



ETHICS AT WORK

An employer's guide

Guide
December 2019

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.



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Guide

Ethics at work: an employer's guide

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1 Introduction

Ethical values provide the moral compass by which we live our lives and make decisions: ‘doing the right thing’ because it’s the right thing to do, not because of personal or financial gain. They also highlight why organisations should focus on creating a shared ethical culture where employees feel empowered to do the right thing rather than simply following a set of rules.

The way we make decisions is important for organisations because the wrong decisions – or decisions which have been implemented badly – can have a significant impact on people’s lives and the reputation of organisations. But when we make decisions based on good principles, and live by good values, we can improve the lives of others, the experiences they have at work, and make work more meaningful.

In setting out standards for the people profession, the CIPD’s new Profession Map¹ includes ethics under ‘Core behaviours’ and describes ethical practice as:

‘Building trust by role-modelling ethical behaviour and applying principles and values consistently in decision-making.’

Therefore, it’s vital that people professionals can define ethical behaviour, identify unethical behaviour, and take steps to create a shared ethical culture which avoids this type of behaviour.

What do we mean by unethical behaviour?

Unethical workplace behaviour can vary from minor transgressions to illegal activity, but are essentially actions that harm the legitimate interests of the organisation, its workforce, customers and wider society. Examples include (but are not limited to):

- theft
- fraud
- deception
- bullying and harassment
- sabotage.

This behaviour could result in absenteeism, tardiness, rule-breaking, disengagement, defensive outbursts, and could lead to an increased attrition rate amongst those affected by such unethical behaviour.

Other examples of unethical behaviour may be where the advancement of financial gain, such as price-fixing, putting profit above safety, withholding vital information, and misrepresenting facts, is inherent in the workplace. These actions may not necessarily be illegal, but it can be unethical to engage in or encourage this type of behaviour; organisations must deal with the risk of such behaviour becoming custom and practice, and work to emphasise the importance of ethical behaviour when pursuing financial gain.

To reduce unethical behaviour, people professionals should consider working life in general to understand why unethical behaviour may arise: it could be toxic work environments/ climate and culture, poor leadership, power struggles or inequality. Social influence and exposure to dishonesty could trigger indefensible behaviour (such as consistently setting over-stretching [un-agreed] goals and unrealistic time pressures). In their *Ethics at Work Survey*,² the Institute of Business Ethics (IBE) found that other causes can be pressures felt by the workforce. We’ve written this guide to help employers mitigate for these situations.



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Upholding professional conduct by CIPD members

This guide is relevant for any employers or managers interested in learning how to foster ethical behaviour in their organisations. In addition, as a professional body, the CIPD also sets standards and guidance for the people profession. All members of the CIPD are required to adhere to the Code of Professional Conduct, which sets out expectations of members: [Code of Professional Conduct](#).³ Potential breaches of the Code may be investigated, and if a breach is upheld by a Conduct Panel, a member may face a range of sanctions, including expulsion of membership or publication of case details: [Code of Conduct Cases](#).⁴

In 2018–19, 77 complaints about alleged breaches of the Code were received, up 55% on the previous year, including an increasing number of complaints regarding:

- social media conduct by members
- conflicts of interest.

How this guide can help

This guide draws on and complements recent CIPD research reports and features nine areas of action employers can prioritise to ensure they are behaving ethically. The areas are based on the CIPD's research report, *[Rotten Apples, Bad Barrels and Sticky Situations: A review of unethical workplace behaviour](#)*.⁵ The research explores the factors that influence unethical and ethical workplace behaviour to highlight where businesses should take action.

There are several reasons why unethical behaviour happens in the workplace. The 'rotten apples' (individual actions and choice), the 'bad barrels' (organisation or industry-wide indiscretions) and the 'sticky situations' (potentially compromising decisions) people face all play a role. In this guide, we discuss 'red flags' to watch out for, followed up with practical tips on 'what you can do' to make change or redress the balance. These tips serve to help safeguard your businesses and the people within your organisation.

'Early on one often heard the explanation, "well it's just a few bad apples". I think it is not just a few bad apples, it is the barrel in which they are operating, and we need to fix the barrel as well as tracking down the bad apples.' **Michouce Shafik, the Deputy Governor for Markets and Banking, Bank of England**⁶

Oxfam

Oxfam experienced significant reputational damage following the revelation that a director of operations in Haiti is alleged to have hired prostitutes at a villa rented for him by the charity. Oxfam were accused of a cover-up, despite saying that it uncovered the accusations in 2011 and immediately launched an internal investigation. Four members of staff were dismissed and three, including the director of operations, were allowed to resign before the end of the investigation. Oxfam did not warn other aid agencies about these problem staff. Further allegations then arose about operations in Chad.

The fallout unfolded as follows:

- The Charity Commission opened a statutory inquiry – the most serious action it can take.
- The European Commission threatened to cease funding.



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- Oxfam agreed to stop bidding for UK government funding until it can show it meets the 'high standards' required.
- The Haiti Government launched an investigation.
- Actress Minnie Driver stepped down from her role as an ambassador for the charity, followed by Archbishop Desmond Tutu.
- Deputy Chief Executive Penny Lawrence resigned.
- Oxfam published a redacted version of its 2011 report and revealed three of the accused men physically threatened witnesses during the charity's 2011 investigation.
- Senior executives were called to speak to MPs and confirmed that 7,000 people had cancelled donations and that 26 claims of sexual misconduct have been made since the scandal broke.



2

Ethical climate in organisations

A growing number of companies have recognised that ethical practice and corporate social responsibility policies yield greater employee commitment and motivation, enhanced customer loyalty, minimised risk, and an enhanced brand. This in turn will attract talent to the organisation and should positively improve (reduce) labour turnover as well as positively impact on employee relations and relationships with unions. According to the Institute of Business Ethics (IBE), some studies show that being ethically responsible helps companies develop new competencies because it engages employees by calling for forward thinking.

Ethical climate refers to the social norms and values that outline what 'the right behaviour' is and how ethics should guide behaviour. Norms can be reflected and reinforced by formal processes (for example, disciplinary processes and reward) and informal processes (such as leadership behaviour). Climate is affected by events, which means it can change rapidly. Climate is also linked to job satisfaction and employee well-being.

'A climate can be locally created by what leaders do, what circumstances apply, and what environments afford. A culture can evolve only out of mutual experience and shared learning.' **Edgar Schein**

Ethical context

All organisations have an opportunity to influence their ethical climate and to encourage the workforce to act and behave in an ethical manner. People may be driven to behave in a particular way by their organisational climate, and perceptions of ethical leadership have been found to positively impact ethical behaviour by employees.

When considering ethical climate (and determining how to influence your organisation's ethical climate), there are three key types of ethical climate to be aware of:

- **Egoistic/instrumental:** Acting in self-interest is the norm; people protect their own interests, including putting company profit above other considerations and the consequences of actions. This climate is associated with unethical choices and dysfunctional behaviour.



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- **Benevolent:** Acting in the interest of others, the workforce is actively concerned about the customers' and public's interest and negatively connected with unethical choices.
- **Principled:** Sticking to rules and regulations is the norm and there is a reduction in unethical choices and dysfunctional behaviour.

Honestly identifying the type of ethical climate that currently exists in your organisation will help in taking steps to improve the ethical climate.



Red flags

- The organisation's business model is fostering unethical behaviour; for example, prioritising profit over the impact on customers and the wider community.
- Shortcuts are taken that may detrimentally affect stakeholders or the wider community (a sign of an egoistic climate).
- The level of trust within and outside of the organisation from staff and customer surveys is low (this may identify a perception of egoistic climate as opposed to the benevolent or principled perception that an organisation may assume exists).
- How competition is dealt with and perceived externally is a clear sign of an egoistic climate.
- No effort is undertaken by leaders to foster active participation in strategy development, business activities and innovation.
- There is high staff turnover. Insights in exit interviews flagging coercive management, disputes over pay or other issues are indicators of an egoistic climate.
- The types of grievances raised may provide an indication of the type of ethical climate prevalent in the organisation.
- Infrequent or low participation on platforms for raising concerns, such as staff surveys and representative groups, could mean a lack of employee confidence that there would not be reprisals for feedback.
- Financial transactions (such as paying suppliers late) can be an indicator of financial stress and an egoistic climate.
- What is the level of understanding of differences across international territories and cultures and do the organisation's values translate internationally? If considered to be low, it would jeopardise a principled climate.
- Are policies and processes fit for purpose? Sticking to rules and using checks and approval processes would be indicative of a principled climate (however, it's worth checking that the appropriate balance is struck and that bottlenecks are not caused).

No-frills airline mass flight cancellation fiasco

The Irish Aviation Authority ordered Irish-based airlines to comply with flight time limitations for their pilots. Due to a management and scheduling faux pas, one such no-frills airline didn't plan for this regulation until it was too late. 20–40 flights per day were cancelled over a three-month period in 2017, affecting 700,000 passengers. Pilots (who were encouraged to take month-long holidays between October and March to avoid the busiest times) were told to buy back or forego their holiday entitlement until the following year, claiming the firm could do this without workforce agreement or consultation. Customers were initially offered a £40 voucher as compensation (which does not conform with EU rules governing flight cancellations); however, this airline was eventually forced to offer affected passengers the minimum dictated by the regulators. This form of unilateral decision-making by senior leaders has led to passenger distrust, many pilots moving to different airlines, a massive dent to reputation, and the airline has had to at last recognise union representation.⁸ This airline has now taken steps to rebuild trust by reconstructing their employee value proposition (EVP).



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What you can do

- To start, look at where the balance lies in the organisation between shareholder primacy and wider stakeholder interests.
- Explore (and agree) the accepted organisational norms within the workforce and the ethical considerations of their work, including behaviours. Agree how these will be measured and monitored.
- Consider how leadership, management and HR practices shape the ethical climate.
- Use internal communications to encourage high ethical standards and ensure that the values and/or code of ethics are not in contrast to the climate.
- Cascade regular moral reminders in newsletters and business updates confirming not only the ethical expectations, but also reaffirming the leadership support to uphold those values.
- Ensure there is a triangulation of available evidence to support workforce-based recommendations and management. Regularly extrapolate important insights from all stakeholders and agree critical indicators.
- Monitoring behaviour has been found to reduce unethical behaviour and draws attention to the individual's moral standards and awareness. Balance this with engendering trust.
- Commit to – and deliver – inclusion across the organisation in order to achieve either a benevolent or principled climate.

See [Appendix 1](#) for a checklist on how to address the ethical climate in your organisation.



3

Develop and consistently embed codes

A code of conduct sets out the actions and behaviours required of the workforce. It may be supported by disciplinary procedures that will be invoked in the event of a failure to uphold the code of conduct, so it is typically more of a compliance requirement and likely to be more directive.

A code of ethics, on the other hand, sets out the values and/or principles of an organisation (and may include aspirational aspects).

A 'principle' is a truth that is the foundation of a belief system. It is considered objective and unchangeable. A 'value' is a person's personal belief for or against something, able to change and subjective.

Both types of code are applications of normative ethics (the study of ethical action), which is concerned with the 'oughts' of ethical behaviour. A code of ethics may be used as a guide to inform decision-making and exemplify what ethical practice looks like, rather than acting as a tool for compliance and enforcement – that is better suited to a code of conduct.

For this guide we refer to a code of ethics rather than a code of conduct.

The beliefs of the organisation expressed through values and/or a code of ethics must be credible and echoed by the board, leadership and management. This endorsement is vital to embedding ethics in the organisation and needs to be communicated regularly.



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Ethical context

Tackling the causes of unethical behaviour should be a priority for businesses. The existence of a code will not guarantee ethical behaviour and choices. A code should not be something that only sits in a drawer or on the intranet. The values and principles that underpin the code should not only be understood but shared by the workforce and adopted as the way to do business. The code should therefore be clear on what customers, stakeholders and the remaining workforce can expect from individuals and from each other. Codes must be actively enforced to promote ethical behaviour, and unethical behaviour must be tackled consistently across the organisation regardless of status or the individual. Checks and balances should identify all blind spots and any inaction.

A multinational energy company reported in their 2018 sustainability report that 50 employees had been dismissed for non-conformity with their code or for unethical behaviour. The organisation trains its workforce on how to apply their code in their daily work. In 2018 this training focused on raising awareness of workplace harassment, conflicts of interest and protecting confidential information.⁹



Red flags

- If your organisation operates internationally, a code of ethics or rules may not be applicable in certain territories (for example, use of gifts and entertaining). This may result in disengagement with the principles by internationally based colleagues.
- There is a lack of awareness or understanding in the workforce of the ethical ramifications of an action, behaviour or decision.
- Boards and stakeholders find it difficult to assess whether any codes are effective.
- The workforce needs to be regularly asked if they have read and understood the code.



What you can do

- To be fit for purpose, the code should be easy to read and translate into practice by all stakeholder groups. Avoid jargon, legalese and vague statements.
- Watch out for the tone taken within the code and with communications about the code. Beware of being excessively strict on the workforce so they do not start hiding issues.
- It may seem obvious, but make clear whether the code is mandatory, including the ramifications of failure to adhere to the code.
- Metrics should be agreed between the board and leadership to measure the effectiveness of a code and to identify patterns that suggest action that can be taken.
- Find a way to balance taking action and raising concerns with a 'no-blame' culture (bear in mind that this will differ between companies).
- The code should be a reference document, but should not be built to stand alone; it must be supported with auxiliary materials (for example, decision-making frameworks, policies and processes).
- Individuals who are promoted should be clear role models of the organisation's code.

An international corporation was informed by the Centres for Disease Control that tampons were a potential contributor in 'toxic shock syndrome'. Initial work had not shown a relationship with their product, but despite this, the organisation withdrew their product three days later at significant cost as well as funding an education programme to inform the public about the syndrome. In this case, honesty and risk management were prioritised over burying reputation-damaging information.¹⁰

See [Appendix 2](#) for a flowchart on how to develop and consistently embed codes.



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4 Fairness and organisational politics

Organisations that treat their workforce with fairness, integrity and sensitivity are more likely to find that the workforce responds with increased commitment and productivity.¹¹

Ethical context

The workforce is more likely to act unethically when they perceive their organisation to be unfair; for example, if reward or resources aren't shared fairly, or policies and procedures are inconsistent.

This is also the case when organisational politics are widespread; feeling that you must 'watch your back' and that your success at work depends on more powerful 'others' can result in employees losing focus on carrying out their role conscientiously. The effort required to navigate organisational politics can create a strain, reduce self-determination and intrinsic motivation, causing a reduced sense of relatedness and increasing alienation, resulting in unethical behaviour and in people protecting their own interests above other ethical considerations.¹² Fear and frustration also play a role, leading to unethical, counteractive work behaviour such as disengagement and withdrawal of work effort, lateness, taking longer breaks and generally favouring the path of least resistance.

Take the psychological contract (the mutually implicit expectations of the workforce and employers towards one another) as an example. If employees feel that promises are broken, removed or changed, they might experience deep feelings of unfairness, dissatisfaction and loss of trust. Outward signs of such feelings could manifest in seeing the following red flags:



Red flags

- rising numbers of grievances (both officially in writing and unofficially where mediation can help to resolve the situation)
- spikes in absenteeism (especially for employees where this might be deemed out of character), poor performance, incivility, attrition rates and extended sick leave
- surveys revealing that employees have rising distrust in leaders, experience unreasonable organisational politics, and feel that promotional opportunities only favour the few
- disparity of pay favouring men – despite this being unlawful since the Equal Pay Act 1970,¹³ the need for gender pay gap reporting from April 2017 shows this is still prevalent in some organisations
- unfair allocation of work within a team (causing stress for some and an easy life for others)
- misuse of non-disclosure agreements (NDAs) – confidentiality clauses are used in two key ways: within wider contracts of employment or within settlement agreements. There are already legal limitations on such clauses, but evidence suggests a minority of employers are using them to intimidate victims of harassment into silence. Allegations of discrimination should be investigated properly and fairly as per your grievance policy.



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In 2018 the *New York Times* reported that HR departments are ill-equipped to investigate discrimination complaints and, in some cases, have hidden abusive leadership behaviour. Women working at a leading retail sports outfitter's US headquarters complained to HR about sexual harassment and demeaning treatment by male supervisors, who used vulgar and condescending behaviour towards them. The culture has been described as toxic and pre-disposed to promoting men over women, regardless of behaviour or complaints. One manager received promotion to an executive role despite having three grievances on file brought by three female direct reports. It took an anonymous survey to trigger an internal investigation and a major shake-up in the company's top ranks.¹⁴



What you can do

- People deserve to be treated fairly and have a meaningful voice on matters that affect them (in addition to their rights and protection under law). People professionals should not assert or distort the balance of power; they should strive towards positive outcomes for the workforce (like well-being) as well as the business (like profit and loss) in equal balance.
- Don't let short-term business outcomes lead to decision-making that could be deemed unfair and be detrimental to the business in the long run.
- Assess employee perceptions of politics and fairness through surveys and focus groups. Ensure they are transparent, and communicate what you are doing to make improvements based on the feedback.
- Review policies and practices to ensure they are fair and unbiased. Consider the fairness lens for everyone in the workforce: if it could cause a detriment to an under-represented group, it is unfair.
- Keep political behaviour (such as ambiguous decisions or promoting favoured employees) in check, challenging it when it becomes unhealthy.
- Have clearly defined values and behavioural competencies, role-modelled by leaders.
- Ensure development opportunities are extended for the entire workforce, not just the exclusive few.
- Work with managers to ensure that work is allocated fairly within teams, with equal opportunity to be involved in stretching projects.
- Build inclusive organisations that treat people fairly and respond to diverse voices.¹⁵
- Advocate consistency in performance management. It should be regular and offer feedback that motivates the workforce, helps them improve, and holds them to account.
- Review NDAs to ensure they don't prohibit an employee from bringing a genuine unlawful act to be investigated. Allegations of discrimination or harassment should be investigated properly and fairly in line with your grievance policy.

A global pharmaceutical corporation has a 'promote from within' policy which applies worldwide, and means that senior leadership roles are given to existing members of the workforce.



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5 Personality/mood

Certain personality factors (which include an individual's characteristic patterns of thought, emotions and behaviours), along with their psychological attributes, can lead to unethical behaviour.¹⁶ Therefore, understanding personality traits of individual staff, and building in measures to steer the likely courses of behaviour, will be important considerations in creating ethical practice.

Ethical context

The 'dark triad' personality traits¹⁷ (Machiavellianism, psychopathy, narcissism) can be a risk for organisations and can manifest in employees being manipulative, displaying impulsivity and lack of remorse, and being cynical towards others. Machiavellian traits can mean people are more likely to behave unethically; for example, by committing fraud or acting in ways that benefit themselves over other stakeholders and using the ends to justify the means.

'Some of the characteristics you see in psychopaths are lying, manipulation, the ability to deceive, feelings of grandiosity and callousness toward their victims.' **Gregg O.**

McCrary, a former special agent with the FBI who spent years constructing criminal behavioural profiles¹⁸

It's important to bear in mind that, while personality describes relatively permanent aspects of an individual's psychology, there are factors influencing unethical behaviour that we have no control over. Remember that people with these personality traits will not necessarily be unethical, and the role for people professionals is to work to mitigate any risks posed by these personality traits.



Red flags

- Competitive individuals are more likely to sabotage or misrepresent work. This trait is more pronounced when these individuals have information on the performance of others.
- High levels of egocentrism are shown by self-focus and employees advancing their own interests with little concern for how their actions impact others.
- Greed will be shown by someone making social comparisons which can motivate actions to increase their wealth, and by optimising results or outputs for their benefit.
- Feelings of social exclusion can affect those with a need to be included in a group.
- High levels of impulsivity indicate less willpower or self-control. For example, pyramid schemes demonstrate the human capacity to focus on immediate payoffs while discounting future detection and punishment.¹⁹
- High levels of moral relativism – where moral principles are context-specific or situationally determined; people with this trait can therefore feel that harm to others may be justified.
- Those with high levels of happiness may be prone to passively follow pressures to engage in unethical behaviour to sustain their happiness or take the path of least resistance. This was exemplified by the associates that were highly remunerated to recruit clients for Bernie Madoff, who orchestrated an elaborate Ponzi scheme. Despite having some reservations, the associates did not take action.²⁰
- Dark personality traits:²¹ Machiavellianism; narcissism; psychopathy; manipulation; self-beneficial behaviour; shown by those who take an 'ends justify the means' approach and are prepared to violate social norms and commit fraud.
- Be aware when personality is overly attributed as a cause for behaviour – for example, a late colleague being considered as tardy (person based) rather than faulting factors such as transport (action based).



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- Blame is used to rationalise unethical behaviour (also found when individuals negatively feel an external locus of control [the degree of autonomy in their work]).
- Absence, lateness, staff exits, complaints, over-budget project delivery or failure to deliver/under-selling of products and services/sabotage or withdrawal can be signs of personality-related matters; these may be caused by low self-esteem, stress or negative emotions such as anger, guilt, lack of job satisfaction, or a sense of unfairness.
- The extent to which the performance management process is dependent upon a prescribed set of behaviours – some personalities are more prone to behave in a particular way; there should be reflection of this and flexibility in the expectations of the workforce.
- Temporary ethical blindness – a subconscious state in which a person is unable to see the ethical dimension of what they are doing (such as played out by the NASA engineers who voted for the Challenger shuttle to take off despite safety concerns²²); identified through auditing or reviewing decision-making after the fact.
- Moral disengagement (self-justification that unethical behaviour is less immoral by minimising or ignoring the consequences and blaming victims) – this is indicated by passive states, cynicism or complacency, and identified through reviewing projects, errors, complaints.



What you can do

- Personality profiling can be used in the creation of behavioural strategies, leadership development, team evolution and performance management to better understand strengths, preferences, career interests, development areas and job design.
- Consider if personality is a feature of workplace conflicts, and whether it highlights a training need for the individuals, team and/or line manager(s) involved.
- Use line manager and workforce training to raise awareness of the impact of personality and mood, and the increased risk of unethical behaviour of some personalities. This will need an environment in which challenges can be made and honest conversations can take place as well as the workforce feeling safe to share experiences or issues.
- Provide unconscious bias training, facilitate regular group discussions to examine where bias appears in work and decision-making. Discuss contributory factors in case studies to raise awareness and reduce ethical blindness, looking beyond diversity and inclusion risks.
- Develop empathy in the workforce, especially in line managers and leaders.
- Develop proactive use of customer feedback, including customer-led websites; co-ordinate team discussions about the impact of the work on customers and suppliers; facilitate opportunities to meet with each of the customer groups and share learnings with the remainder of the workforce.
- Foster enthusiasm and a sense of agency (responsibility) to overcome a negative external locus of control belief (the degree to which people believe that they have control over the outcome of events, as opposed to external forces beyond their control). For example, people with a strong external locus of control will blame external factors, such as the teacher or exam, for their own inadequacies.
- Reduce impulsiveness by developing decision-making frameworks, and implement a system to audit/moderate decisions made and the journey leading to those decisions.
- Many organisations use personality assessments in selection decision-making. It would be inappropriate to not recruit someone because they had personality traits associated with unethical behaviour. Remember that people with certain personality traits will not automatically behave unethically. Be vigilant in the overuse of personality assessments and ensure that the selection and use of appropriate and well-designed tests is undertaken by trained individuals.



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6 Job design

The purpose of job (re-)design is to optimise the work process and to improve productivity. It should also consider motivation theory, behaviours required to align with business values and principles, employee empowerment, teamworking, flexible working and employee well-being.

Good work (outlined in the Taylor Review)²³ exists for the long-term benefit of individuals, organisations and society, balancing economic sustainability with social accountability. It is predicted that future challenges of the world of work will put more pressure on people professionals to apply ethical principles to job design, especially as they will have less control over how people want to work and the contributions they choose to make in an organisation. Workplaces should be designed to accommodate and engage with all employees with diversity and inclusion in mind to ensure no one feels at a disadvantage.²⁴ People professionals need to aim to design or re-design roles to make the most out of emerging opportunities that engage workers and offer them a voice.

Ethical context

Responsibilities, tasks and interactions within a job role will affect aspects of working life. How an employee perceives their role can result in them feeling interested, engaged, accountable and valued; or the opposite could be the case and they could feel under pressure, disengaged, frustrated, or lacking responsibility, which can also affect trust and the psychological contract. Job design can inadvertently influence unethical behaviours; if a role is too repetitive or monotonous, this could lead to ignoring or missing mistakes. The opposite is also applicable when roles are highly pressurised, and there could be the temptation to cut corners to reach the end goal. It is therefore vital for organisations to pay attention to how work is designed and carried out by the workforce.



Red flags

- Monotonous roles – there is a risk that people can conduct their roles on auto-pilot and consequently miss potential unethical issues. You might expect that with a low variety of tasks you would have more time to consider ethical choices and make ethical decisions, but researchers carried out an experiment giving participants either a low- or high-variety task followed by an activity where they had the opportunity to cheat. They found that those who carried out the low-variety task were more likely to cheat, suggesting that deliberative thinking leads to greater compliance with rules.²⁵
- Highly pressurised roles that don't allow for thinking time or reflection can incite shortcuts to meet a target, timeframe or objective. The pressure to compromise ethical principles to meet business needs can be overwhelming, especially in the absence of moral reminders (such as a code of conduct) to mitigate this risk.
- Where individuals work in isolation/remotely, there could be a higher risk of decisions being made that are contrary to company values and ethos.
- Roles where individuals are removed from the consequences of decisions – for example, a head office decision to impose a uniform on retail staff without consultation. Another example would be when drawing up confidentiality policies and agreements, not being transparent in spelling out workers' rights in pursuit of protecting assets, data, clients, intellectual property, trade secrets and confidential information.



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What you can do

- Where possible, design jobs that are meaningful, interesting and stretching, provide stimulation and learning opportunities, and ensure workload is manageable.
- Understand the risk factors related to different types of job to inform where to target interventions on ethical behaviour – from ethical training to moral reminders and to provide whistleblowing ‘speaking-up’ channels (section 8 of this guide).
- Ensure each role has an element of deliberative thinking (weighing up options) to relieve monotony or prolonged periods of repetitive work. Break up the routine, support learning, plan to re-deploy and give training to re-skill and ease transition, encourage personal projects and stretching objectives.
- Ensure that those who work in isolation or remotely have accessible ways to gain feedback on their decisions and seek advice on workplace issues. Ensure your communications and engagement strategy caters for and reaches your remote workforce.
- Ensure well-being (the physical, emotional, social, spiritual, and intellectual needs of employees²⁶) is a priority by providing safe working practices, an inclusive working environment, effective people management, an element of autonomy to reach one’s own decision, and so on.
- Protect work-life balance. Working under pressure can be stretching for us all from time to time, but ensure this doesn’t become ‘the norm’ and lead to burnout and/or work-related stress.
- Begin to adopt the mindset that every role should be open to flexible working.²⁷
- Review your confidentiality clause. If used in conjunction with contracts of employment, it should protect your organisation – but not to the detriment of your workforce. Confidentiality is implicitly protected in law, but some organisations still take steps to make these terms explicitly understood. However, a confidentiality clause cannot remove a person’s statutory employment rights to whistleblow or override anti-discrimination law under the Equality Act 2010,²⁸ and this should be made explicitly clear in the clause.

Routine and repetitive tasks can be carried out more efficiently by an algorithm or computer programme. The ONS analysed the jobs of 20 million people in 2017 and found that 7.4% of these were highly likely to be replaced by a robot. While this is often framed as jobs being ‘at risk’, the [CIPD’s research](#)²⁹ suggests AI and automation can have positive impacts on jobs, especially by removing low-skilled tasks. Job design and analysis should take automotive innovation into account and provide opportunities for the workforce to gain the essential skills development required of businesses in future.³⁰



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7 Targets and reward

A target is a set of measures broken down to help achieve an overall work goal. Reward is an important factor in the process of attracting, retaining, rewarding and engaging with the workforce. The most effective reward packages will be aligned with business needs, reflect the organisation's values, purpose and performance.³¹

Ethical context

Hard-to-reach and short-term goals can put undue pressure on employees, which can increase the risk of unethical behaviour. This risk is higher in competitive environments or when combined with performance-related pay. In these circumstances, employees become more likely to ignore ethical consequences, instead focusing on potential short-term benefits.³² Evidence from previous CIPD research and surveys report work intensity has increased over the last 20 years and the workforce think they are working harder now than ever before.³³ There are now great pressures to meet targets (performance, sales), deadlines and customer demands.



Red flags

- Unachievable targets and goals can cause disengagement if not met. Hard-to-reach and short-term goals can put undue pressure on the workforce, which can increase the risk of unethical and, in some cases, fraudulent behaviour (as in the case of Wells Fargo³⁴).
- Increasing the bar each time a target or goal has been met – an employer could argue this is representative of market conditions; however, how this practice is perceived by the workforce matters, especially if targets disproportionately impact one group over another (for example, part-time workers compared with full-time workers). The pressure is greater when remuneration is involved or combined with performance-related pay. In these circumstances, the workforce becomes more likely to ignore ethical consequences, instead focusing on short-term benefits.
- Use of SIPs (sales incentive plans) and deliberate misrepresentation of need – SIPs are extensively used throughout the private sector. However, they are also open to incentive-gaming, whereby the commission incentivises people to make sales that don't necessarily benefit the party who bought the product. For example, mis-selling has seen some high-profile pharmaceutical companies encouraging doctors to prescribe opioids not linked to clinical need, or selling unwanted or unnecessary insurance policies.
- The presence of the 'say/do' gap – for example, your EVP (employee value proposition) states people are your greatest asset, but you pay under market rate. Issues can arise if you are deliberately keeping base pay under market rate as an incentive to perform. This can backfire if it results in unintended consequences, such as the mis-selling of PPI scandal.
- People are rewarded for the wrong behaviour – for example, an individual who consistently exceeds targets but displays unethical behaviour that is overlooked by management.
- Rather than use standard disciplinary action to realign individuals who step out of line, settlement agreements are used to dismiss individuals instead. This sends a broader message to the rest of the workforce – misbehave and you'll be paid off to leave.
- The CEO pay ratio for yearly salary and bonus increases – are percentage increases for executives vastly inflated in comparison with percentage increases awarded to employees?



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- A wide gender pay gap differential – if after an audit has been carried out there is a wide gap, this may reflect past biases in decision-making and recruiting unless objectively justified.
- There is no recognition for values and competency role-modelling.
- A ‘do whatever it takes’ attitude is present.
- Lack of transparency for pay and reward structures can lead to pay speculation and feelings of unfair treatment.

The demise of Carillion in January 2018 was largely due to mismanagement by its leaders, and yet the CEO who presided over the collapse was still paid a £660,000 salary until October 2018.³⁵

Banking executives bailed out by the taxpayer still received bonuses and a generous pension.³⁶

An international bank incentivised the workforce to sign up new customers and paid handsome bonuses linked to targets and goals. Workers created 3.5 million fraudulent accounts as a result.³⁷

Car giant manufacturers’ executive pay packages remain unchanged despite the emissions scandal.³⁸

A world-leading security company boss received a record £4.8 million in pay and bonuses despite numerous scandals. The bungled under-recruitment of security guards for the London 2012 Olympics forced the army to step in.³⁹



What you can do

- Ensure objectives/targets are realistic, and that monetary rewards are not only linked to short-term outcomes. Due consideration needs to be given to employee perceptions of the attainability of goals, especially when tied to financial rewards. While goals can be difficult, they need to be perceived as attainable (SMART goal-setting will help here).
- Avoid pitting the workforce against each other by keeping promotions fair and transparent.
- Look at the evidence around exceptional performance and development, and link that to pay.
- Consider how bonuses are dispersed; a team bonus will encourage team performance, whereas individual bonuses could encourage Machiavellian behaviour, hiding information from others for self-interest or to hinder another’s progress.
- Review your reward strategy and regularly benchmark salaries in the open market. Ensure pay structures and pay progression reflect achievement and the behaviours and attitudes that are valued by the business. Review outcomes first and outputs second.



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- Clearly define performance measures and management as well as the consequences when an individual steps out of line, no matter what title they may hold.
- Ensure you have a clear, explicit and consistent policy in place for pay increases, how they are awarded, and what behaviour deserves such awards.
- Corporate governance is needed to improve CEO pay transparency and ensure boards recognise their broader responsibility towards the workforce when decisions on executive pay and business investment are made. Equally this applies across the workforce for decisions on pay-setting and pay progression for salary/base pay as well as on bonus/variable pay and incentives.⁴⁰
- Recognise excellence and upholding values via workforce-nominated awards.
- Position variable earnings carefully – for instance, using cash bonuses to drive higher sales while also considering corporate governance standards – to include the expected behaviours to be displayed in how targets are achieved.
- Have a remuneration committee for executive pay governance, and consider appointing an employee representative onto it to ensure equity, challenge ethical propriety and ensure that it is free from bias. This can also be applied to how bonuses are awarded across the organisation.⁴¹
- Line managers should take account of the workforce contribution when making pay decisions as opposed to just the top team. HR should give sufficient support to managers for assessing performance and how to give feedback.
- Strategic reward should be based on long-term reward policies and practices to support and advance both the organisation's objectives and employee aspirations.



8

An alternative to silence: whistleblowing/speaking up

Providing facilities for the workforce to raise concerns means that there is an early warning system to allow organisations to act upon issues before they escalate. It also means that people will be less likely to behave unethically if they will be called out directly or indirectly through a speak-up service, thus positively contributing to risk reduction for organisations. Failure to enable the workforce to speak up and raise concerns can stifle creativity and innovation.

Speaking up

For the purpose of this guide, whistleblowing refers to qualifying disclosures in the public interest and covered by the Public Interest Disclosure Act (PIDA) 1998.⁴²

Speaking up refers to the raising of concerns by the workforce that may be internally focused and not necessarily of public interest. It is 'speaking up' that is referred to in this section and those that 'speak up' are referred to as 'whistleblowers'.



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Ethical context

Ideally, informal processes need to be in place to manage issues before they get to a breach of regulations or requirements and formal whistleblowing is needed. The workforce should know how to raise concerns and have an alternative resource to do so other than their line manager so that hierarchy is not a barrier to raising concerns.

The role of people professionals is vital in building trust so that the workforce feels enabled to raise issues in confidence and know they will not face reprisals for raising concerns. Offering a facility in which the workforce can speak up can help well-being by enabling the workforce to clear their conscience and empower them to do the right thing. Further, it is vital to identify issues that may not be in keeping with the ethical expectations of the organisation as early as possible.

Dr Jeffrey Wigand was vice president of research and development at Brown & Williamson, a major tobacco firm. In the mid-1990s, he went public with his inside knowledge of how the companies downplayed the health risks and addictive qualities of nicotine. His exposure took a severe toll on him personally and a smear campaign was launched against him, but as a result of his actions the consequences for the organisation were record-breaking, including litigation against tobacco companies that resulted in \$348 billion in damages being paid out.⁴³

The difference between speaking up and grievance(s)

It is important not to confuse speaking-up arrangements with grievance or dispute resolution processes. A grievance is making a complaint about something that affects you or your employment contract (for example, if your employer doesn't pay you on time). It is reasonable for an organisation to refer an employee to the appropriate process and the processes should not be confused.



Red flags

- There are low levels of confidence in the workforce to challenge practices and policies, and uncertainty about whether any detriment or repercussions would follow.
- Negative responses on employee surveys give insight into speaking-up issues.
- There is a lack of a resource or channel to raise health and safety concerns.
- Confidentiality agreements focus on the needs of the employer rather than the employee. These agreements may be essential but should not ignore your employees' rights under the Employment Rights Act 1996 and the Equality Act 2010. Agreements that prohibit individuals to report whistleblowing concerns or raise complaints with an external regulator are unenforceable. Those who speak up may feel that there will be repercussions in relation to their own role and/or performance as they may be perceived as troublemakers. This is particularly prevalent when they are not updated as to the final outcome.
- Inappropriate comments from disgruntled employees may appear on websites such as Glassdoor (remember that regulators may be contacted with alleged issues).
- How are changes to workforce contracts executed? Has the workforce been fairly consulted? Are underrepresented groups going to incur detriment as a result of the changes? For example, changing working patterns will adversely affect those that struggle with childcare arrangements.



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What you can do

- Provide the workforce with multiple channels to raise concerns and ideas, such as a staff sounding board, confidential whistleblowing phone line or email address, and, essentially, an alternative to line managers.
- Resources allocated to deal with speaking-up concerns should be carefully considered. There is some distrust of HR being the designated resource and this may confuse employees about the difference between grievances and speaking-up concerns.
- Consider using an external and independent provider in order to reinforce confidentiality and enable safeguards that will give the workforce confidence to trust the facility. The protection of whistleblowers is essential.
- There is no set process an employer must follow to investigate a speaking-up concern, but good practice would be to respect a whistleblower's wish for confidentiality and to provide some feedback about any action taken.
- Ensure that those who speak up feel sufficiently protected and that the process for investigating concerns is swift so as not to prolong the impact on the whistleblower. When dealing with those who speak up, bear in mind the difference between curiosity and someone being critical or challenging.
- Address relationships between management and senior leadership to ensure the workforce does not get caught in the middle of disputes or conflicting directions. This can affect their willingness to speak up.
- Deploy resources to look forward as well as backwards through predictive indicators (revenue per employee for example). Critical analysis of near-misses is as important as events and errors that occurred.
- People managers can ensure that policies are supported with appeal processes to enable the workforce to highlight unethical practice.
- Create bonds within teams to help foster psychological safety and openness. Teams should share information and trust each other.
- To get the full story, ensure that other mechanisms are examined and contrasted against the speak-up facility, such as turnover rates, exit interviews, equality and diversity rates, workforce surveys, health and safety statistics (for example, accident and sickness records), and, importantly, customer satisfaction. Any red flags and complaints or issues raised with regulators or other third parties; for example, complaints raised with the Office of Communications (Ofcom), the Office of Gas and Electricity Markets (Ofgem).
- A perceived lack of transparency by the organisation in dealing with concerns may cause apprehension in the workforce when it comes to their willingness to speak up, but this can easily be dispelled by regular communication. Regular promotion of speaking-up facilities is just as important as providing them, otherwise not only will there be a risk of new starters not being aware of the facility, but the organisation's support of raising concerns without consequence needs to be reinforced.

You can visit the [CIPD Knowledge hub](#) for information on whistleblowing, including Q&As, details of a whistleblowing helpline, factsheets and relevant case law.

A confidential space to share ethical dilemmas

CIPD members have access to an online discussion forum called '[Workplace dilemmas in confidence](#)' in which they can start discussion threads anonymously.

By providing a safe place to discuss sensitive issues, members get guidance and support from peers, including emotional support. We hope to reduce the number of concerns raised in future.

[Appendix 3](#) provides a speaking-up checklist.



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9 Accountability

If you take responsibility for your own actions, you show accountability. However, this also means accepting accountability when things go wrong and admitting to your mistakes!

Ethical context

Numerous corporate scandals over the last few years have diminished trust in business. The car giant manufacturer (who admitted to deliberately cheating on US diesel emissions tests for several years)⁴⁴ and a leading sports retailer (accused of paying the workforce below the minimum wage and creating a culture of fear⁴⁵) show a lack of accountability in some organisations, and raise critical questions about the future of business, such as how ethical cultures can be created. According to the Companies Act 2006,⁴⁶ amongst other matters, directors should *'maintain a reputation for high standards of business conduct and be considerate of the interests of the workforce'*.

Refresh your understanding of the terms of section 172 of the Companies Act 2006.⁴⁷ This addresses the shareholder/stakeholder debate and outlines ethical principles with firm links to accountability.

Conversely, when looking for accountability from your workforce, businesses must have mechanisms in place to allow for mistakes without retribution (although it will depend on the size and impact of that mistake as to how it is handled appropriately, fairly and proportionately). It is well known that people learn from mistakes and managers should receive adequate training on how to deal with these situations.

This is a unique role for people professionals to play in organisations, considering recent corporate scandals where there was a lack of accountability for unethical practice. It appears that organisational context influences individuals' perceived ability to challenge, with those working in third-sector and large organisations feeling the most empowered.



Red flags

- There is a lack of sufficient supervision and free reign to act unethically without consequence (such as a disciplinary process).
- Employees fear losing their job if 'I admit to this mistake'. This can lead to serious cover-ups which could have ramifications further down the line. Think of the Chernobyl nuclear disaster – inadequate safety regulations deliberately suppressed by senior shareholders and coercing the Government into lying about the extent of the impact post-event.⁴⁸
- There is careless, indecisive or negligent behaviour towards circumstances, colleagues, customers or stakeholders. 'I just pursue my organisation's aims when I'm at work' is an ethical choice in itself, and a very dubious one – compare it with, 'I was just following orders' as a way of absolving responsibility.⁴⁹
- There are reports of micromanagement, which can result in procrastination and lack of accountability due to the fear of making the wrong decision.
- People professionals have limited power in organisations. Academics have questioned the extent to which people professionals are in a position to uphold ethical values within organisations, because of the boundaries of their role.⁵⁰
- Negative comments about your organisation are posted on social media by a disgruntled ex-employee or customer which present a one-sided story.
- Work is reshaped using digital and AI technology with little or no thought to re-deployment, upskilling and development of those employees affected by this initiative.



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An extract from Enron's Code of Ethics, 2000, said: 'we want ... a reputation for fairness and honesty....'

Hedging structures employed by Enron between 1999 and 2001 have since been labelled fraudulent. The hedging transactions were extremely complex and shown to executives in hurried meetings with experts touting the brilliance of the theories. The company fell victim to the 'groupthink' mentality and acceptance of accounting structures that were not understood and endorsed by its accountants, Arthur Andersen. Questionable financial dealings and aggressive practice enabled growth of debt to fatal levels (reported on the balance sheet as \$13 billion, the actual number was closer to \$40 billion). The structures for debt arrangements became complex and debt deals were made to look like revenue. Many of these deals took place between 1997 and 2001, when Wall Street considered Enron to be one of the most profitable companies around. Subsidiary companies with conflicts of interest were permitted. A year after being the seventh largest company on the Fortune 500 list, Enron was known as the largest bankruptcy in US history, owing \$67 billion to creditors. Shareholders lost \$60 billion of value. 6,000 people lost their jobs, 22,000 workers were affected, and many lost their retirement savings. The directors were convicted of fraud in 2006.

In this example the actions of leaders and decision-makers meant that social norms became corrupt.⁵¹



What you can do

- Adopt an evidence-based approach to decision-making to reduce reliance on gut feeling and make decisions more reliable. Evidence-based practice involves critical thinking and judicious use of evidence from research and/organisational data, alongside professional expertise and stakeholder concerns.⁵²
- Create management structures that hold people accountable. Provide checks and balances where decisions are made in isolation and the opportunity for individuals to 'speak up' (section 8) when they are concerned about a decision.
- Consider how behaviour can be monitored effectively and constructively, without leading to micromanagement or eroding trust.
- Everyone should have a chance to exercise powers of decision, planning and self-command, therefore responsibilities should be distributed rather than concentrated in one person.
- Where individuals work in isolation or remotely, encourage collaborative decision-making so that risky decisions by one person can be challenged by another. Provide a code of conduct and access to advice on workplace issues prior to the decision.
- Less hierarchical organisations make it more difficult to engage in unethical behaviours and increase accountability, since people have stronger relationships with their colleagues through working more closely together.⁵³
- A cease-and-desist response to negative comments on social media may be an initial reaction, but good HR recommends an impartial approach and a genuine desire to investigate the issue.
- Clearly map workforce-related risks when looking to implement automation and AI as part of a workforce planning exercise to minimise the risk of having to place people 'at risk' and to provide new opportunities for those affected.⁵⁴



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10 Communication

Using internal communications is one tool to encourage high ethical standards in the workforce and ensure that the values and/or code of ethics are not in contrast to the climate. Beyond establishing a code of ethics, embedding ethical practice within your organisation requires

consistent communication, particularly from the board, leadership and management. Making the ethical expectations of an organisation clear to the workforce is vital, but an essential second step is to ensure understanding and awareness of ethical issues and hazards. The Institute of Business Ethics (IBE) has found that companies with a code of ethics financially outperform those without.

Ethical context

Unethical conduct by the workforce poses a wide range of risks for the organisation, from compliance failings and reputational damage to a breakdown in the trust of customers and stakeholders. Having a code alone is not indicative of being more ethical. IBE analysis from 2001 to 2005 found a greater positive relationship between provision of ethics training and financial performance. Organisations with an ethics programme benefit from the confidence instilled in stakeholders. The IBE also found that in organisations with an ethics programme, employees seem to have a better perception of corporate culture.⁵⁵

As ambassadors of the organisation, the workforce needs to understand and connect to the importance of the ethics and values of the organisation and how that relates to their work. Companies are increasingly developing ethics resources and programmes to bring to life the values and expectations of the organisation. A failure to train and communicate these values and code of ethics could explain the gap between principle and practice, and could certainly be perceived as a difference between intention and operation.

Communication is also key to developing trustworthiness of the organisation to suppliers and customers. A reputation of honesty and ethics will contribute to an organisation's success.



Red flags

- There is a code of ethics that provides information but has no support from regularly repeated tangible activities; the mere existence of a code is not enough.
- Communication and messages gloss over ethical failures; this will disengage the workforce and further damage the organisation's reputation.
- There is a sense that 'everyone is doing it'; this can be counterproductive.
- One-way 'broadcast' communication simply tells the workforce what to do (and what not to do).
- There are single training events that are only open to new starters (and are never repeated or built upon).



What you can do

- Align the organisation's mission, values and code of ethics, and communicate widely and regularly so you are seen to have established a position on ethical practice.
- Be transparent about challenges (both internally and externally), and when unethical events occur do not hide behind the need for 'confidentiality'. In a recent governmental enquiry, criticism of hiding behind confidentiality was made by the committee members. While it will be necessary to keep the content and outcome of grievances or whistleblowing concerns confidential, there can still be reporting of the quantities and patterns.



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- Emphasise what the company stands to gain from ethical actions or decisions; this can be more effective than emphasising what the business stands to lose.
- Communication should be two-way. The key to employee engagement in ethics is to avoid 'telling' the workforce the concepts/what not to do.
- Training and communication of codes and the support behind them should not be one-off exercises; they should use a variety of formats. They should be communicated regularly to existing staff as well as new starters.
- Suppliers may request a copy of the organisation's code during tendering processes. Consider communicating the organisation's values and/or code of ethics to all stakeholders as well as customers, business partners and suppliers.
- Develop a communication strategy to plan and regularly communicate the legitimate aims of the organisation. Frame messages to emphasise what's to gain from ethical standards, not just what is to lose from unethical behaviour. Target high-risk areas of business and situations, such as high-pressure and/or competitive environments. Use a range of methods from internal communications/newsletters, workforce meetings, workshops, office merchandising reminders, cartoons, booklets, posters and publish codes in an easily accessible location on the organisation's website.
- Connect employees to the impact of their work/decisions to ensure consensus in adopting/role-modelling ethical values and guiding decision-making. Facilitate connections with customers and the wider community. Socialise stories and positive, real-life examples that emulate the code. Use a range of scenarios to encourage debate and discussion so that the workforce can apply the code to their day-to-day work.
- Ensure that efforts are made to translate values and their application to the workforce before measuring compliance and taking remedial action.
- Use communication and training to increase ethical sensitivity and how to take a stand, through the exploration of case studies and scenarios that involve ethical dilemmas. Beware of 'ethics fatigue' by communicating too frequently, and use innovative ways to bring the code to life, such as new case studies.
- Use a dashboard to relay information to the workforce on the measurements of embedding the organisation's values and/or code of ethics.
- Include an update on the code in the annual report to include any breaches and subsequent action taken, as well as what training has been undertaken.
- Do not under-resource the communication and embedding of values and codes.
- Provide the workforce with a resource to seek advice regarding ethical dilemmas.
- Socialise the code and values by using film clips of members of the workforce at a range of levels, sharing what ethical practice means in their role.

Appendix 4 provides a list of statements for ethics training and to provoke discussions.

In March 2004 a global financial services group implemented a worldwide code of ethics based on its founder's principles, which date back to 1925. The founder recognised that business was more than just the bottom line. Those principles relate to corporate responsibility, human resources and teamwork. Its code promotes social responsibility and covers conflicts of interest, fair trading and compliance with regulations. It confirms that each executive and employee is expected to observe the code. A key aspect of embedding the code is a culture of openness and the introduction of an independent confidential whistleblowing reporting service. Web-based resources have also been developed.⁵⁶



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See [Appendix 5](#) for a decision-making flowchart that can be adapted to your organisation's needs. We recommend that decision-making guidance is issued to the entire workforce to give them confidence and structure in making ethically correct and reputation-protecting decisions.

11 Conclusion

The spotlight is on business ethics and more so on organisations than ever before. With astonishing political developments, escalating climate issues and economic fallout, there will be an increased focus on ethics and pressure on organisations to follow an ethical approach and consider the consequences of their outputs and operations.

It is essential to ensure that policies applicable to the workforce are fair, equitable and non-discriminatory. CSR initiatives should include risk assessments of environmental implications (even if in an office environment, such as recycling and waste management/reduction) by an organisation's activities and supply chain, eliminating forced and child labour, and anti-bribery policies. Legal and compliance requirements dictate that safe working conditions are provided, but ethical practice for people managers requires going further and ensuring that all of the workforce has representation and input into key activities and strategy. Proclaiming an organisational value of integrity is not enough without specific action, and it is necessary for organisations to deliver on their commitment to communities and to champion better work and working lives.

Rather than acting as the 'HR police', people managers can be ambassadors of taking an ethical approach and creating long-term value. This will inevitably mean having to deal with challenging conversations and consistently holding the workforce, at all levels, accountable for their actions and behaviours. People managers must role-model ethical practice and aspire to become trusted advisors. They are best positioned to facilitate an alignment of personal and organisational values and enable the workforce to truly flourish.

Ethical practice should be woven through the organisation's people strategy, and demonstrated in its HR policies and practices relating to the employee lifecycle: recruitment, people management, development and exit.

There should be no doubt that people professionals are expected to stand up for and protect the rights of employees and demonstrate *ubuntu* ('humanness') in their practice. The people profession is expected to make better use of insights from analytics in their evidence-based practice and decision-making. This call on people professionals includes reskilling the workforce, recruiting in a broader and more diverse way, and supporting mobility and flexible working. People professionals will need, more than ever before, to nurture networks of peers across sectors and territories to learn from each other and to keep up to date with developments in the world of work.

In working according to ethical values and a code of ethics, people professionals can make a significant contribution to improving the lives of the workforce and the experiences they have at work, and to making work more meaningful.



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12 Appendices

Appendix 1: Organisational climate checklist

Start	✓
Clarify whether the workforce and customers perceive the organisation's climate as egoistic, principled or benevolent.	
Focus on climate rather than culture. Explore (and agree) the accepted norms of the organisation with the workforce, and the ethical considerations of their work, including behaviours. Agree how these will be measured and monitored.	
Understand the perceptions of leadership and management within the workforce and the perceived extent of organisational politics. Cultivate positive associations. Identify any conflicts that may lead to anger or stress. Encourage the board and leadership teams to get out and about to meet with the workforce.	
Review the organisation's policies and consider if they are in keeping with the ethical climate that is intended. For example, if the intention is to increase trust in the organisation, do timekeeping and absence policies or the actions of line managers reflect this intent? Review key decisions made and how impulsive they were.	
Ensure that there is a triangulation of available evidence to support workforce-based recommendations and management. Regularly extrapolate important insights from the following sources and agree critical indicators from these: 1 speaking-up/whistleblowing facilities 2 grievances 3 employment tribunals/industrial disputes 4 litigation cases 5 executive pay 6 promotion decisions 7 supply chain data 8 turnover rates, exit interviews 9 job satisfaction 10 absence rates 11 equality and diversity rates 12 workforce surveys 13 health and safety statistics (for example, accident and sickness/absenteeism records) 14 customer satisfaction and complaints 15 net promoter scores 16 regulatory issues 17 feedback from suppliers 18 feedback on social media platforms such as Glassdoor and LinkedIn 19 market share.	
Agree KPIs from the above metrics with the board, senior leadership team and the workforce to aspire to and reflect the importance placed on ethical practice.	
Ensure that inclusion in the organisation is examined to identify areas where action can be taken. Ensure that differences across regional and international territories are identified and understood across the workforce.	
Discuss the headline-making corporate scandals to generate debate and speculation as to what went wrong and how to avoid similar issues.	



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Stop	✓
Focusing only on profit and targets (where the ends justify the means) when describing success.	
Enabling unhealthy competition.	
Failing to ask specific questions relating to climate of the workforce in surveys and workforce forums. Ignoring perpetrators of anxiety and frustration and avoiding taking action to support the workforce with either of these.	
Assuming an understanding of allocation of resources by the workforce. People's feelings of being resource-depleted have been associated with counterproductive work behaviour.	
Being afraid of asking tough questions, including 'Do you believe/see management/ leadership role-modelling the code of ethics and/or company values?' Failing to use transparent analysis of insights from evidence from various sources to build confidence and trust in the results.	
Benchmarking your organisation's data against its sector only.	
Failing to broadcast widely the initiatives undertaken and invite the workforce to present ideas to ensure inclusion.	



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Appendix 2: Flowchart – how to develop and consistently embed codes

Developing a code

Don't wait for something to go seriously wrong before your organisation develops a code. The existence of a code may help the treatment of complaints to regulators or third parties. Governments are increasingly requiring organisations to demonstrate an active code under governance regulations.

- **Content:** use focus groups to engage critical friends and stakeholders, internally and externally, to ensure that the final product is accessible and meaningful to all of the workforce and customers.

Get leadership buy-in.

An aspirational code will receive more buy-in from the workforce than one based on meeting compliance and legal requirements. Consider this in the tone that is used and avoid a document that appears legalistic. Also consider that a rules-based approach will need 'policing', which needs resource. Where a rules approach or a 'dos-and-don'ts approach' is taken, loopholes will be found.

Using a more practical name, such as 'The Automotives UK Way of Doing Business', rather than a generic title, reinforces the organisation's commitment to the code. Decouple ethics from compliance in order to win the hearts and minds of the workforce.

Avoid jargon and remember that the code should be understood by all stakeholder groups, internally and externally. Do not fall back on legalese and generalisations.

- **Length:** the right balance between general principles and more practical guidance should be struck. It is important to recognise that it is impossible to codify all possible scenarios the workforce will experience but that supporting materials for the code can be used to convey case studies and develop ethical sensitivity. The code should not be seen as another set of rules.
- **Supporting materials and resources:** the code should not be intended to be a stand-alone document. Develop case studies and ethical dilemmas and use them in induction and training programmes. Train all the workforce and, in particular, line managers in the code, and be very clear about what ethical practice looks like.



Launching the code

- Give the workforce a hard and soft copy of the code. Request confirmation of receipt in a form that also asks them to commit to reporting any unethical conduct or concerns.
- Ask line managers to confirm that they have discussed the code with their teams.
- Incorporate adherence to the code in the terms and conditions of employment and/or employee job descriptions and recruitment information.
- Consider requiring all contractors, temporary workers and business partners to adhere to and uphold the code.
- Launch the code with an event or series of events, supported by a comprehensive communication strategy.
- Include a training session in inductions for new starters.





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Active implementation

- Establish monitoring protocol and measures to track adherence to the code. Agree a cyclical process for reviewing measures, identifying negative or positive patterns and what action will be taken.
- Ensure that the workforce is aware of the consequences of not upholding the code for themselves individually, but also for the organisation. Take transparent action for infractions/ breaches regardless of whether the individual is a top performer and/or a manager or leader. Ensure that sanctions are proportionate – if any are to be considered – and recognise that most ethical breaches are unintentional.
- Use people management interventions to tackle any occurrences of unethical behaviour and to understand the causes. Be mindful of eroding trust in the administration when it comes to the code, and address areas where there is inactive support of the code.
- Identify a code-responsible member of the board and/or leadership team who will monitor the implementation and effectiveness of the code as well as support the creation of solutions to implement the code into working practices. This may be supported by auditing of compliance with ethical expectations and should include reviewing the reasons for events and issues.
- Establish a panel of stakeholders from a cross-section of customers and the workforce to review the code periodically and reflect the risks that the organisation faces, including any ethical blind spots. Cross-reference customer complaints and feedback from the workforce, suppliers and stakeholders. Periodically agree areas to target.



Supporting the code

- Do decision-making frameworks, policies and processes of the organisation reflect the expectations set out in the code?
- The workforce needs to know where to turn for more guidance when needed. Appoint ambassadors or champions of the code from the workforce (as they may be able to better relate to the workforce).
- Hold an annual Code of Ethics day and provide regular training on the code rather than one-off exercises.
- Have positive incentives (as well as sanctions for non-compliance) to confirm the organisation's commitment to a code.
- Include engagement with – and understanding of – the code as a key criterion in performance appraisals, and consider introducing awards and/or recognition for exemplary ethical conduct or ethical courage – perhaps nominated by the workforce. For example, a standard question that the workforce has to answer periodically could be, 'how have you upheld the code recently?'
- Use the code as a tool to foster an ethical culture (rather than as a compliance approach) by providing soft-skill training opportunities, such as emotional regulation and neuroscience.
- Ensure actions and decisions from leadership and management reflect the ethical aspirations that are being communicated (that is, 'walking the talk').



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Appendix 3: Speaking-up checklist

Speaking-up checklist		✓
1	Establish decision-making frameworks or decision trees/checklists. Cultivate trust by being more transparent about decisions and strategy.	
2	Stop norm violations becoming widespread by enabling the workforce to call out organisational deviance (even minor infractions) in a constructive and positive way. Encourage peer pressure, but in a balanced way, and ensure the protection of those who speak up.	
3	Be clear as an organisation what conduct will not be tolerated (such as bullying and harassment), perhaps supported by a policy for dealing with such occurrences and the sanctions that may follow.	
4	Review supporting policies and practices to identify if there is any conflict with the values and code of ethics.	
5	Ensure that the process of dealing with concerns raised is fit for purpose and is not too lengthy.	
6	Periodically review the effectiveness of the speaking-up facilities and whether they are fit for purpose by examining how they are managed and promoted.	
7	Acknowledge mistakes and prioritise reflection to learn from them; this is vital in establishing a no-blame culture.	
8	Train managers and speaking-up champions throughout the organisation. Promote the resource to the workforce so they are aware of who they can speak to other than their line manager. Equip managers and champions to deal with speaking-up concerns and to also support employees who may feel that their own values are in conflict with the organisation's.	
9	Consider the availability of a speaking-up facility to the entire workforce, including agency workers, and short-term and zero-hours contract workers.	
10	Create openness in the organisation to discuss differing views, challenges and emotions. This can be an important source of learning and prevent situations becoming misconduct.	



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Appendix 4: Communication – discussion prompts for workforce training

This is a list of provocative statements that can be used in ethics training and to provoke discussions around the organisation, such as moral reminders, posters and screensavers.

Statements for training, newsletters, posters, cartoons, screensavers and more

Discussion prompts

- Define integrity.
- Define honesty.
- Define openness.
- What does ethics mean in your everyday work? What are the issues and conflicts?
- What values are key to the organisation? How effectively are values reflected in practice?
- How would you describe respecting the dignity of others?
- When could discrimination be appropriate?
- How would you describe respecting the dignity of others?
- Is there a place for emotions in the workplace?
- If the cost of investigating a breach is greater than the breach, should there be an investigation?
- What is whistleblowing?
- What can organisations do to create an open environment where whistleblowing is not needed?
- What do you think the most commonly used words are in codes of (business) ethics? (*The answer is integrity and honesty.*)
- Where are there ethical blind spots or risks of blind spots in our organisation?
- Where in the organisation is our code not being actively upheld, or where are there areas that struggle to do this?
- How have you upheld the code recently?
- Have you identified any conflicts of your own personal values with those of the organisation?
- How do you deal with ethical dilemmas?
- Do we treat everyone the same and ignore their differences, or treat everyone differently and thus not equally?
- What about use of emotions in advertising and marketing?
- How do you deal with breaching the confidentiality of someone who has shared a high-risk matter with you?
- A concern has been raised and exposed a mistake; by issuing an apology we admit to the mistake, ... do we?

How would you deal with the following?

- 'It's not illegal.'
- 'Everyone else is doing this.'
- 'No one is really harmed.'
- 'I am being pressured to do this...'
- 'I'm not remunerated fairly ... I deserve this.'
- 'I don't agree with the rule so I'm not complying with it.'
- 'Do as I say, not as I do.'
- 'Do whatever it takes.'
- 'Tax evasion, it's legal...'

Ask the workforce to rate how risky the statements are or to group them under causes, such as bounded rationality (where rationality is limited by factors such as the information individuals have or the time available to make a decision) or ethical blindness (where the individual experiences a temporary inability to see the ethical aspects of the decision they are trying to make).



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Appendix 5: Transparent decision-making checklist

The CIPD has been examining ethics in practice with members and has found that, very often when facing difficult decisions, the choices are not necessarily between good and bad, but rather, good versus good. This decision-making checklist can be a useful tool to work through the four stages to reach a decision.

This checklist can be adapted to suit your organisation's needs, but providing the workforce with a structure to follow in dealing with difficult decisions and/or dilemmas can minimise the risk of unethical choices being made, and give the workforce confidence in their ethical decision-making.

Decision-making checklist		✓
1	Research Review each of the choices that could resolve the dilemma against the standards of your profession or regulator. If you are unsure of any details, seek advice. Obtain evidence for and against each option. Refer to any relevant organisational policies and procedures. Are there any legal implications for each choice? Are there any dilemma perceptions/misconceptions that need to be addressed? Will there be any resistance to each of the options to resolve the dilemma? Why? Who needs to support the final choice? Is any consultation needed with those affected or with any experts? If you are unsure of any details, seek advice. Be prepared to revise your preferred choice. Discuss with colleagues and someone independent from the dilemma, such as a CIPD member.	
2	Options What scenarios will follow each choice? Have ALL alternatives been fully explored? What is the impact of each choice? Who benefits the most and the least? Consider ALL stakeholders. How does each choice relate to the organisation's values and code of ethics? Do any of the options set an ethical example to others in the organisation? Be honest about whether you have any bias towards some or all of the options. What would another people professional do in your position? Taking all of the above into consideration, choose the best option.	
3	Test Am I comfortable with the selected solution? If not, why? Is the solution transparent and is supporting evidence available? Inform your senior team and gain consensus to support the solution.	
4	Act Be confident with the solution chosen. Be transparent with the people involved in that decision and be prepared to share the evidence.	



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Appendix 6: Complaints of breaches of the Code of Conduct by CIPD members

Of 466 complaints received in the seven years since the Code of Conduct was re-launched in 2012, 23 progressed to a conduct hearing. These hearings consisted of:

	Investigations (%)	Hearings (%)
Handling of investigation/grievance process	42	0
Mishandling of data	27	60
Handling of dismissal process	18	18
Unprofessional service delivery	6	9
Social media conduct	4	0
Discrimination in recruitment	3	0
Plagiarism	0	9
Bullying and harassment	0	4

To avoid such complaints that are raised as potential Code of Conduct breaches (including those raised in relation to handling of data), people professionals should:

- Manage data according to regulation (such as GDPR) and the specific policies of their organisation.
- Remember that employees can request to see any information held about them (known as a subject access request).
- Clarify the scope of their role or decision-making when dealing with a disciplinary, dismissal or grievance process, and handle each case with empathy.
- Think carefully about over-sharing, confidentiality, using humour and sensitive subjects in the content of social media posts. Remember that a footprint is created with posts, and business, professional and personal life can be seen as one.
- Looking at the example of conflict of interest complaints, an increasing number of complaints regarding the lack of independence of consultants used in investigations or grievances are being received and raised in employment tribunals. The use of consultants should adhere to the organisation's procurement requirements to ratify the use of a supplier even where there may be a previous connection to a representative of the organisation.
- The CIPD recommends the examination of evidence in support and against the factors or choices examined when decision-making, reviewing policies and practices, and providing advice. Further, it is vital to maintain a network of peers, both internal and external to the organisation, and build a resource of people to turn to for advice and support.



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13 Further resources

A confidential space to share ethical dilemmas

CIPD members have access to an online discussion forum called '[Workplace dilemmas in confidence](#)' in which they can start discussion threads anonymously.

By providing a safe place to discuss sensitive issues, members get guidance and support from peers, including emotional support. We hope to reduce the number of concerns raised in future.

Ethics

- The CIPD Profession Map, Ethical Behaviour: <https://peopleprofession.cipd.org/profession-map/core-behaviours/ethical-practice>
- A review of unethical workplace behaviour:
Gifford, J., Green, M., Barends, E., Janssen, B. and Capezio, A. (2019) *Rotten apples, bad barrels and sticky situations: an evidence review of unethical workplace behaviour*. London: Chartered Institute of Personnel and Development.
Available at: www.cipd.co.uk/knowledge/culture/ethics/ethical-behaviour

Podcasts

- Ethical workplaces: www.cipd.co.uk/podcasts/ethical-workplaces
- Ethical leadership: www.cipd.co.uk/podcasts/ethics-leadership

Videos

The surprising ingredient that makes business work better: https://www.ted.com/talks/marco_alvera_the_surprising_ingredient_that_makes_businesses_work_better?language=en

Factsheets

Ethical practice and the role of HR: www.cipd.co.uk/knowledge/culture/ethics/role-hr-factsheet

Surveys

IBE publications: www.ibe.org.uk/list-of-publications/67/47

Books

Business Ethics in Practice: www.koganpage.com/product/business-ethics-in-practice-9781843982722-cipd

Global Business Ethics: www.koganpage.com/product/global-business-ethics-9780749473952

The Business Guide to Effective Compliance and Ethics: www.koganpage.com/product/the-business-guide-to-effective-compliance-and-ethics-9780749482978

Corporate Governance, Ethics and CS: www.koganpage.com/product/corporate-governance-ethics-and-csr-9780749463854

Ethical Leadership: www.koganpage.com/product/ethical-leadership-9780749469566



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Workforce planning

Guide

www.cipd.co.uk/knowledge/strategy/organisational-development/workforce-planning-practice

Factsheet

www.cipd.co.uk/knowledge/strategy/organisational-development/workforce-planning-factsheet

Podcast

www.cipd.co.uk/podcasts/workforce-planning

Employee voice

Factsheet

www.cipd.co.uk/knowledge/fundamentals/relations/communication/voice-factsheet

Report

www.cipd.co.uk/knowledge/work/future-voice/alternative-workplace-voice

Free speaking-up app

www.ibe.org.uk/speakuptoolkit

Giving Voice to Values Program

www.darden.virginia.edu/ibis/initiatives/gvv

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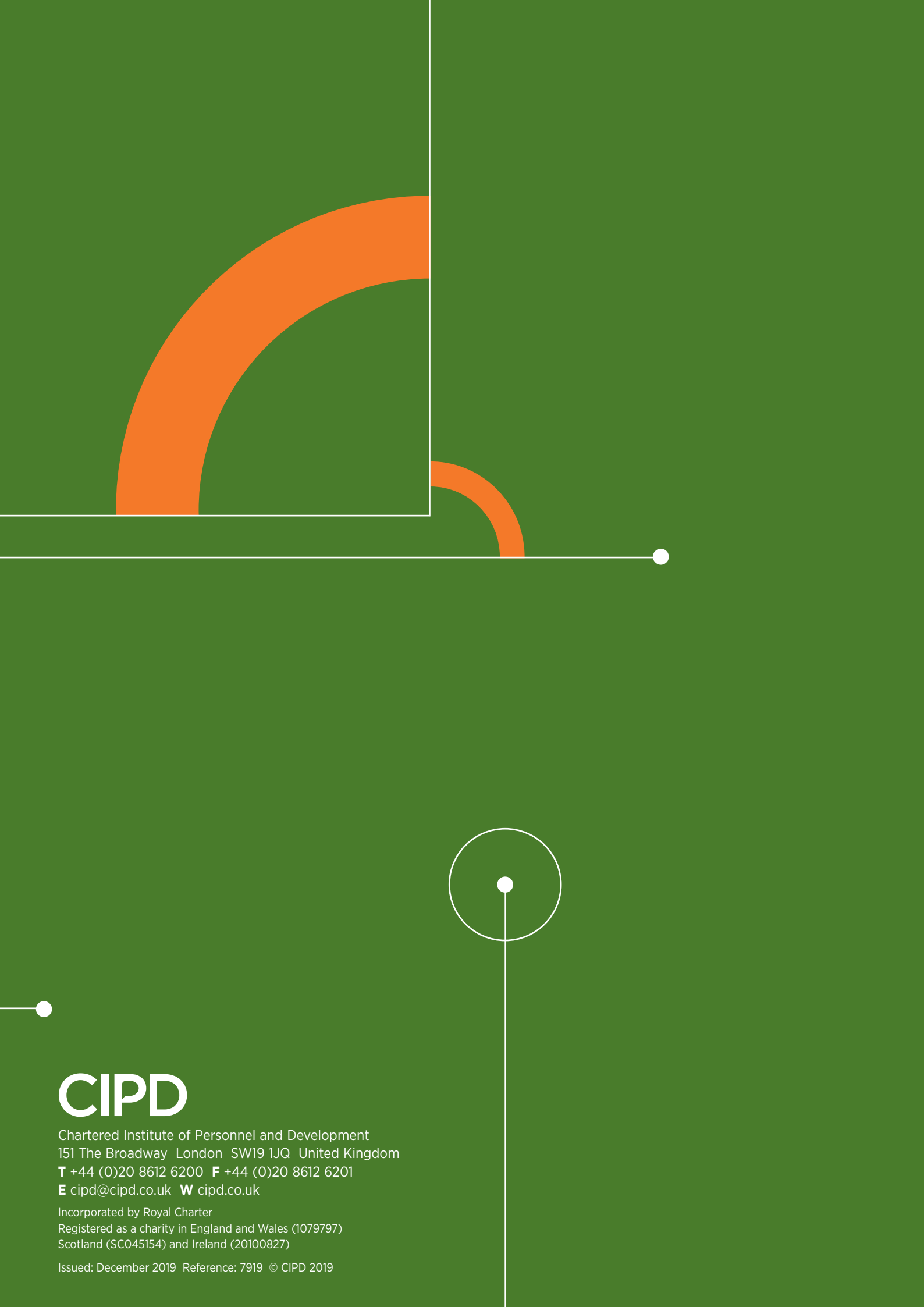
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