

THE IMPORTANCE OF A CULTURE OF ETHICS IN TIMES OF CRISIS

PIERGIORGIO PEPE

Ethics & Compliance Advisor & Lecturer
Member of the Strategic Committee of ETHICS

ETHICS General Assembly
12 November 2020



Unprecedented times in
recent history



Significantly affecting
societal interactions



Realisation of individual
fragility and vulnerability



Seeking comfort in the
bigger picture and in
solidarity



Realisation that often unethical behaviour is systemic, not just the act of individuals

WHAT HAVE WE OBSERVED?

BUSINESS MODELS ARE BEING CHALLENGED

A man in a dark suit and white shirt is walking on a modern, curved concrete staircase. The staircase has a black metal railing. The background is a light-colored, textured wall. The overall scene is in grayscale.

Business schools have consistently taught the shareholder primacy model, which emphasizes the maximization of shareholder value. But this is changing.

Covid has put 'stakeholder capitalism' on steroids

The new 'save everything' paternalism is burying companies' basic need to make a profit

HERRYN SOMERSET WEBB

[Add to myFT](#)



The INTERNATIONAL ECONOMIC FORUM OF THE AMERICAS COMMEMORATES

DECEMBER 14-17 ONLINE EDITION

A NEW GLOBAL ECONOMY: BRIDGING A DISCONNECTED WORLD

Keynote speakers:

- HERRYN SOMERSET WEBB**
Commentary on
Company, Markets,
Culture, Education and
Work
Business Commission
- DAN LARSON**
LEAD
PANEL

REGISTER TODAY
SEE REFERENCE CODE FT19

Moving from shareholder-centric models to stakeholder-centric models?

The economist Milton Friedman's ideas about shareholder capitalism held firm for 50 years © George Fross/Getty

74% of consumers think that companies should not exploit the pandemic.

In times of crisis, the public scrutinizes authenticity / genuine purpose more than ever, including the true intent behind business practices and charitable activities.

COVID-19 Corporate Response Tracker






Company Search


Industry Filter

Drill Down

Pharmaceuticals & Biotech

All Policies and Practices in Response to COVID-19

Company Name	Industry	Date Updated	Estimated Number of US Employees	Policies and Practices in Response to COVID-19
 Pfizer	Pharmaceuticals & Biotech	07/10/2020	44,238	<ul style="list-style-type: none"> Community Relief Fund Community Services Customer Accommodations Production, Distribution, or Logistical Support Remote Work and Modified Schedules Supply Chain Impacts
 Johnson & Johnson	Pharmaceuticals & Biotech	07/10/2020	38,818	<ul style="list-style-type: none"> Back-Up Dependent Care Community Services Financial Assistance Health and Safety Production, Distribution, or Logistical Support Remote Work and Modified Schedules Supply Chain Impacts
 Abbott	Pharmaceuticals & Biotech	06/03/2020	30,198	<ul style="list-style-type: none"> Community Relief Fund Community Services Financial Assistance Health and Safety Production, Distribution, or Logistical Support Remote Work and Modified Schedules Supply Chain Impacts
 Merck	Pharmaceuticals & Biotech	07/23/2020	26,134	<ul style="list-style-type: none"> Community Relief Fund Community Services Customer Accommodations Health and Safety Production, Distribution, or Logistical Support Remote Work and Modified Schedules Supply Chain Impacts
 Bristol-Myers Squibb	Pharmaceuticals & Biotech	07/10/2020	19,434	<ul style="list-style-type: none"> Closed Stores or Suspended Services Community Relief Fund Community Services Production, Distribution, or Logistical Support Remote Work and Modified Schedules Supply Chain Impacts



Coronavirus
Vaccine
Injection only

5 ml Store Fro

Inevitable shift to genuine
patient centricity and
stakeholder value
alignment?



Fired in a Pandemic 'Because We Tried to Start a Union,' Workers Say

Employees who were in unions or pushing to join them have been laid off and replaced by nonunionized labor. It's part of a pattern stretching back decades, experts say.

Amazon fires two tech workers who criticized the company's warehouse workplace conditions

The workers had been outspoken critics of the e-commerce giant's climate policies and were previously warned about making public comments about its business




EASYJET

- └ Accused of gross profiteering
- └ It announced in March that it would pay a £174m dividend pay-out to shareholders, £60m of which went to its founder
- └ It argued that the dividend payment was legally binding because it was agreed in February
- └ Others have argued that it could have sought to withhold it in light of the crisis, and it did not
- └ It then received in April a £600m bailout loan from the UK government
- └ Currently in state aid talks with European governments



IKEA UK have paid their staff 90% of their usual wages while they were placed on leave. However the company did not claim any money from the UK government. They plan to repay governments in other countries where they have participated in state-funding schemes



A white Aston Martin convertible car is shown from a side profile, parked on a brick-paved surface. The car's top is down, and it features multi-spoke alloy wheels with red brake calipers. The background consists of lush green trees and a well-manicured hedge, suggesting a park or a high-end residential area. The overall lighting is soft, indicating either early morning or late afternoon.

Aston Martin has furloughed workers, and has topped up their pay to 100% from 1 May. Senior managers have taken a voluntary pay cut between 35-10%, with the executive chairman's salary being just £1 for the next year

ORDER FROM MCDONALD'S.

We never thought we'd be asking you to do this. Just like we never thought we'd be encouraging you to order from KFC, Quick, O'Tacos, Domino's Pizza, Subway, Eat Sushi, Pizza Del Arte, Hippopotamus, Pitaya, Sushi Shop, Big Fernand, Mamma Primi, Chez Michel, Le Bistrot Basque, Café Kokomo, Yima... or any of the other independent food outlets, too numerous to mention here. In short, from any of our sister food chains (fast or not so fast).

We never thought we'd be asking you to do this, but restaurants employing thousands of staff really need your support at the moment.


So, if you want to help, keep treating yourself to tasty meals through home delivery, takeaway or drive through. Getting a Whopper is always best, but ordering a Big Mac is also not such a bad thing.



A man in a dark blue jacket is holding a white iPhone up to his eye, as if taking a photo or video. The background is a blurred cityscape with tall buildings. The text 'Privacy. That's iPhone.' is overlaid on the left side of the image in white. The Apple logo is in the bottom left corner.

**Privacy.
That's iPhone.**





What
happens
on your
iPhone,
stays
on your
iPhone.

apple.com/privacy

Ethical value creation as
a key promotional
message?

**WHAT NOW FOR ETHICS &
COMPLIANCE PROFESSIONALS?**

EQUITY COMPLIANCE WORK

PROGRAMS & COURSES | RESEARCH | POLICY TRANSLATION | LEADERSHIP DEVELOPMENT | CONTACT | MOST INFORMATION | ABOUT SCOPE

Home > News & Research > Leadership & Management > Policy Diversity Matters: Women on Boards of Directors

Programs & Courses | Custom Programs | Frequently Asked Questions | Faculty Director

— New ETHICS Code of Professional Conduct: “HEC Professionals strive to eliminate incidental and systemic inequalities and biases in all aspects of their activities”

- RELATED PROGRAMS
- Diversity is great for business
 - Diversity enables different perspectives, so it is a catalyst for an ethical culture
 - Encourage equity-driven behaviours
 - Partner with HR for deeper and further-reaching diversity and inclusion policies
 - Review compliance program to remove systemic biases

RELATED ARTICLES

Friction as a Barrier to
with Chair
Female Board
Read More →

How Networking Can Help You
Secure Board Seats

Inside Health

Sign up to join our Inside Health mailing list and receive cutting-edge research, articles, and ideas related to public health, professional and leadership development.

Email *

First name *

Last name *

Job Title

* is required field

SUBMIT

Kohlberg's Cognitive Moral Development Scale applied to the Evolution of Compliance Programs

Adapted from L. Kohlberg "Moral Development and Behaviour", ed. T Lickona, New York

EXTRINSIC MOTIVATION

Compliance programs are implemented to help avoid punishment

EXTRINSIC MOTIVATION


Compliance programs are implemented as they give competitive advantage

INTRINSIC MOTIVATION

Compliance programs are implemented to support the intrinsic value of complying

The focus is not about doing the next thing right, but rather doing the next right thing.

Why the coronavirus crisis makes moral leadership more important than ever, Dov Seidman, Fortune, April 24, 2020



Demonstrating the power of aligning business objectives with doing the right thing

Press release / ON Semiconductors, one of 2020 World's Most Ethical
Companies awarded by Ethisphere Institute, 4 May 2020



Aligning business objectives with doing the right thing

Shift from trying to make pre-existing business objectives ethical and compliant...

to co-create business objectives that are from the start ethical and compliant as they aim at "the right thing"



Involve compliance early.
How early?

Do we have a seat at the table?




...long train of abuses and usurpations, pursuing invariably the same Object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security.



But are we heard
at that table?



And at what table?



From being a
“support” function

To being a
business partner

To being a key
business team member

A photograph of a winding asphalt road with yellow and white lane markings, curving through a rugged, rocky landscape. The terrain is covered in sparse, low-lying vegetation. In the background, there are large, dark mountains under a soft, hazy sky, suggesting a sunset or sunrise. The overall scene is serene and scenic.

THANK YOU

piergiorgio.pepe@sciencespo.fr
piergiorgio.pepe@quantum-ethics.com