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Ethicists in the workplace:
Can they make a difference?

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WASHINGTON (INA) -- A New York woman ordered a set of quality kitchenware from a door-to-door salesman. She made a down payment of $250 for the merchandise, which included a variety of pots and pans, and signed a contract in which she agreed to pay $25 a month until her total obligation was met.

The woman was unable to meet the monthly payments and requested a refund of her original investment. To settle the dispute, the company turned to Washington, D.C., attorney William Rogal, the outside code of ethics administrator for the Direct Selling Association, a trade association which represents 150 corporations, including Avon, Amway and Shaklee.

"She was a foreign immigrant and didn't understand," says Rogal, who recommended that the company cancel her contract and refund the money. "I doubt that the company would have done it on their own without the enforcement-code administrator."

The Direct Selling Association has joined many large corporations, universities, the military and government agencies in developing and implementing employees' codes of ethics. Three out of four of the larger U.S. private corporations now have a written code of ethics, with most of these developed or updated within the past two years, according to a survey conducted by Opinion Research Corp. of Princeton, N.J. Sixteen percent of all graduate schools of business offer separate courses in ethics.

Ethics is attracting attention as U.S. business becomes more service-oriented. Two-thirds of the U.S. gross national product is derived from businesses that produce services (carpentry, plumbing, sales and dry-cleaning, for example) rather than goods -- and trust is the key to these service-oriented business.

Major corporations also feel a need to make decisions based on moral values, rather than solely by regulations.

The Ethics Resource Center, a non-profit organization based in Washington, D.C., was formed to promote ethical behavior in business, government and other institutions. Last year the center pushed through Congress a 10-rule code of ethics for U.S. government service, and Public Law 96-303 mandates public display of the code in all post offices and government buildings. Center president Ivan Hill notes that with federal waste estimated at between $25 billion and $60 billion a year, the code "will save $2.5 billion to $6 billion a year" even if it is only 10 percent effective.

Some corporations, such as Lockheed, Pillsbury and Cummins Engine, have hired full-time ethicists -- corporate-responsibility executives with backgrounds in theology -- to help make employees more sensitive to issues of integrity and to provide them with the skills to deal with those issues.

Jon Pekel, director of corporate responsibility for Pillsbury, says he acts as a catalyst -- not as "the resident guru who comes up with the social ethical pronouncements on corporate farming, grain merchandising or migrant labor." Pekel plans to continue a task-force program that he began at Green Giant before its 1979 acquisition by Pillsbury. In this program, employees assess individual rights and consumer-related issues, such as the products' nutritional quality.

"In addition to saying, 'What's the FDA doing?' or 'What are various consumer organizations doing?' we step back and say, 'What is the right thing and the feasible response?'" says Pekel.

In the Green Giant program, employees offered "a series of the most spectacularly interesting, innovative, articulate and very businesslike suggestions," says Thomas Wyman, formerly president of Green Giant and now president and chief executive officer of CBS. The recommendations influenced the company to "change the way we did business in a number of reasonably significant ways."

"There are no surprising issues," says Robert Batchelder, a management development specialist who uses workshops to teach ethics-related skills to Lockheed managers. "They just come clothed in a particular context of industrial work." Lockheed became concerned with ethics and established a code a few years ago following the case of illegal overseas payments.

The National Institutes of Health employs a full-time ethicist, as does the National Center for Health-Care Technology. The health-care center looks beyond the safety and efficacy of technology, examining its social, ethical, legal and economic implications as well.

"My role is to raise the ethical questions," says Ann Neale, the center's ethicist, "to say, 'Here are some medical and scientific advances that have trans-scientific dimensions to them.'"

Neale notes that in genetics, "an ethical issue which arises with new advances in prenatal genetic screening is, 'What determines a significant handicap, significant enough to justify abortion?'"

Even banks are hiring ethicists. "When public confidence erodes, or when the community environment in which we do business deteriorates, our business suffers, and so does the legitimacy," says John Morrison, chairman of Northwestern National Bank of Minneapolis.

Douglas Wallace, Northwestern's vice president of social policy and programs, set up a program in which employees (who are also customers) form task forces to deal with issues such as customers' privacy, the bank's role in the community, and truth in lending. The employees then make recommendations to management, and they address small problems before they surface as major public concerns.

Systems analyst Holly Woodhull participated in a community development task force that recommended that the bank give hiring preference to people who lived in the neighborhood. It also recommended allotting funds for community projects, such as child care.

"I heartily endorse it as a means of broadening the work experience. It helped me to be more effective in a group setting," says Woodhull.

All corporations face issues like avoiding injustice to minorities and reverse discrimination, and complying with affirmative action guidelines. Evaluating job performance -- when to terminate and when to promote -- is another area faced by ethicists in the workplace. Conflict of interest, kickbacks, abuse of perks, and marketing issues, such as bribes and incentives, fall into the ethicist's lap.

The chemical industry is faced with environmental issues, such as toxic waste disposal. "It's not just conforming to EPA regulations, but what the EPA doesn't cover, such as safety and costs," says Donald Jones, a Methodist minister who is professor of social ethics at Drew University and an ethical consultant to Allied Chemical Co. "There's no way of testing an ethical theory unless you bring it into the professions, into the real world," says Jones.

"The philosophers have not been able to get inside the corporations the way people from a religious background have," says Jones. "We are more real-world oriented. We're dealing with people -- we're problem solvers." Corporations are not attempting to inject religion into the workplace, but are trying to teach ethics in the context of shaping company policy.

It's hard to assess the immediate impact of ethical codes, training programs and staff ethicists. Many corporations use it as window-dressing, while others demonstrate positive results. In many cases, the terms "public relations," "corporate responsibility" and "ethics" are used interchangeably. Accusations of irresponsibility and overconcern with the bottom line have out big business on the defensive; the result has been the creation of corporate responsibility departments or the refocusing of public relations divisions. "Frequently this amounts to nothing more than going through a public relations turnstyle," says Ivan Hill of the Ethics Resource Center.

Fancy titles are often self-serving in terms of boosting a company's image, and philanthropy is often mistaken for corporate responsibility. "Sponsoring 'Masterpiece Theater' isn't the same thing," says Hill. "Generally speaking, corporations do not wish to have that responsibility clearly delineated ... We all feel more comfortable hiding in the gray areas, in the twilight zone of values." Seldom at seminars does anyone talk directly about honesty, or kickbacks, or bribes.

Corporate attitudes vary. Keith McKennon, Dow Chemical's corporate vice president for government and public relations, doesn't feel that company needs a full-time ethicist to deal with questions of environmental health and worker safety. "We should all undertake that burden."

"I'd rather be working for a company that is right up front in the area of corporate responsibility," says Kathleen Kaufman of Avon Products' consumer affairs department. "I feel good about Avon, so I bring my own spirit into my letters to consumers."

Don Jones has noticed a change in employee attitudes at Allied Chemical as a result of the program. "Ethics can be taught just the way economics can be taught," he says.

"We've got a good thing going, a high level of social performance," says Donald Inslam, a clergyman and director of The Minnesota Project on Corporate Responsibility -- a loose coalition of 60 corporations in the Minneapolis-St. Paul area. "An unwritten code of ethics exists here. There's an invisible pressure. The CEOs are cautious about not stepping out of line," he says.

This focus on applied ethics can benefit both the institution and society as a whole.

Hill feels that posting a code of ethics opens a door for truth-tellers from top to bottom: "Suddenly, you're not a sucker to be honest and do a good job. Everybody expects it," he says.

"Society is changing -- business is changing. People have to deal with the gap," says Donald Jones, who feels that the automotive industry is having problems because of the shift in society's values. "They are still operating under the old market forces way of management, thinking they could manipulate society." Jones blames the academic community for not gearing up and training students to think about the ethical side of business decisions.

Technical advances and increased government regulation over the past decade have contributed to the need for ethical awareness in our institutions. "As regulation expands, the room for individual ethical values shrinks proportionately," says SEC Chairman Harold Williams. "To be ethically sound, a person or institution must have the freedom to develop, shape and respond to internal mechanisms consistent with the expectations of society, and not merely be subjected to externally imposed directions."

If the trend continues, institutions will be striving to improve their ethics along with their technology, making a strong effort to alter the public perception of big business, and employees may have more to say regarding ethical and social policies.