

Ethical Decision Making

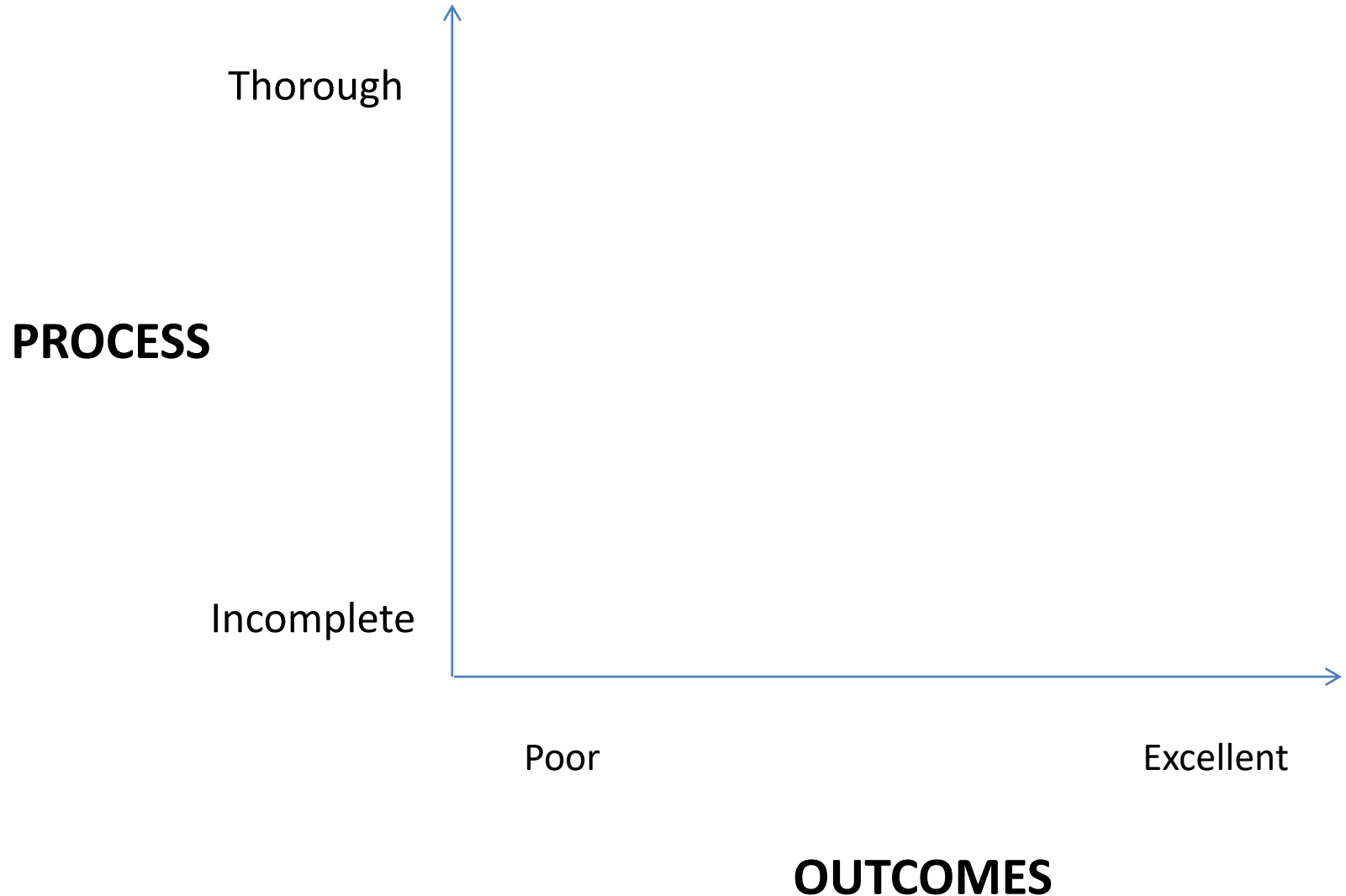
Virginia Bankers Association
2020 School of Bank Management



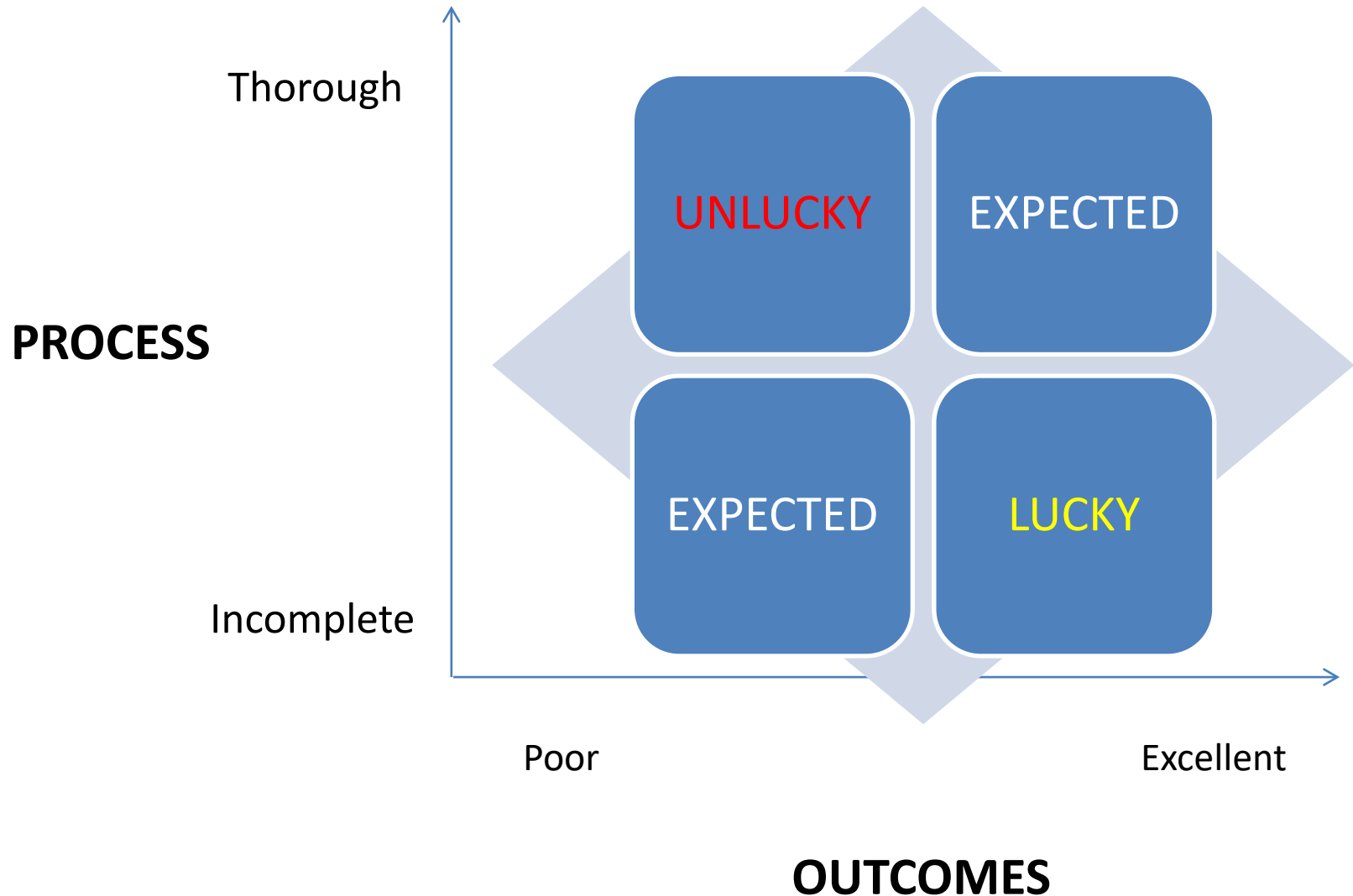
Decision-Making

- Process we use to identify opportunities, sort through options and make choices
- Some decisions are routine; others are more complex
- “A search for good arguments...” — H. Montgomery

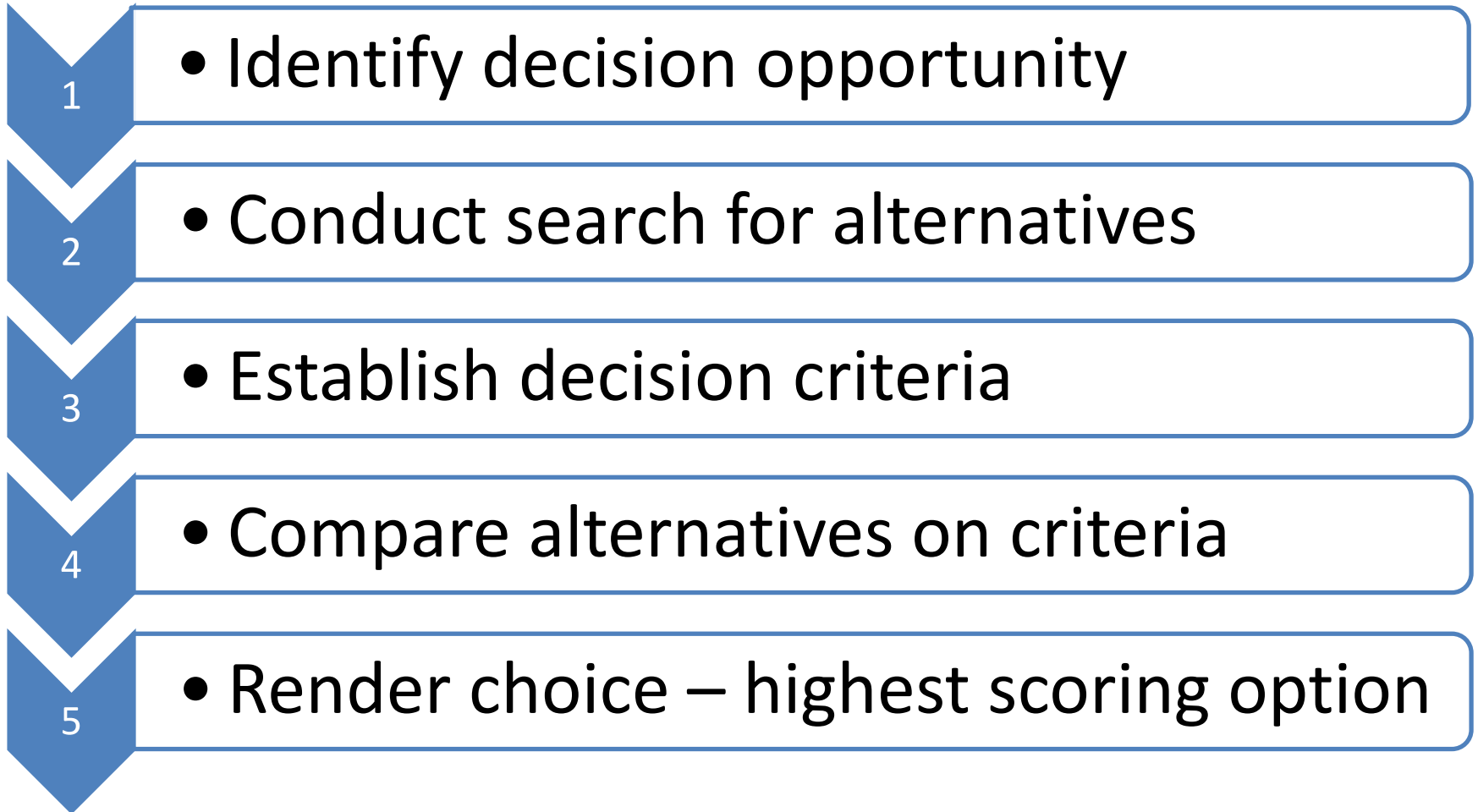
Decision Process and Outcomes



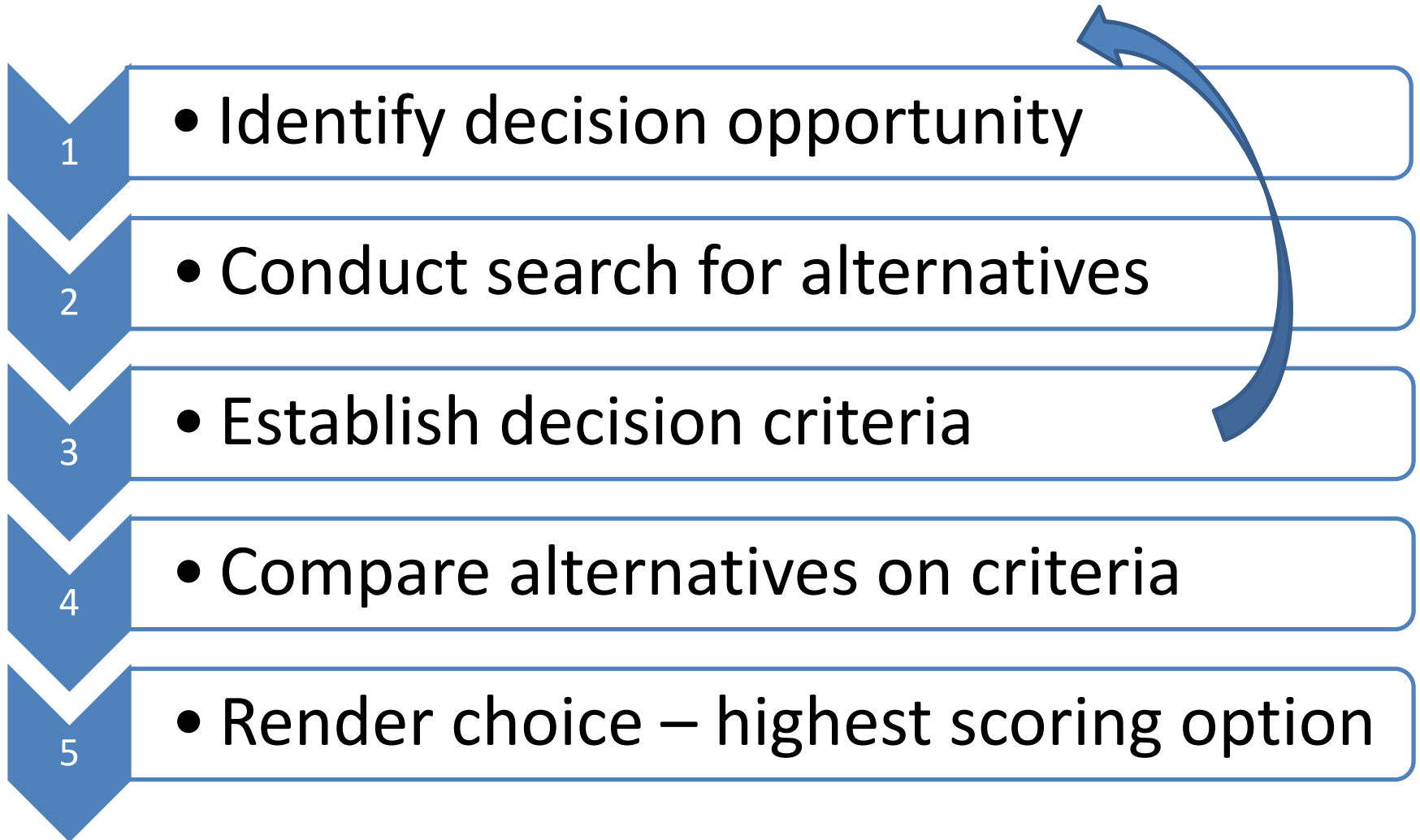
Decision Process and Outcomes

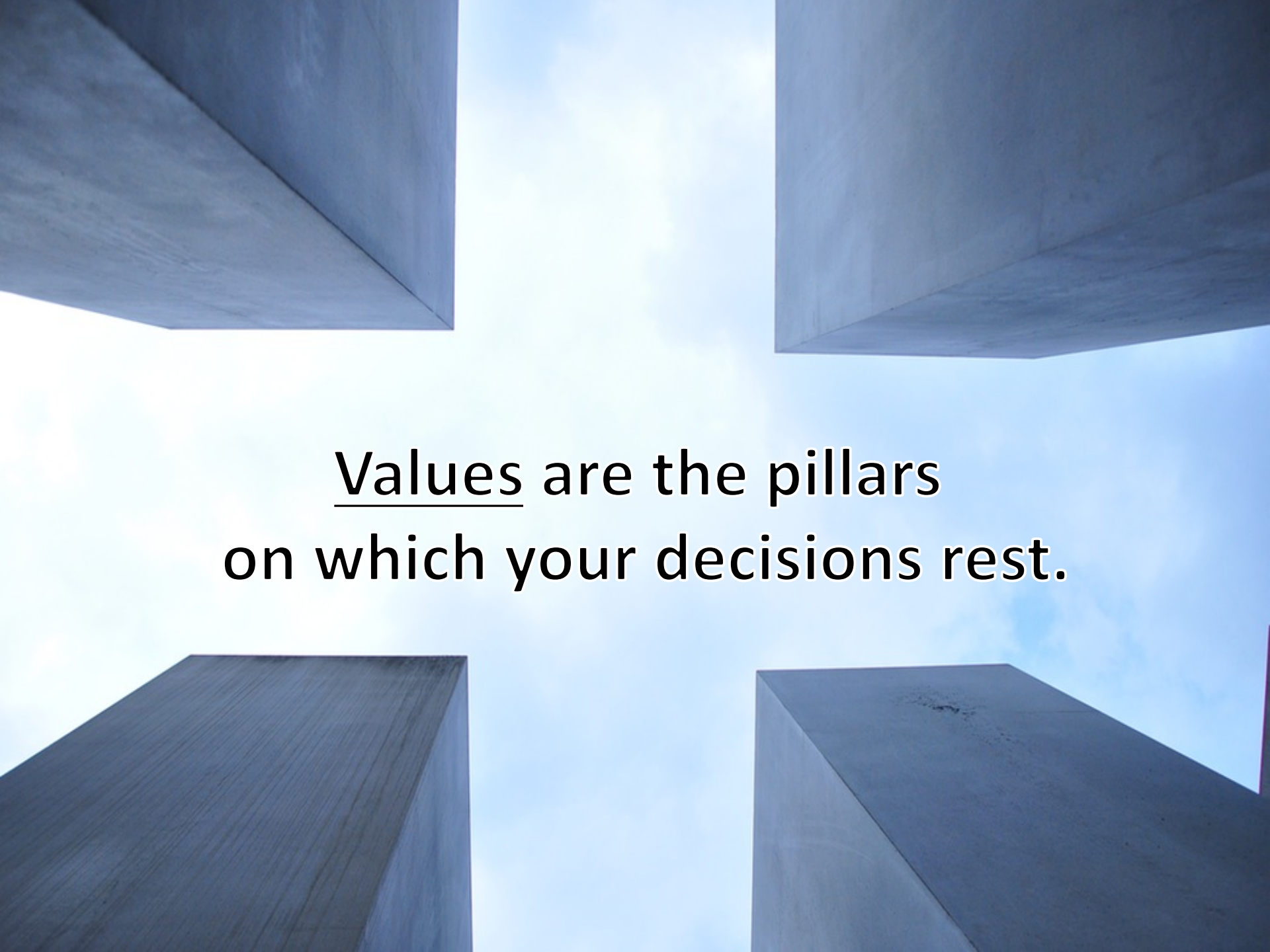


Rational Decision-Making



Values-Based Decision-Making



A low-angle photograph looking up at four massive, grey concrete pillars that frame a central opening in the sky. The sky is a pale blue with wispy white clouds. The pillars are positioned at the corners of the frame, creating a sense of height and stability.

Values are the pillars
on which your decisions rest.

Values



Values

- Overarching criteria for decision-making
- They contain an affective element and a justification
 - “This is what is important...., and here is why....”
- In the organizational setting, values should...
 - Provide guidance to employees about what is acceptable
 - Send signals to external stakeholders about what matters
 - Serve as factors in hiring, promotion, recognition

Values

- Can or should organizational values be changed? If so, why and how often?
- Should organizational values apply to all people in all situations?
 - Absolutism vs relativism: The EPQ

Ethical Approaches

Indicate your level of agreement with the following statements.

(0 = Strongly Disagree → 10 = Strongly Agree)

- Questions of what is ethical for everyone can never be resolved, since what is moral or immoral is up to the individual.
- Ethical guidelines for interpersonal relations are so complex that individuals should be allowed to formulate their own codes for such situations.
- Whether a lie is permissible or not permissible depends entirely on the situation.
- Moral standards are simply personal rules indicating how one should behave, and it is not appropriate to apply them in making judgments about others.
- What is ethical varies from one situation to another.

Common Dilemmas in Business

- Truth vs Loyalty
- Justice vs Mercy
- Long-term vs Short-term
- Individual (or small group) vs Large Group

Resolving Dilemmas

- Forecasting Consequences
 - If I choose option A, this is what will happen...
 - If I choose option B, this is what will happen...
- Acknowledging and Honoring Your Duties
 - Given my role, I must make the following choice (or refrain from pursuing some option)

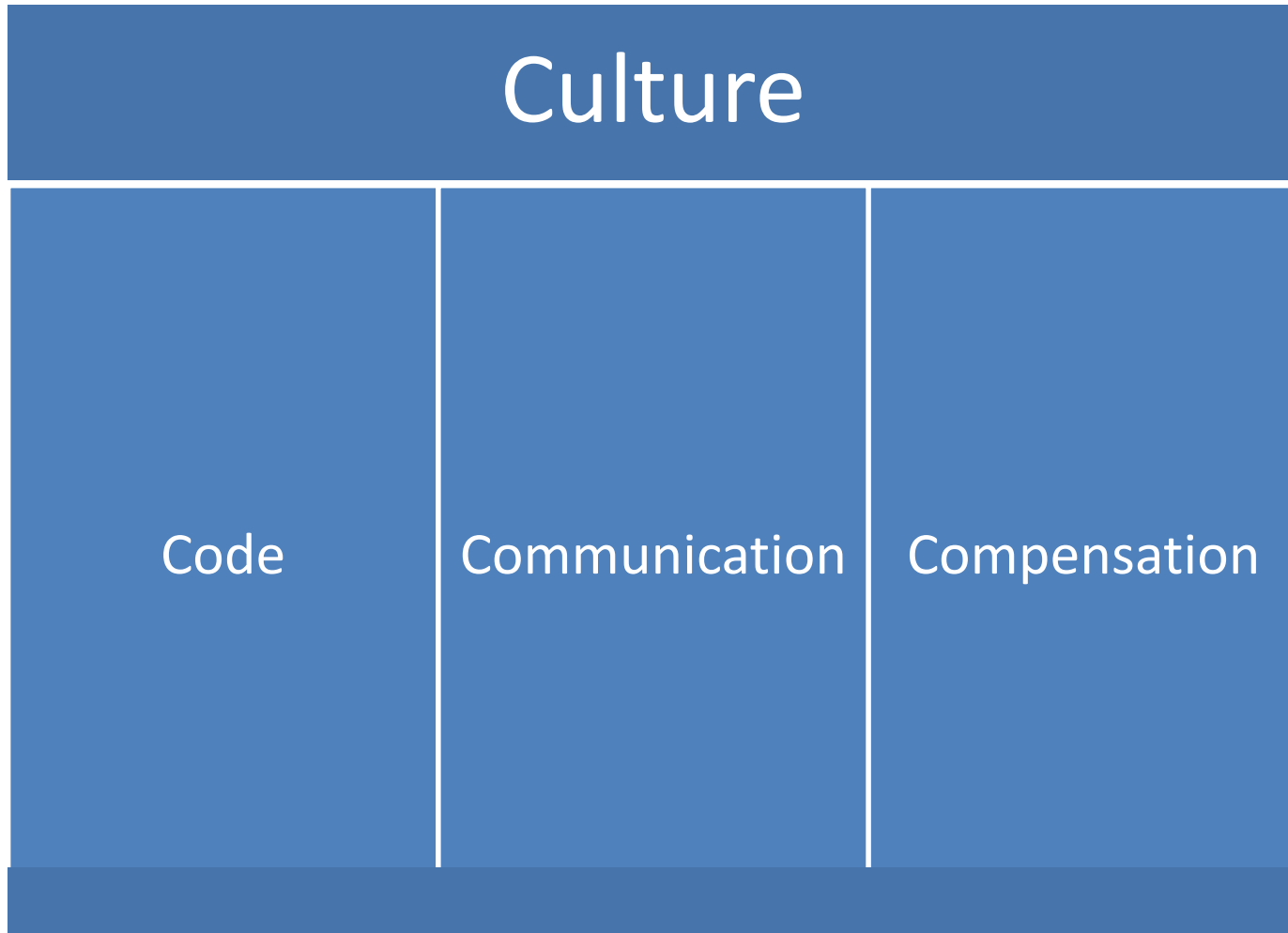
Resolving Dilemmas, continued

- Or, I could apply my own values (combined with those of the bank) to determine what is “right” in this instance.
- Consequences? Duties? Values?
 - How might looking at the dilemma through various lenses help or hinder decision-making?



The 4C Framework

Next Steps



Ideal Outcomes

- Coherent set of values
- Aligned decision-making
- Clear signals to internal and external stakeholders
- Sense of accountability

Accountability



Accountability

- An expectation...
 - that your decisions, actions or outcomes...
 - will be evaluated...
 - by some relevant audience...
- ...with the belief that there is potential to receive rewards or sanctions based on the evaluation.

“Instilling feelings” rather than “installing systems”

Building an Accountable Culture

To whom do
you feel
accountable?

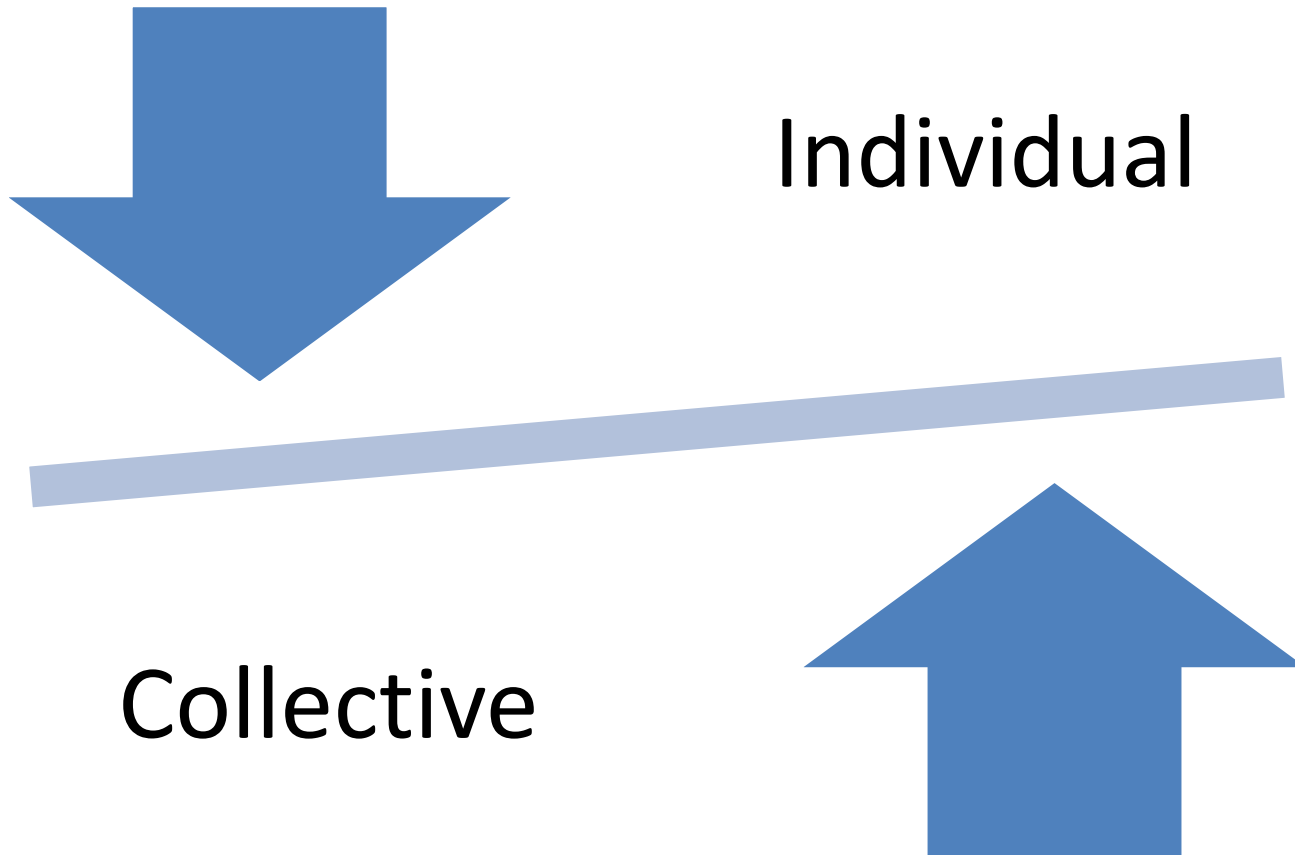
For what do
you feel
accountable?

How do your
answers
shape your
behavior?

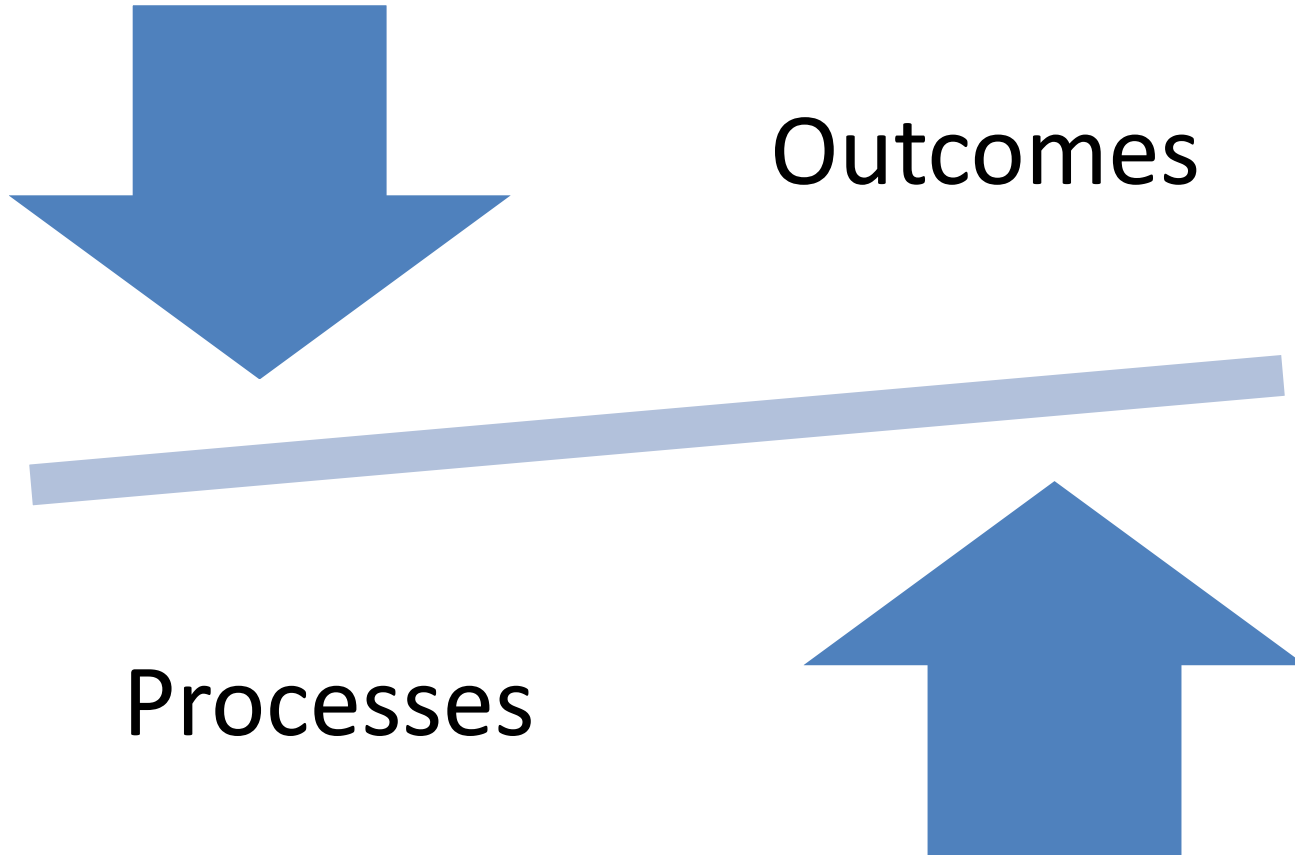
Other Key Questions

- How do “audiences” learn about and evaluate the actions, decisions, and outcomes of employees?
- What rewards and punishments, under the control of the audience, do employees find meaningful?

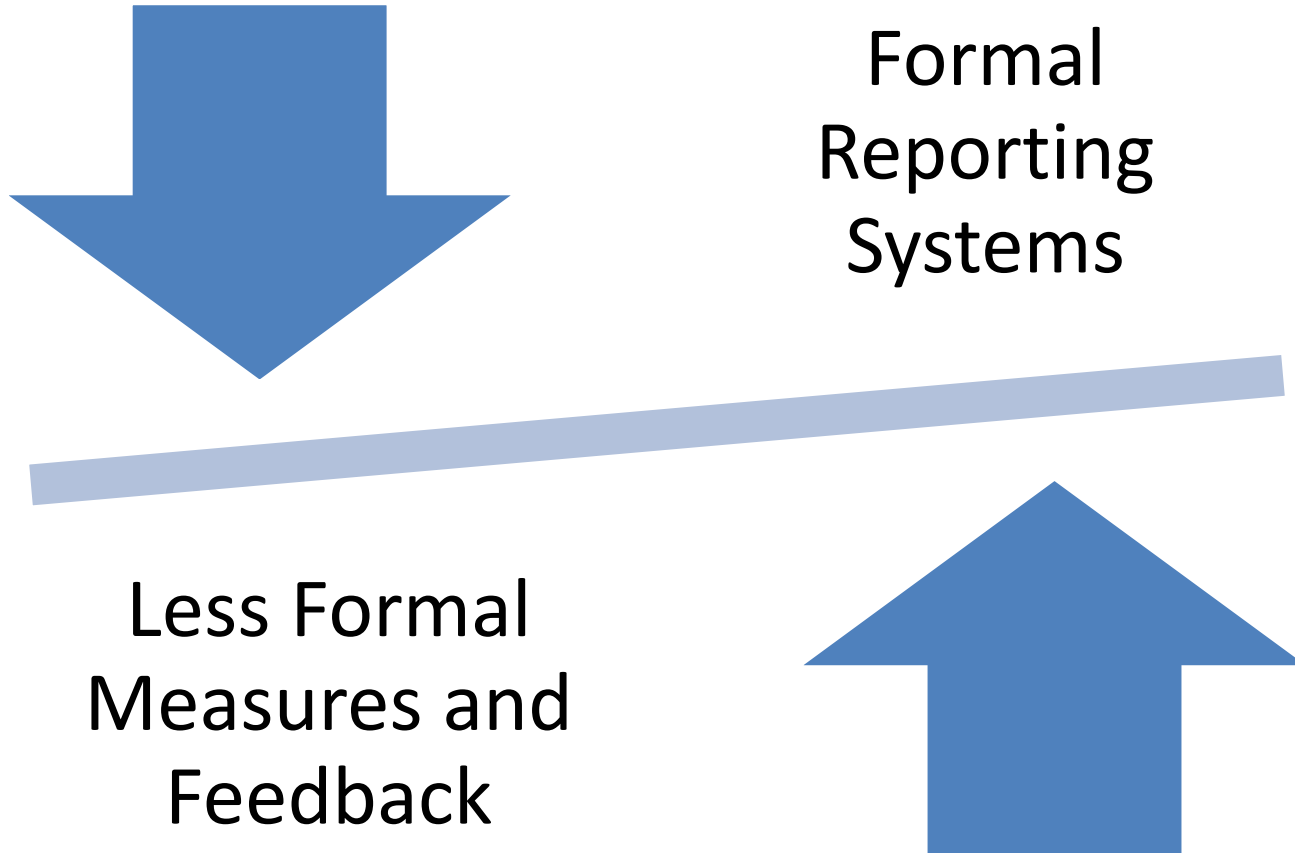
Focus of Accountability: “I or We?”



Focus of Accountability: “What or How?”



Focus of Accountability: “Trust or Monitor?”



Accountable Cultures

| Individual or Collective | Process or Outcome | Formal or Informal | Culture Description | Example |
|--------------------------|--------------------|--------------------|----------------------------|---------------------------|
| Individual | Outcomes | Formal | Driven | Capital One |
| Individual | Outcomes | Informal | Coaching | Goodwill |
| Individual | Process | Formal | Master-apprentice | CarMax |
| Individual | Process | Informal | Start-up mindset | Leo Burnett |
| Collective | Outcomes | Formal | Stakeholder-focused | Agilent Technologies |
| Collective | Outcomes | Informal | Family business | Hourigan Construction |
| Collective | Process | Formal | Analytical | DuPont |
| Collective | Process | Informal | “Good job!” | Bon Secours Health System |
| Balanced | Balanced | Balanced | Agile and growing | Markel |

What About Accountability to Values?

- Is this even possible? Is it wise to pursue it?
- How would you accomplish this? What would it look like at your organization?
- Where do you begin?

Discovering Values At Your Bank

- Conduct The “Over the Shoulder” Exercise
- Identify “Winning Arguments”
- Compare Espoused Values to Enacted Values

Next Steps

- Careful examination of current values
 - Is the value set serving the bank well?
 - Are some values less relevant or less useful today?
- Anticipate tension among values
 - Build case studies and ongoing training around likely dilemmas
- Get general agreement on values and structure conversations across the organization

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