

Ethical Health Management – In Practice

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Foreword

In the following article, terms and concepts are used which are defined in other articles in this Journal such as ‘Ethical Health Management – an introduction to central terms and concepts’.

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1. Managing Ethical Health at the Corporate Level

The Management of the Ethical Health of an organisation is one of the more complex and personally challenging tasks facing senior management. It is also one of the most crucial ones, as most senior managers intuitively know from their personal experience - even if they have never articulated it with the terms and concepts being used here.

Its cruciality lies in the fact that the corporate ethics of an organisation is the energy-point from which

- its raison d’être and uniqueness,
- its vision and reputation,
- its risk management,
- its social capital, corporate culture, personnel policy and managerial competence,
- its technical acumen and USP’s,
- its sales-, marketing- and operational strategies and, most decisively,
- its collective vitality and operational success

all form and develop.

The ethical health of an organisation or a local corporate entity depends on - and expresses itself in - a broad set of interacting phenomena which,

depending on the pertaining cultural and ethical context, can include the following:

Interacting phenomena and factors where ethical health manifests itself

- its general and local public reputation,
- the perception, accurate identification and handling of ethical dissonance,
- the sustainability of the business model, the financial and shareholder dividend policies,
- the sustainability of the compliance and risk management policies,
- the level of congruence between the activity and ethical environment of the organisation and the ethical profiles, the ethical footprints and the ethical competence of its senior management and most influential employees,
- the level of humanism, the purpose and the sustainability of the corporate culture,
- vocabulary and attitudes in relation to employees, customers and suppliers,
- the level of congruence between the current culture, the targeted culture, individual managerial styles, managerial instruments including salary, bonus, recruiting, promotion and exit policies,
- handling of physical and psychological stress including work safety and corporate health programmes,

- sustainability of the social and environmental policies.

In everyday practice, the management of ethical health is often neglected: weaknesses in the organisation's corporate ethics are often detected too late, if at all, mostly because management has not been equipped with the appropriate awareness, instruments, processes and competence.

Apart from the fact that managers in general receive relatively little education in the area of ethics in a corporate context, it needs to be noted that, when the topic is indeed addressed, then predominantly in a normative manner and thereby associated with normative instruments such as ISO 26'000 including legal compliance and social responsibility. In the context of this Journal, we propose that, in recognising multiculturalism and multi-ethnicity in the world around us, Ethical Health Management benefits from being founded not on a purely normative, but also on a non-normative understanding of ethics and on a high level of ethical and inter-ethical competence. We also propose that management education should be extended to include and actively promote this understanding.

Many of the instruments and processes which are laid out below have been developed on this understanding of Ethical Health Management and are designed to help senior executives with the following three closely inter-linked and crucial tasks:

- a. to establish either a strong mono-ethical organisation or a strong multi-ethical one, starting first and foremost with the constitution of the supervisory board and the executive management;
- b. to equip the organisation at the right places with the appropriate levels of ethical and inter-ethical competence in order to maintain a high level of ethical health;
- c. to ensure the alignment of those deep-ethical systems which are most influential inside the organisation with those

ethical systems which predominantly influence the most crucial third-party perceptions outside the organisation.

If the senior executives of an organisation possess the appropriate levels of ethical competence, if the instruments and processes of Ethical Health Management outlined below are applied consistently and if each of the employees is in the right place - i.e. equipped with the necessary traits, abilities, experience and tools – a crucial proportion of the remaining criteria for sustainable corporate success will automatically be fulfilled.

The corporate ethics of an organisation is always unique, the reason being that it is generally inextricably tied, at least in part, to the collective deep-ethics of its employees and, most of all, to the individual deep-ethical systems of its key actors and managers. It is precisely this uniqueness, situated at the core of an organisation, which attracts and binds its most important clients and key employees, or which loses them to the competition. Both the actual content of this uniqueness, i.e. the specific set of ingredients of the organisation's deep-ethical profile, and the degree of internal congruence are crucial, since this will affect how outsiders perceive the organisation. The content of its ethical profile will either keep the organisation materially, mentally and physically strong and healthy, or allow it to become weak and ill.

Certain deep-ethical profiles in certain ethical contexts can progressively destroy an organisation's social capital and economic substance. In other words, certain deep-ethical constellations are predestined to bring success and vitality in the long-term, and others are not.

The complexity of the task of Ethical Health Management lies partly in accurately identifying and steering the internal phenomena which collectively underlie the organisation's ethics, i.e.

- a. those internal ethical and deep-ethical systems, consisting of core principles,

values and convictions, which are embedded in the people and processes which have led to the creation of the organisation's vision, strategy, structure and culture

and

- b. those internal ethical and deep-ethical systems which factually have the most impact on the organisation's motives, daily actions and modus operandi.

These ethical and deep-ethical systems can vary not only between various organisational levels - e.g. between the supervisory and executive boards - but also between various divisions, departments and, of course, between key individuals within these bodies.

The complexity of the task of Ethical Health Management lies also in the fact that the most relevant facet of an organisation's ethics is the manner in which its activities are perceived by third parties, e.g. existing and potential customers, suppliers and the media. Ethics, like culture, only becomes relevant when differences manifest themselves.

This, in turn, depends not only on the quality of the organisation's communication policies, but also, most decisively, on the levels of congruence or incongruence pertaining between, on the one hand, the systems of ethics of the various internal actors with key external impact and, on the other hand, the ethical systems of the critically important external beholders. It follows that these external ethical systems must be identified and analysed as an integral part of Ethical Health Management (see below).

2. The Key Processes and Instruments of Ethical Health Management

In the following chronologically-ordered list of processes, the corresponding instruments are marked in bold type and defined below:

1. First deliberation at the level of the Supervisory Board concerning the need for and the

implementation of Ethical Health Management in relation to a pre-defined list of **Interacting phenomena and factors where ethical health manifests itself** (see above)

2. Offer for each member of the Supervisory Board to voluntarily undertake a personal and confidential **Ethical Health Consultation**, including
 - a. an **individual ethical profile**,
 - b. an **individual ethical footprint** and
 - c. an **individual evaluation and inherent development of their ethical and inter-ethical competence**.
3. Compilation and analysis of
 - a. the **ethical profile of the organization and its activities**
 - b. the **ethical profiles pertaining the organization's relevant social environment**,
 - c. the **organization's ethical footprint** and
 - d. its **collective ethical competence**.
4. Second deliberation at the level of the Supervisory Board concerning the implementation of Ethical Health Management including a decision concerning the ownership of Ethical Health Management within the organization (mostly at the level of the Supervisory Board, e.g. Chairman)
5. Offer for each member of the Executive Management and people in other ethically relevant functions to voluntarily undertake a personal and confidential **Ethical Health Consultation** including
 - a. an **individual ethical profile**,
 - b. an **individual ethical footprint** and
 - c. an **evaluation and inherent development of their ethical and inter-ethical competence**.
6. Third deliberation at the level of the Supervisory Board together with the Executive Management concerning the implementation of Ethical Health Management in relation to the list of **Interacting phenomena**

and factors where ethical health manifests itself (see above) and including

- a. a review of the results of the corporate analyses to-date (Process 3, above)
 - b. a decision in relation to mono- and multi-ethicality
7. **Ethical alignment** of all ethically-relevant processes and policies, including recruitment for senior managerial positions, management training and development of ethical/inter-ethical competence
8. Periodical reviews by the owner of Ethical Health Management and introduction of corresponding development measures.

The ethical profile of an individual is drawn up on two levels: the first level involves an analysis of the person's ethical system/systems and the identification of links to related factors in that person's cultural conditioning, thought structures and behavioural patterns. The second level is much deeper and addresses the non-negotiable, deep-ethical system or systems and the links to that person's instinctive behaviour. In its totality, an ethical profile identifies the structures and sources of a person's deepest convictions. The structures and sources of these convictions lie at the core of people's value-systems and contribute to the building of their individual identity and 'raison d'être'. It is where the purpose and meaning for people's finite earthly lives are formed. As a central part of the human survival system, the deep-ethical system acts as a counterforce to what is sometimes termed the 'terror' of inevitable death and, as such, is inextricably linked to people's deepest feelings, yearnings, sympathies, antipathies and emotional reactions. Lying largely beyond the reach of their cognitive faculties, it is at the level of deep-ethics that human organisms autonomously determine when, where and with whom they feel really comfortable, or really uncomfortable - really relaxed, or really stressed.

With the help of an ethical profile, one can identify the necessary preconditions for one's real happiness in life and the sources of many of one's inner conflicts, dilemmas and difficulties

with the outside world. It aids one's understanding of the immense role which the deep-ethical system plays in one's health, vitality and the quality of one's relationships. Through comprehending one's own ethical profile, one also comes to realise what happens if the core constituents of other people's value-systems are subjected to serious strain for longer periods of time; they will lose their orientation, their self-control and eventually their whole purpose in life – a state of mind which is associated with severe depression and can lead to extreme acts such as amok, murder or suicide.

The ethical profile of an organisation or a social group is drawn up by identifying the common ethical system which manifests itself through the verbal and behavioural acts of that entity. This profile can then be compared with other ethical profiles in that entity's relevant social environment in order to evaluate the pertaining degree of congruence or incongruence and, from this, to draw the appropriate conclusions.

The ethical footprint of an organisation or an individual is a map of the ethically relevant acts which they factually leave behind them. This necessarily includes documenting how these acts were originally motivated and how they are contemporarily and retrospectively judged from the ethical standpoint of others. The management of the ethical footprint of individuals or organisations into the future entails mastering the motives which underlie their actions, decisions and prioritisations, anticipating the ethical judgments of others and very often by developing their ethical and inter-ethical competence.

Ethical competence can be evaluated by observing the level of congruence which pertains between a person's verbal and physical behaviour and the ethical system(s) in their relevant social environment.

Inter-ethical competence can be evaluated by observing a person's ability to function at interfaces between different ethical systems.

Ethical neutrality is a precondition for the analysis and reflection of ethical profiles, footprints

and competence by virtue of the fact that it is based on the premise of multi-ethicality both in the world at-large and in a person's inner world and consequently makes no judgement on any actions, thoughts or formulations.

Ethical health: Whether they address it consciously or not, all organisations, interpersonal relationships and individuals have a quantifiable level of ethical health which can most simply be measured and evaluated in relation to their relevant ethical context(s) by drawing up

- their current ethical profile
- their ethical footprint to-date and
- their current level of ethical and inter-ethical competence.

3. Developing Ethical Health at the Personal Level

Among the factors which can make the management an organisation's deep-ethical health quite challenging is the fact that it is the ethical health of the key actors and managers, i.e. their own deep-ethical profiles, their own ethical footprints and their own ethical competence, which need to be addressed and managed first and foremost. Understandably, not all managers want to have their personal ethics 'addressed and managed'.

Personal ethics is something very personal and private and the questioning of individuals about their core values, principles and convictions could even be regarded as an infringement of their personal rights. However, given the impact of key manager's personal ethics and deep-ethics on the success of an organisation and the livelihood of all its employees, it can be argued that not to ensure that adequate questioning takes place would constitute a blatant dereliction of corporate responsibility and governance: the ethical or moral transgressions of just a single key manager can seriously impair an organisation's reputation and value overnight, as countless examples have shown.

From an organisational point of view, inadequate compatibility between the deep-ethical profiles

of key managers, inadequate levels of ethical and inter-ethical competence in senior position and/or problems lurking within the ethical profiles and ethical footprints of key individuals all constitute serious ethical health risks: if not addressed and resolved, they progressively weaken a company's overall health, including, of course, the physical and mental-emotional health of its employees – sometimes to the point of chronic or incurable illness.

It follows that Ethical Health Management has to begin with offering the individual members of the supervisory and the executive committees the opportunity to reflect privately on their ethical profile, their ethical footprints and their levels of ethical competence. Optimally, this would take place in a context of ethical neutrality and absolute confidentiality. No-one would know, or even need to know, the content and outcome of that personal reflection except for the individual concerned; however, experience shows that the governing bodies of organisations are able to sleep much more peacefully in the knowledge that their colleagues and executive managers have undertaken adequate personal Ethical Health Management and become aware of the relation between their personal ethical health and the vitality of the organisation and the people they manage.

Ethical Health Management is crucial, of course, not only for the vitality of organisations, but also, of course, for all managers and employees themselves, the reason being that ethical dissonance – either between the individual and his/her environment or inside the individual him/herself - is one of the key causes of depression, despair, uncontrollable anger, burnout and destructive conflict. Further closely-related causes include issues which are embedded within an individual's ethical profile and/or their ethical footprint and a low level of ethical and inter-ethical competence.

It follows that the development of ethical health at the personal level, including the development of ethical and inter-ethical competence, consti-

tutes a major contribution to the sustainable vitality of the individual and his/her personal relationships.

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