in ethics. Physical harm, financial harm, reputational or psychological or relational harm: this is what makes something morally, ethically wrong. If it’s not about harm, the issue is taste and aesthetics, not ethics. Of course “harm” is debatable. We are talking about irresponsible and serious harm, not trivial matters. *Ethical companies are always vigilant to protect all their stakeholders from serious, irresponsible harm.*

So in the end, we are not lost in an “everyone for himself/herself” era of ethical chaos. These six lenses will bring into focus the right thing to do. None of them should be expected to do the job all by itself. Together they are a powerful and reliable guide.