

ETHICAL DECISION-MAKING

Erin Bass, Ph.D.

SAME

ETHICS SESSION

Welcome!





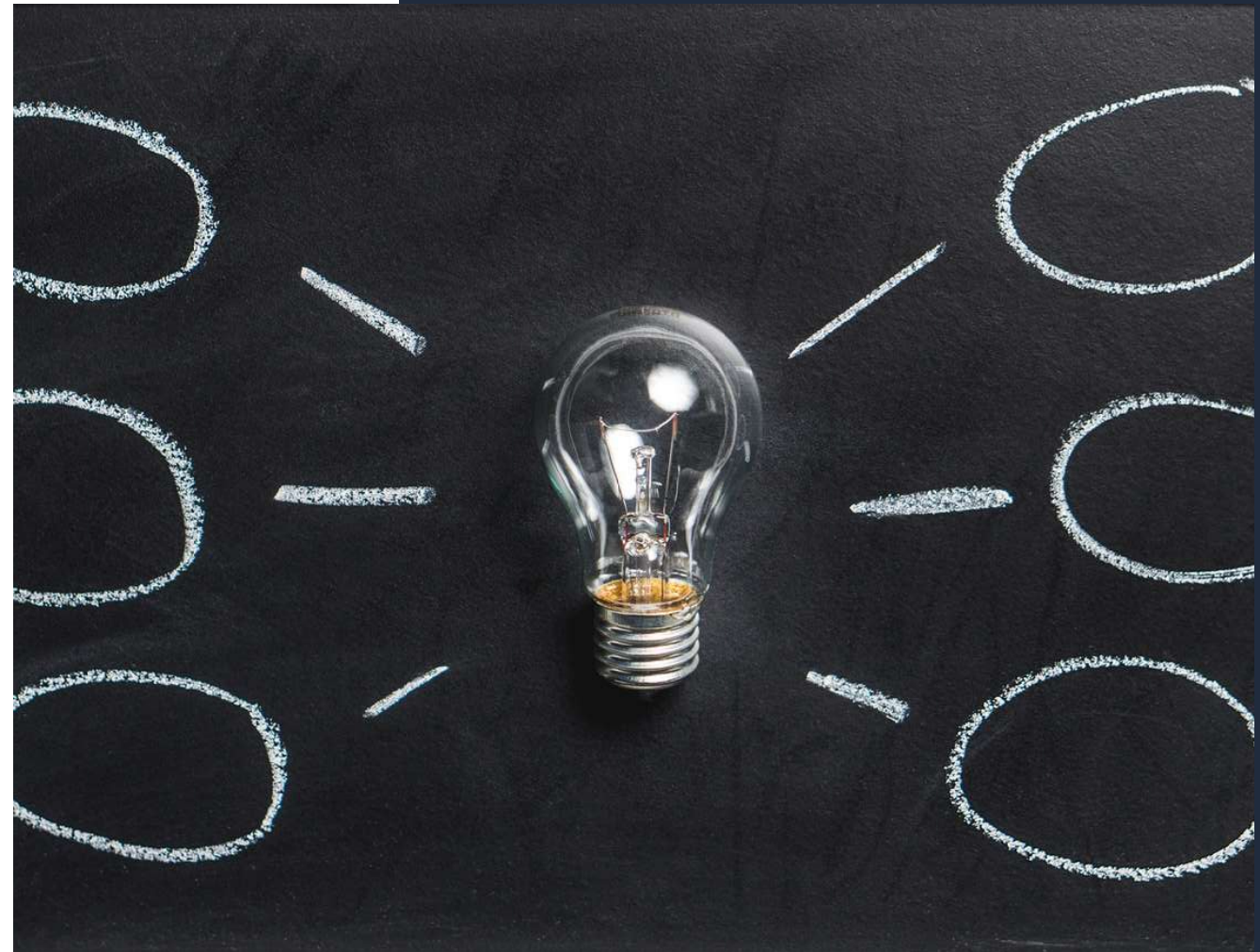
TIME IS OUR MOST VALUABLE RESOURCE

Thank you for giving me your time today.

Thanks to the SAME, sponsors, and you.

TODAY'S AGENDA

- Introductions
- Exercises in Ethical Decision-Making
- Two Points
- What Business People Think
- Wrap-up
- Q&A and Contact





HELLO
MY NAME
IS.....



I'M HERE FOR

Networking
Learning
Development
The Food

INTRODUCTIONS

- Introduce yourself and where you work/what you do/etc.
- Do you know anyone at this conference?
- In one sentence – why are you at the conference?



FACILITATING YOUR EXPERIENCE

ERIN BASS, PH.D.

James R. Schumacher Chair of Ethics
Professor of Management



Ph.D. – University of Nebraska Lincoln

Research – Strategy, Leadership, Ethics

Teach – Undergrad, MBA, Exec Ed/EMBA

Consulting and Executive Education Experience - Healthcare, Education, Energy, Government Contracting, Information Technology, Insurance, Non-profit, Transportation, and Logistics



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ETHICAL DECISION- MAKING IS **SIMPLE**



Just choose between what's right and what's wrong.

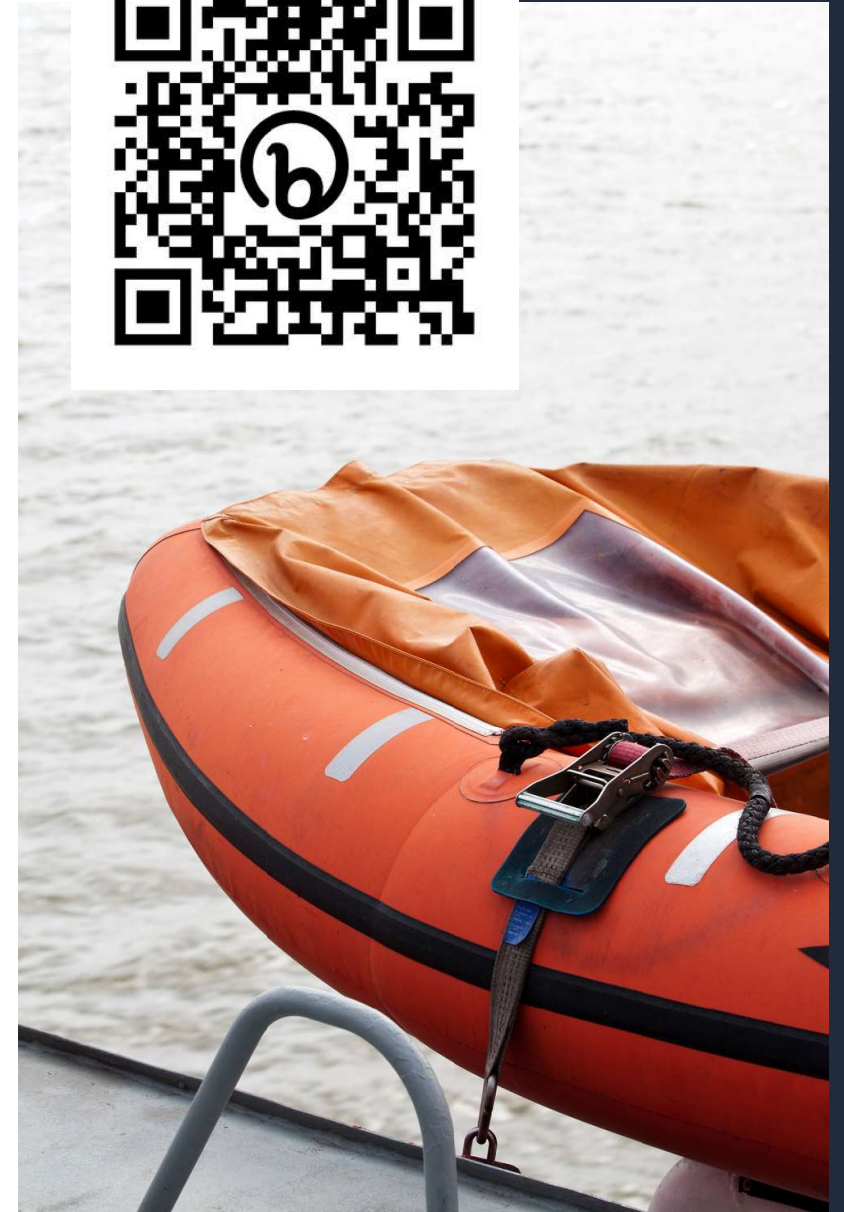
“ exercise 1 ”

<https://bit.ly/45LxE1Y>

Discuss the following scenario and reach a decision as a group. Explain how you reached your decision and your reasoning for eliminating each individual.

A passenger liner is wrecked at sea, and 9 people find themselves together in a lifeboat. The lifeboat, however, can only support 5 people. If 4 are not eliminated, everyone will die. Decide which 4 should be eliminated.

- An MD. He is very nervous. Age 60.
- A protestant minister. Has provided emotional support to the group. Age 27.
- A former NFL cheerleader. She has already saved a drowning child. Age 31.
- A convicted murderer who was recently released from prison. He is capable of navigating the boat. Age 42.
- A former CIA agent, who carries important government secrets in his head. Age 66.
- A washing machine salesperson. Member of the local Rotary Club. Age 51.
- A restaurant owner married with three children at home. Age 40.
- A professor who recently received a national honor for her research on cancer treatments. Age 55.
- A retired man, formerly a high school English teacher. Fought in Vietnam. Age 73.





“ exercise 2 ”

Discuss the following scenario, and reach a decision as a group. Explain how you reached your decision and your reasoning for your rank order of countries in terms of those that will be saved first.

You are the Chief Operating Officer for a large pharmaceutical company. There is a worldwide pandemic of a new flu virus that attacks the nervous system. The virus is spreading quickly, and more individuals need the vaccine than you have available. Your company has the only currently available vaccine that is 99.1% effective. Thus, your profitability could increase dramatically over the next several quarters. Rank order the countries below from the one that will receive the first shipment to the one that may not receive any shipments at all.

	Risk of Infection	Description of Country
Country A	High	An emerging economy. Many of the individuals in this country are impoverished. The majority of the country is illiterate and uneducated.
Country B	Low	A developed country. Individuals in this country are not at a high risk of infection; however, this is the country in which your company is headquartered.
Country C	Medium	An emerging economy. This is the fastest-growing country in the world. Pharmaceuticals are generally sold at a premium price in this country because the government subsidizes healthcare costs. This country is also host to several violent extremist organizations.
Country D	High	A developed country. This country has a high rate of corruption, so it is likely that once the vaccine is in the country, it will be replicated and sold by local companies.

“THE EXERCISES”

Which exercise was harder to complete?

What are the differences?



And how did those differences influence our decision-making?



**2 POINTS I'D
LIKE TO MAKE**

**Framing and
organizational
ethics matter for
ethical decision-
making**

POINT 1

FRAMING MATTERS

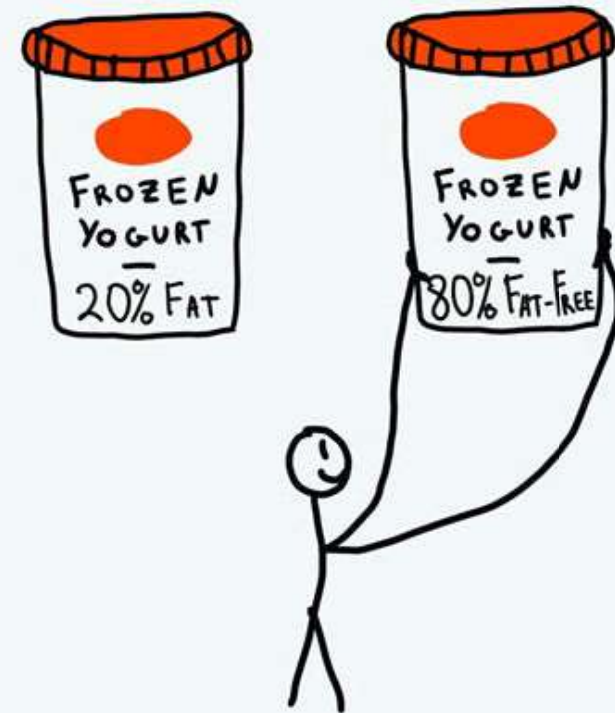


The framing effect: our decisions are influenced by how information is presented. Equivalent information can be more/less attractive depending on what is highlighted.



A lot of management focuses on avoiding this bias, but when it comes to building an ethical organization, it can be used to frame the decision for the better.

FRAMING EFFECT



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POINT 1

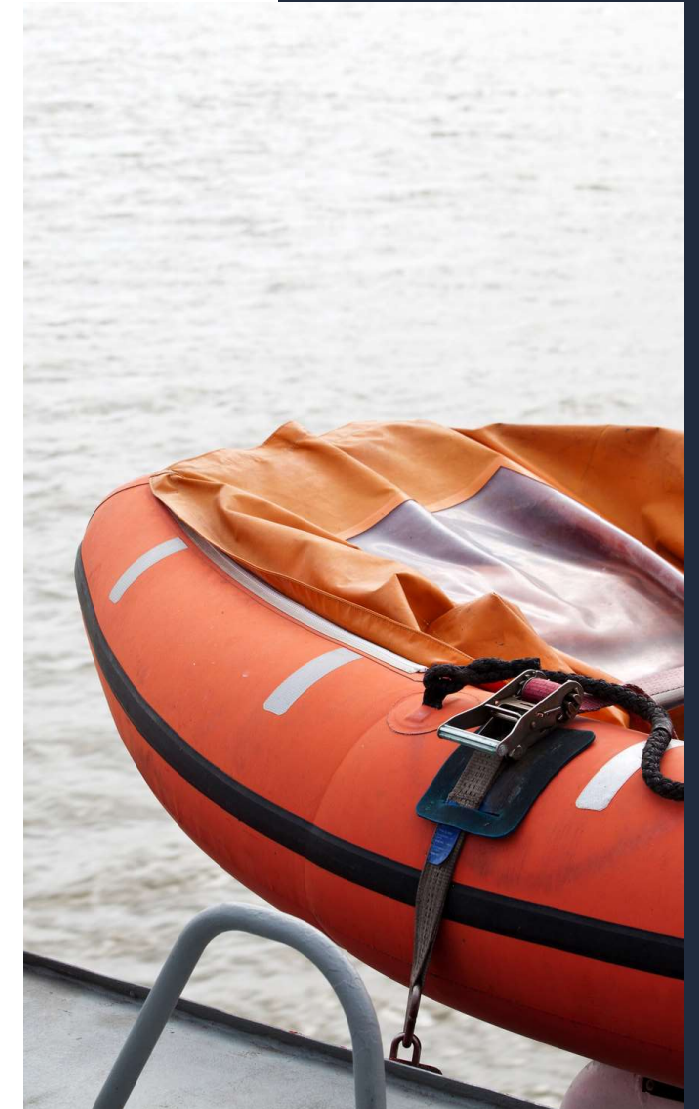
REVISIT THE EXERCISES

“ exercise 1 ”

*Explain how you reached your decision and your reasoning for **eliminating** each **individual**.*

“ exercise 2 ”

*Explain how you reached your decision and your reasoning for your rank order of **countries** in terms of those that will be **saved** first.*



POINT 1



FRAMING MATTERS FOR ETHICAL DECISION-MAKING

We want to pursue positive and avoid negative (Exercise 1 vs Exercise 2)

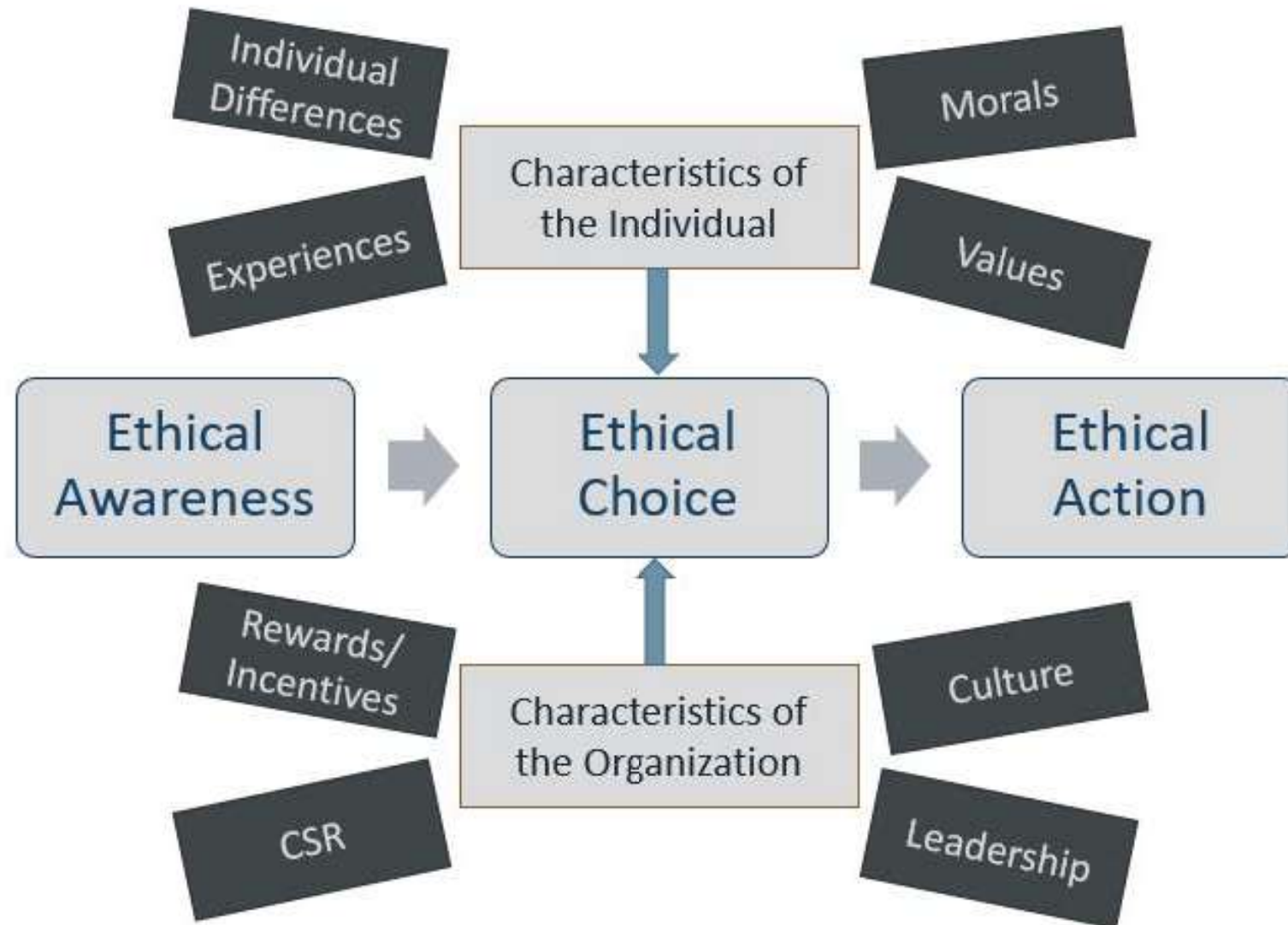
How the decision is framed can influence the decision-making process

POINT 2

**THE ETHICAL
DECISION-MAKING
PROCESS**

POINT 2

ETHICAL DECISION- MAKING MODEL

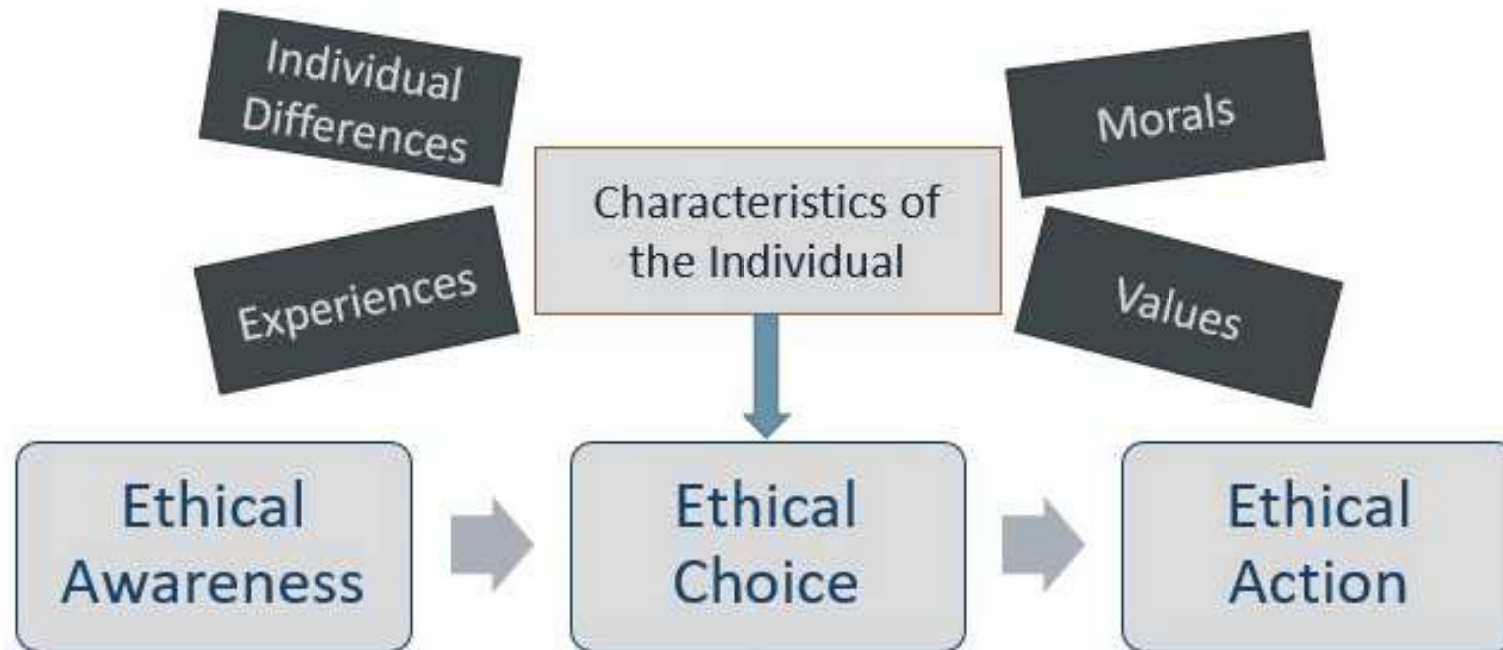


POINT 2

REVISITING THE **EXERCISES**

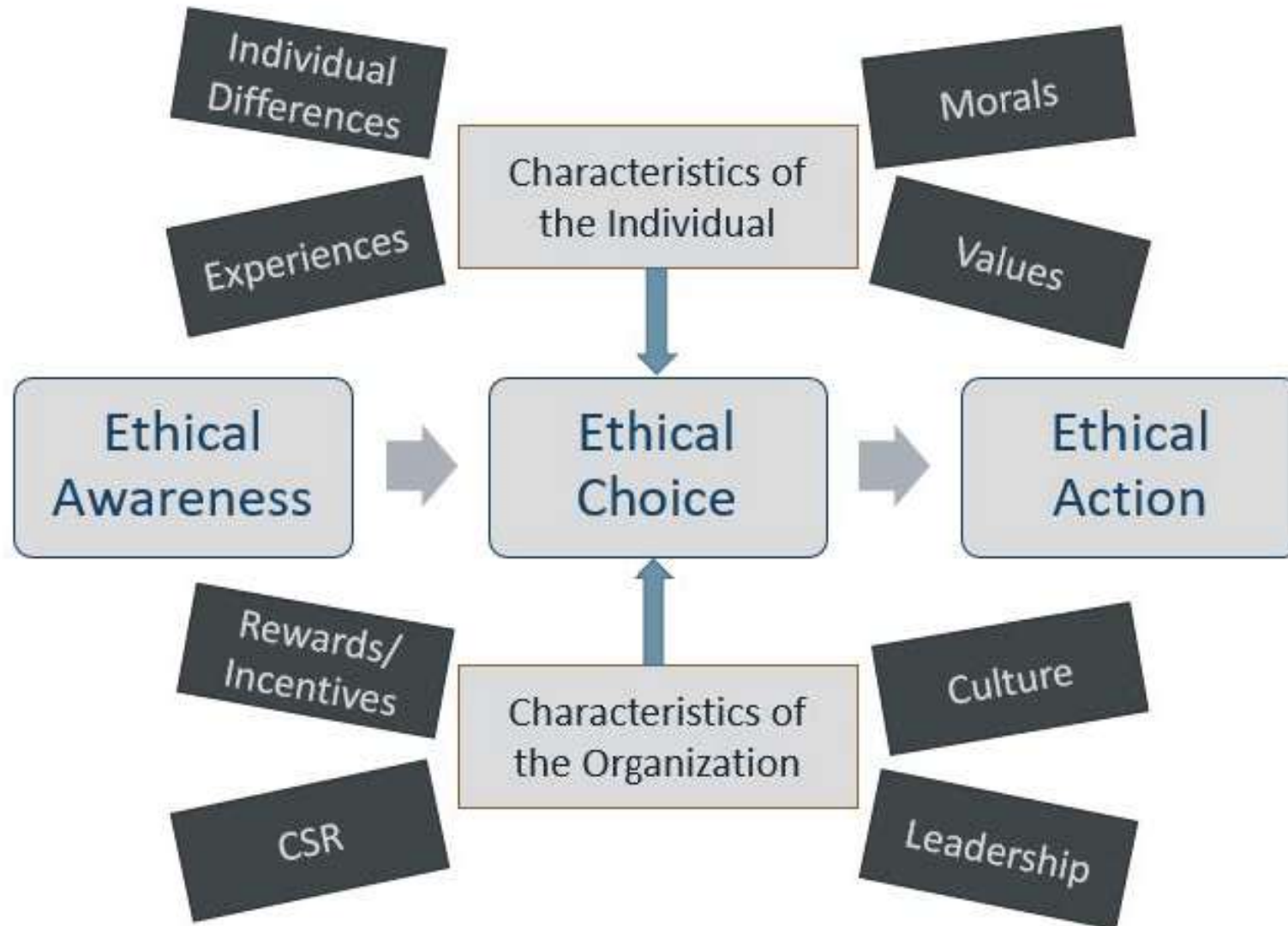
POINT 2

EXERCISE 1



POINT 2

EXERCISE 2



POINT 2



How do you build
an **ethical**
organization?

POINT 2

ONE CONSIDERATION



Do you have an ethical code of conduct that works?



WHAT BUSINESS PEOPLE THINK

Business students in "Business Ethics" are in teams and complete a simulation running an oil rig in the Gulf of Mexico.

Students make decisions about finance, operations, HSE, and **HR**.

Before they start the simulation each team creates an ethical code of conduct and told to use it to help make decisions about finance, operations, HSE, and **HR**.

POINT 2



GOOD ETHICAL CODE OF CONDUCTS...

01 ARE SHORT

strive for one paragraph

02 INCLUDE VALUES

~5 "non-negotiables"

03 IDENTIFY BEHAVIORS

what's desired?
what's never tolerated?

“ Ethical Challenge ”

JANE DOE

From: Lucy Diamond, HR Specialist
To: Rig Managers
Subject: Re: worker altercation

Gail has asked me to respond to your inquiry about ways you might discipline the rig employees involved in the recent altercation. I do not need to tell you that insubordinate, combative or disruptive behavior by employees, especially out on a working offshore platform, is not acceptable and cannot be tolerated. This is especially true when alcohol is involved – which as you know is strictly prohibited on oil platforms or ships. As a manager you MUST be vigilant when it comes to crew trying to sneak alcohol on board. It is YOUR responsibility to make sure that no further contraband is brought onboard your rig.

You have several options for how to handle the twelve workers involved in this brawl. They have clearly committed a firing offence, and you can immediately terminate them. You can put them on probation for a round, meaning they are confined to their quarters for the round and not able to work, losing a round's pay, you can fine them a round's pay, you can issue them a formal warning to be placed in their personnel file, or it is your prerogative, although it is highly not recommended, to do nothing at all.

Your question to Gail was about likely impacts on crew morale and productivity. We've put together a table that summarizes our own experience and what industrial psychologists say about various supervisor responses to infractions, including likely impacts on accident rates and recurrence of similar kinds of incidents in the future.

	Impact on morale	Impact on productivity	Impact on accident rates	Chances of Similar Incidents
Do Nothing	Reduced significantly	Reduced significantly	Increased significantly	Very High
Issue warning	Reduced modestly	Reduced modestly	Increased modestly	High
Impose fine	Reduced a bit	Reduced a bit	Increased a bit	Moderate
Probation	None	None	None	Moderate
Termination	Reduced a bit	Reduced a bit	Increased a bit	Very Low

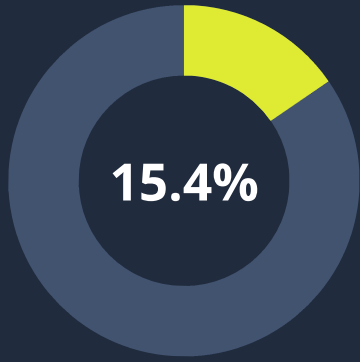
Psychological studies have shown that these impacts are likely to be felt for a considerable number of rounds. But how to handle this situation is completely your call as rig manager.

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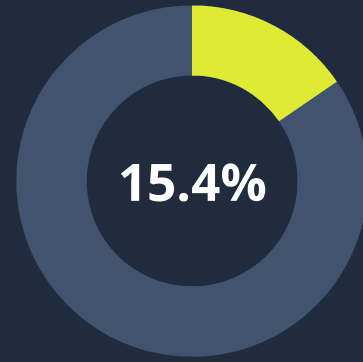


What do you think they choose?

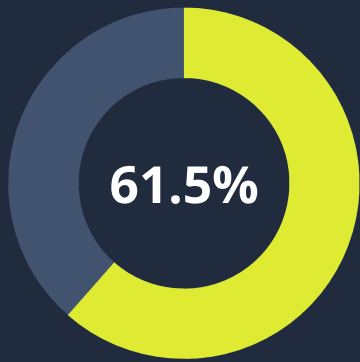
NO CODE OF CONDUCT RESULTS



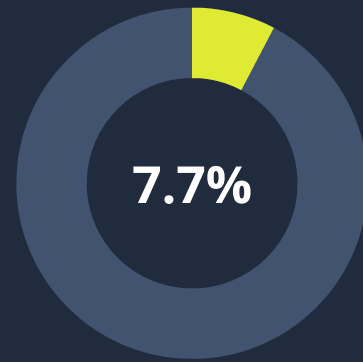
Issue Warning



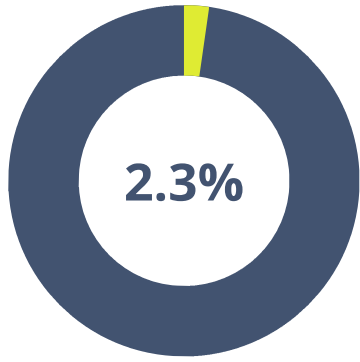
Impose Fine



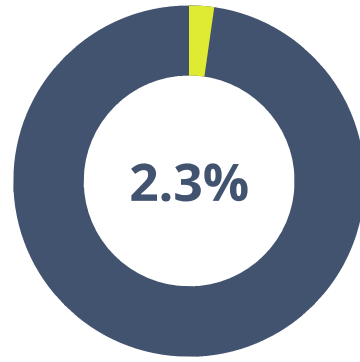
Put on Probation



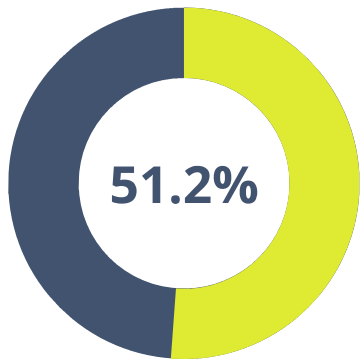
Terminate



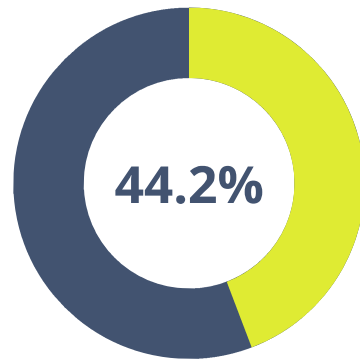
Issue Warning



Impose Fine



Put on
Probation



Terminate

CODE OF CONDUCT RESULTS

"After much deliberation, we took the decision to **fire the employees**...Each rig worker's life is of utmost importance, and we cannot allow the irresponsibility of few to put others in danger."

"In Round 7 **our ethical code of conduct was tested**. The managers acted in a way to solidify that any behavior that threatens the safety or integrity of any HKDJ employee is not tolerated under any circumstance and is subject to disciplinary action, including termination."



AVERAGE # OF ACCIDENTS

The simulation keeps track of how many accidents/fatalities occur on each rig.

NO CODE OF CONDUCT

AVERAGE # ACCIDENTS: 21

CODE OF CONDUCT

AVERAGE # ACCIDENTS: 3

WRAP-UP

Framing matters for how decisions are made

USE POSITIVE, AVOID NEGATIVE

Build a strong ethical organization to guide decision-making

**CONSIDER WHICH
ORGANIZATIONAL ETHICS
FACTORS YOU CAN INFLUENCE
-CODE OF CONDUCT
-OTHERS?**





Q&A + CONTACT

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Thank you!