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Ethics, Professionalism and Ethical Organizations

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Creating an Ethical Organization

- Ethical and Unethical Organizations

  – Johnson & Johnson and the Tylenol Scare

  – Bausch & Lomb and "Disposable Contact Lenses"

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Creating an Ethical Organization

- **Ethical and Unethical Organizations**
  - Uber's Clandestine Operations v. Lyft.
  - Cooperative Home Care Associates

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Creating an Ethical Organization

- The Four Stage Model of Ethical Businesses
  - Theory is that organizations move through stages of ethical development.
    - Stage 1 - Lack of intent or desire to behave ethically.
    - Stage 2 - Passive approach to ethical decision making.
    - Stage 3 - Actively promotes and encourages ethical decision making.
    - Stage 4 – Consistent and integrated culture of ethical decision making over an extended period of time.

Creating an Ethical Organization

**Four Stage Model of Ethical Culture in Organizations
Figure 1**

Stage 1   Stage 2   Stage 3   Stage 4
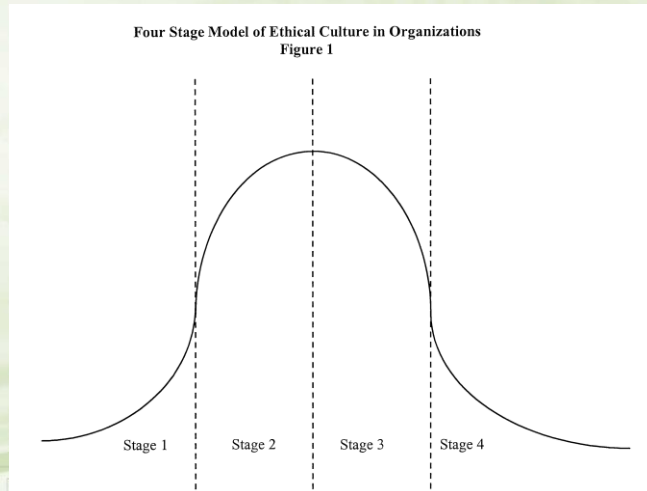
Creating an Ethical Organization

- How to Create an Ethical Organization

  – In house code of conduct?

  – Ethics committee?

  – Hotlines for whistleblowers?

  – Extensive training?

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Creating an Ethical Organization

- Some interesting (disturbing?) research on ethical training.

  – Studies of 25 years ago suggest that tax professionals support compliance when the appropriate tax treatment is unambiguous, but that they tend to exploit ambiguous reporting situations in favor of their clients.

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Creating an Ethical Organization

- Some interesting (disturbing?) research on ethical training.

  – More recent research suggests that that moral reasoning abilities moderate the relationship between client pressure and the likelihood of adopting an aggressive reporting position.

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Creating an Ethical Organization

- Some interesting (disturbing?) research on ethical training:
  - In teaching ethics, case studies are ineffective if the person being taught has an underdeveloped values system.

  - Ethics are about motive rather than sequence, circumstance or setting.

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Creating an Ethical Organization

- Some interesting (disturbing?) research on ethical training:
  - Communicating the importance of ethics is less frequently associated with improved ethical outcomes.

  - Ethics training is not terribly effective for upper level managers.

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Creating an Ethical Organization

- Some interesting (disturbing?) research on ethical training:

    – There is little, if any, difference between personal and professional ethics.

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Creating an Ethical Organization

- A Different View
    – Set a good example.
    – Keep promises and commitments to employees.
    – Support others who are adhering to ethical standards.

Making the Complex Simple

- How Complicated Should Ethics Be?

  – Circular 230 is 48 pages long.

  – Lawyers Model Code of Professional Responsibility is 83 pages.

  – NIPA Code of Conduct is 14 one-sentence rules.

Making the Complex Simple

- Weinstein's Five Principles of Ethical Intelligence:

  – Do No Harm.

  – Make Things Better.

  – Respect Others.

  – Be Fair.

  – Be Loving.

Bruce Weinstein, Ph.D.
THE ETHICS GUY

Making the Complex Simple

- Some Practical Steps:

  - Maintain a good example.

    - With regard to client matters.

    - With regard to non-client business behavior.

Making the Complex Simple

- Some Practical Steps:

  - Be aware of circumstances that can lead to unethical behavior:

    - Business pressure and risk of economic loss.

    - Embarrassment.

    - A misplaced desire to "help" a client.

Making the Complex Simple

- Some Practical Steps:

  - Support and reward ethical behavior.

    - Let employees know that you appreciate honesty in dealing with mistakes.

    - Thank employees for doing the right thing.

Making the Complex Simple

- Some Practical Steps:

  - Develop systems to minimize ethical crises:

    - Remind clients frequently, and in writing, of your need for good data and for their review.

    - Explain your ethical duties to your clients and the importance of those duties.

Making the Complex Simple

- Some Practical Steps:

  – Promote professionalism in your practice.

    - Involvement in professional activities.

    - Educational activities for the public.

    - Participation in study groups.

Professionalism and Ethics

- What is it to be a professional?

- What is professionalism?

Professionalism and Ethics

- Is this a professional?
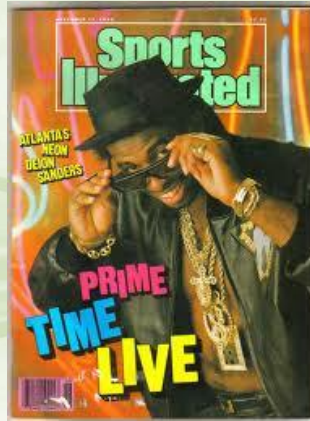
Professionalism and Ethics

- Think about an associate, a colleague, or an assistant with whom you work that you like. Why do you like them?

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Professionalism and Ethics

- Think about an associate, a colleague, or an assistant with whom you work that you like. Why do you like them?

  - *They take pride in their work.*
  - *They share the burden – take responsibility.*
  - *Are honest, trustworthy, and loyal.*
  - *Get involved and don't stick to their assigned role.*
  - *Team players.*
  - *Can be trusted with confidences.*
  - *Personal commitment to quality.*

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Professionalism and Ethics

- What is it about the employee benefits field that has caused you to make it a career? What is it that you like about the career?

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Professionalism and Ethics

- What is it about the employee benefits field that has caused you to make it a career? What is it that you like about the career?

  - *Like helping others*
  - *Chance to interact with clients and other professionals*
  - *The intellectual challenge*
  - *The opportunity to work independently*
  - *Responsibility*
  - *Know what I do is important*

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Professionalism and Ethics

- The Sociologist's View of Professionalism

  - Professions are formed in specific ways.

  - Professions have clearly identifiable characteristics.

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Professionalism and Ethics

- What makes a profession?

  - A body of abstract knowledge for which there is a practical application.

  - An economic market.

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Professionalism and Ethics

- Employee Benefit Professionals?

  - Laws and regulations are abstract and complex.

  - Practical Application – private pension system involves 701,000 plans, covering 129 million participants

  - Economic Market -$6.28 trillion of assets held in private retirement plans as of 2010.

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Professionalism and Ethics

- Critical Traits of Every Profession

  – Esoteric knowledge that require specialized training and is somehow useful to society.

  – Signs or symbols that designate the professional and identifies the professional with peers of formal organizations.

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Professionalism and Ethics

- Critical Traits of Every Profession

  – Independent judgment and autonomy, restrained by a responsibility to society.

  – An orientation to service that requires the professional to put the client's interest above his or her own, if necessary.

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Professionalism and Ethics

- Critical Traits of Every Profession

  – Dedication to one's occupation as a calling, requiring continuing development of technical skills and ethical standards.

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How the Public Identifies a Professional

- Skill requires extensive and intensive training and education.

- The profession is organized and represented by associations of distinctive character.

How the Public Identifies a Professional

- Members must demonstrate competency by passing a test.

- The professional assumes responsibility for the affairs of others.

How the Public Identifies a Professional

- Integrity is maintained by adherence to a code of conduct.

- The professional service is indispensable for the public good.

How the Public Identifies a Professional

- Professionals are either licensed or certified so that their work is sanctioned by the community.

- Professionals are independent practitioners, serving individual clients.

How the Public Identifies a Professional

- Professionals have a fiduciary relationship towards their clients.

- Professionals use individual judgment in applying principles to concrete problems.

- Their prestige is based on guaranteed service.

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How the Public Identifies a Professional

- Our Profession is Relatively Young:

  – ASPA formed in 1966. (Actuaries only!)

  – ERISA passed in 1974.

  – Employee Benefits Research Institute founded in 1978.

  – NIPA formed in 1986.

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How the Public Identifies a Professional

- The existence of our profession was inevitable.

- Its importance is defined by society's needs.

What Does it All Mean?

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What Does it All Mean?

- As benefits professionals, we are the "keepers" of the private benefit system.

- In addition to serving clients, we have a role to play in preserving and advancing the private benefits system.

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Final Thoughts

- If you can find the time, reward yourself by getting involved in professional activities, perhaps through a committee or task force.

- When Congress or a regulatory agency irritates you, write a letter.

- Find a venue to share thoughts and concerns with your colleagues.

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Final Thoughts

- What you do with your billable time determines your current income, but what you do with your non-billable time determines your future.

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Thanks for your time!