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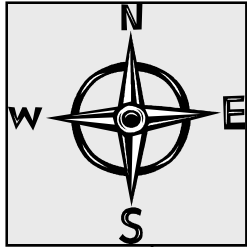
Ethics in Business

**Society for Healthcare Strategy &
Market Development - NM Chapter**
United Way
11 August 2006

Objectives

- ❖ **“Ethics”**
 - **What is it anyway??**
 - **Why its important in organizations**
- ❖ **Importance of leadership and culture**
- ❖ **Organizational challenges and safeguards**
- ❖ **PNM Resources program**
- ❖ **Case study**

Ethics



**A concept of right and wrong
conduct beyond legal compliance**

Ethical principles are implicit contracts that represent who you are and what you stand for—what your constituents expect to rely on

*Michigan Business School Guide to The Ethical Challenge,
How to Lead with Unyielding Integrity*

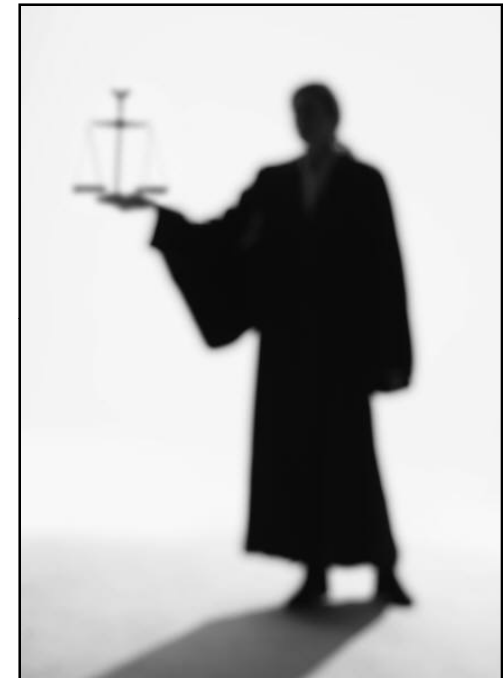
Why is Ethics Important in Organizations?

Character and ethical behavior in organizations affects:

- ❖ **Attendance**
- ❖ **Safety**
- ❖ **Quality**
- ❖ **Productivity**
- ❖ **Loyalty**
- ❖ **Security**
- ❖ **Profitability**

Why Should Organizations Behave Ethically?

- ❖ **Prevent harm to others, avoid reputational harm and reduce potential liability**
- ❖ **Fulfill public expectations and improve external relations**
- ❖ **Protect organization from others (employees, competitors, etc.)**
- ❖ **Improve workforce productivity but protect employees if needed from their employers**
- ❖ **Promote personal morality**



Reasons for Ethical Problems in Organizations

- ❑ **Personal Gain and Selfish Interest**
- ❑ **Competitive Pressure on Finances**
- ❑ **Organizational Goals vs. Personal Values**



Organizational Ethical Challenges

HOMEWORK:

What organizational ethical challenges might confront your individual organizations and NMSHSMD?



Organizational Safeguards

Best Practices

- Leadership/Open door policy
- Ethics officer
- Ethics committee
- Code of conduct
- Discussion forums
- Conflict of interest assessments
- Periodic risk assessments
- Ethics and compliance training
- Help line
- Recognition effort
- Corporate citizenship



NMSHSMD and Your Organizations

MORE HOMEWORK:

Analyze the ethical safeguards / best practices in place at NMSHSMD and in your individual organizations.



Impact of the Individual Leader/Manager

“The behavior and ethical attitude of an employee’s boss is seen as the most important factor determining whether the employee will behave unethically on the job”

(Liebig, J.E. 1990)



PNM Resources

Corporate Ethics & Compliance Program

- **Do the Right Thing: *Principles of Business Conduct***
- **Ethics & Compliance Staff and Volunteers**
- **Risk Assessment**
- **Continuing Education**
- **Integrity Line**
- **Integrity in Action Awards**
- **Community Leadership**
 - ***New Mexico ethics consortium***

New Mexico Ethics Consortium

Mission

Seek to make New Mexico a better place to live and do business by creating and sustaining ethical business cultures within New Mexico communities, businesses, organizations and governments

HOW?

Guiding Principles

- Community includes all organizations
- Don't reinvent the wheel
- Complement vs. compete
- Organizational vs. functional ethics
- Cannot “buy in”
- Sustainable business model
 - Partnership/membership
 - Services for fees

Implementation

- **Standards**
- **Education**
- **Resources**

Case Study

ABC Healthcare, recognized as a top 100 hospital by a national association, recently launched an advertising campaign highlighting that it was ranked “Number 1” in cosmetic surgery.

A board member, while delighted with ABC’s recognition, also expressed discomfort to the CEO with the ad because it seems to place its competitors in a bad light.

The CEO has asked you, the business communications department, to form a committee to respond to the board member’s concerns.

Case Study Analysis

Your protocol is to examine this issue through the following four moral perspectives:

- 1. Outcomes*
- 2. Natural Law*
- 3. Rules*
- 4. Virtues*

Thought for the Day

All that is necessary for the triumph of evil is that good men [people] do nothing.

Edmund Burke

Irish orator, philosopher, & politician (1729 - 1797)

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