

2022

National Pension Education Association Conference

International Foundation For Retirement Education's (InFRE) Ethics Course

"The Fork in The Road: What Impacts Ethics Decisions"

*Presented by:
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About Your Speaker



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Operates Dennis Gatlin Consulting

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Our Path

- Learn why it is important to study ethics and ethics codes.
- Learn where to find ethics statements.
- Review the InFRE Ethics Code to find its underlying values.
- Learn about ethical dilemmas and what drives them.
- Review ethics problem-solving processes.
- Learn about research on generational ethics differences.



What People Tend to Say About Ethics

- Makes good people fearful.
- An external annoyance and not my real job.
- A hurdle “to get across” to do my jobs.
- Sure, ethics is important, but it’s only a part of our my job.
- I’m a real professional, ethics is integral to my work, and, of course I’m already ethical enough.

So, Why Study Ethics?

- Because it's about...
 - Leadership (no matter your position or role)
 - Risk mitigation
 - Building and fortifying trust
 - Maintaining brand and reputation
 - Meeting stakeholder expectations
 - Strengthening each employee's value system

The Backdrop for Ethics

- How our world is organized
 - Social Structure and Frameworks
 - The boxes (institutions) we live in
- How we respond to our world
 - Social Psychology and drivers of actions
 - The “pushes” and “pulls” on us

What Does Ethics Tell Us?

- It answers three key questions:
 - Who are you?
 - Defines what you stand for
 - How you think?
 - Outlines the framework for thinking
 - How you communicate?
 - Defines your processes for communicating



What Does Ethics Do For Us?

- Foundation for expressing integrity
- Frames discretion
- Defines what represents “high stakes”
- Preserves our personal and organizational legitimacy
- Packages organizational culture
- Informs diversity and respect

Ethics Is All About?

- The “What?”
 - The study of “What do I do?”
 - It’s a unifier rather than a divider
 - Always characterized by courage
- The “How”:
 - It is a process
 - Recognizes issues
 - Assesses options
 - Requires action

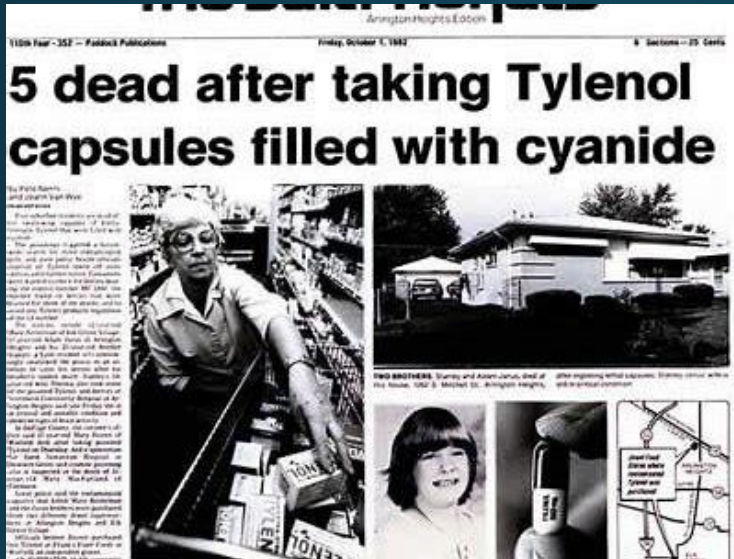
Studying Ethics

- Helps you...
 - Understand what is best
 - Pursue what is best
 - Participate in discussions about what is best
 - Act reasonably when the time comes

The Conundrum of Johnson & Johnson

New

1982



VS

1996



- Recalled Tylenol nationwide
- “Textbook” example of ethical conduct
- \$2.5B loss of revenue

- SureStep diabetes diagnostic device
- Information about a software defect was withheld
- Criminal charges lead to a
- \$60M fine

Studying Ethics Does Not

- Guarantee Ownership of Ethics Codes and Policies
 - Mostly imposed
 - Designed in the past; current relevance questionable
- Guarantee implementation
 - Movement from words to action difficult, at best
- Prevent detriments to employees
 - Few issues are raised
 - Fear of retaliation
- Guarantee acceptable behavior



Where to Find Ethics Statements

- Mission, Vision, Values, and Core Principles statements can be sources of key ethics statements
- InFre Code of Ethics
- Our employer's Ethics Code
 - (...and I hope there is one...)

Ethics Codes

- Positives:
 - Represent values, beliefs, what is best, and aspirations
 - Promote the “High Road” versus the “Low Road:” Positive or Negative ethics
 - Effectiveness depends on how are they developed and written
 - Aspirations versus “suffocation,” ethics to obedience, substitute rules for reasoning
- Negatives:
 - May assume that people do not have values to support making the “right decisions”
 - Less than everything and more than nothing

What Do We Gain With an Ethics Code?

- For individuals and organizations, it:
 - Improves reputation
 - Increases public confidence and accountability
 - Sets high standards for acceptable/unacceptable behavior
 - Reduces misunderstandings
 - Helps in decision making
 - Increases chances of success
- Other reasons?

Reasons Ethics Codes Fail

- Vague and/or too specific
- Not distributed or read
- For public relations purposes
- Do not change behavior or climate
- Final word on ethics
- Culture and situation specific
- Difficult to enforce
- Do not identify priorities of obligations
- Lack reinforcement for adherence



Key Areas Ethics Codes Should Address

Violations of Trust

- Incompetence
- Abuse of power
- Lying
- Favoritism
- Disrespect
- Discrimination
- Silence/Looking the other way

Self-Dealing

- Bribery
- Theft
- Inefficiency
- Collusion
- Kickbacks

Conflicts of Interest

- Material gain to related party
- Nepotism

InFRE Ethics Inventory

- InFRE's Mission (paraphrased)
 - ...to raise the retirement readiness of the American worker.
 - ...to provide quality education and tools to retirement-professionals to assist...clients...retirement preparedness needs.

InFRE Ethics Inventory

- Mission and Purpose Fulfillment (paraphrased)
 - Provide the most effective and credible retirement industry-specific curriculum, certification and certificate training courses
 - Be the leading identifier and voice for professional and employee retirement education issues
 - Be the “go to” industry resource for retirement income management professional continuing education, methodology and tools
 - Be the leading preparer of qualified retirement planning graduates from higher education institutions
 - Create educational products that apply research-based methods for retirement professionals to use when teaching and counseling the American worker to achieve retirement security.

InFRE Ethics Inventory

- InFRE's "Code of Ethics and Certificate Holder's Statement"¹ (paraphrased)
 - **Mandatory** principles of conduct that permeate all professional actions we take which increase the public confidence in those actions
 - Traditional ethical principles along with the letter and spirit of State and federal laws which regulate retirement advice, records, and, transactions
 - A requirement of honesty and integrity within the overall context of considering ethics in the first place



InFRE Code of Ethics

Principle #1

Comply with the letter and spirit of all federal and state laws that regulate advice, services, records, and transactions applicable to retirement planning or retirement administration.

Core Value

- Standards in laws, regulations and processes

Key Area

- Self-dealing

InFRE Code of Ethics

Principle #2

Act **always** in the best interest of the individual retirement plan participant for whom services are performed; And, when performing services for a retirement plan as a whole, act in the **best interest of the plan and all persons who have rights** under the plan.

Core Value

- Golden Rule: Do unto others as you would have them do unto you¹
- Platinum Rule: Do unto others as they would like to be treated¹
- Reciprocity Principle – doing something for others without expecting anything in return

Key Area

- Violation of Trust

InFRE Code of Ethics

Principle #3

Never disclose confidential information about the finances or status of a particular plan participant unless authorized by the participant or by law.

Core Value

- Trust, confidentiality, and consent

Key Area

- Violation of Trust

InFRE Code of Ethics

Principle #4

- Be truthful and forthright in all communications relating to retirement services and transactions.

Core Value

- Character matters
- The Truth Test

Key Area

- Violation of Trust

InFRE Code of Ethics

Principle #5

- Perform all retirement services competently, diligently, and according to the **highest professional standard**; the designee will maintain the necessary specific knowledge and expertise to do so, and decline any activity that cannot be competently performed.

Core Value

- Preparation
- Professionalism
- Acknowledge your limits

Key Area

- Violation of trust

InFRE Code of Ethics

Principle #6

- Conduct activities relating to the retirement profession under the highest standards of personal and professional integrity, and in ways that reflect creditably on the profession.

Core Value

- Behave with integrity
- Behave within expectations
- Boundaries

Key Area

- Violation of Trust

InFRE Code of Ethics

Principle #7

- Disclose to all persons for whom services are provided the Certificate Holder's source of compensation, the identity of any person or entities paying the compensation, and any material fact about the compensation that is necessary to understand potential adverse interest.

Core Value

- Identify conflicts of interest and protect the public interest

Key Area

- Conflicts of interest



InFRE Code of Ethics

Principle #8

- Supply material information relating to the transaction or service to the person for whom services are performed (including information that is not requested), if such information is generally recognized as necessary to any informed decision.

Core Value

- Completeness

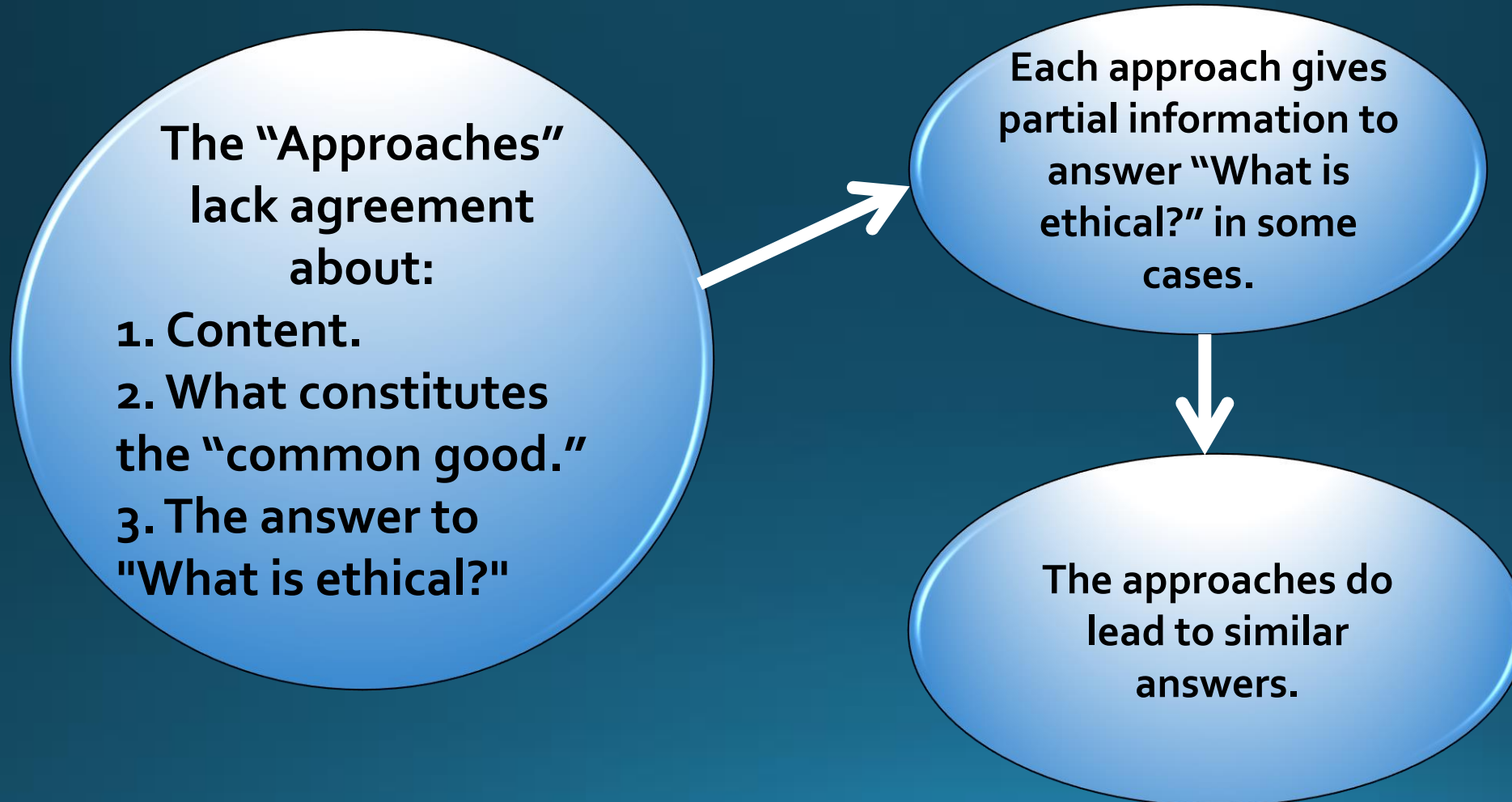
Key Area

- Self-dealing
- Violation of Trust

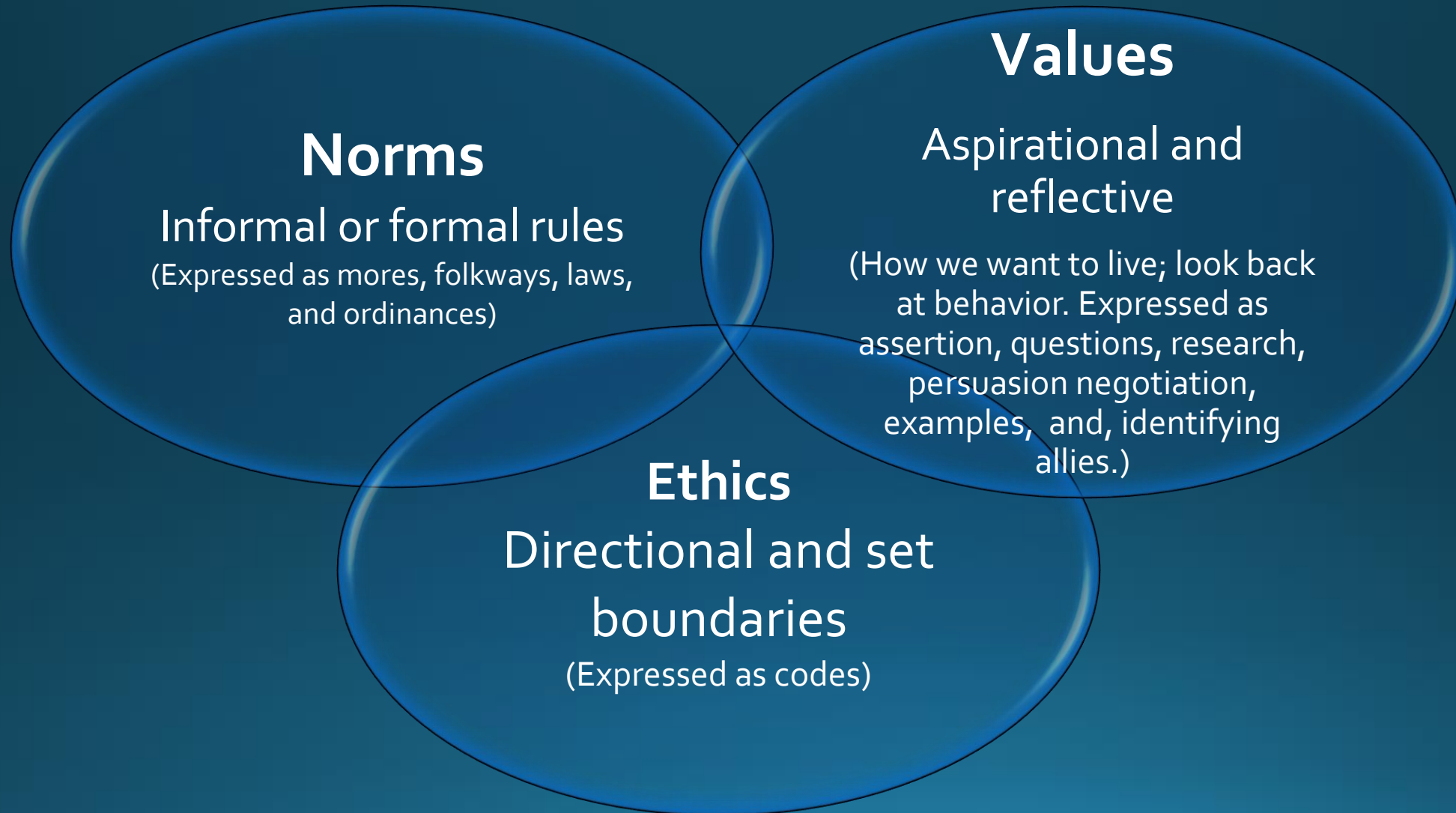
“Deconstructed” Code of Ethics

1. Standards in laws, regulations and processes; Golden Rule/Platinum Rule
2. Trust, confidentiality, and consent
3. Values and character matter; The Truth Test
4. Preparation, professionalism, and knowing your limits
5. Behave within expectations and boundaries
6. Factual, respond within boundaries
7. Identify conflicts of interest
8. Completeness

The Really Big Problem With The Five "Sources"



An Ethics “Three-legged Stool”



Something To Think About...

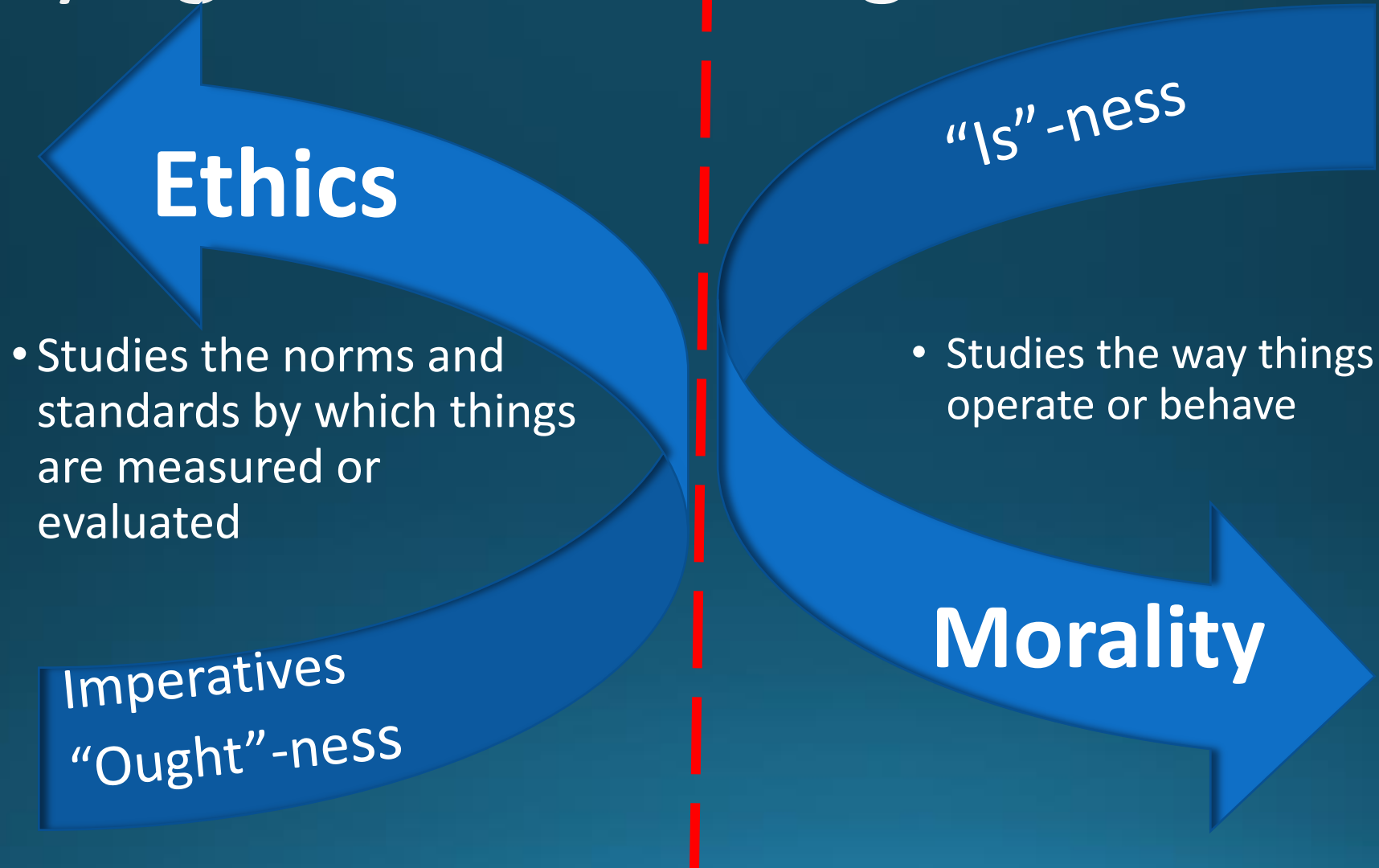
- **Axiom:**

- When the mores are adequate; laws are unnecessary.
- When the mores are inadequate; laws are ineffective.

- **Corollary:**

- When the values are adequate; ethics codes are unnecessary
- When the values are inadequate; ethics codes are ineffective

Clarifying the Circular Argument - Part 1



Clarifying the Circular Argument – Part 2



Ethics take us beyond “what is”
...to “WHAT OUGHT TO BE!”

What Is Ethical Behavior?

- Actions that meet the standard of what people “ought to do” and efforts to ensure that a standard is met
- Knowing the difference between
 - What you have a right to do
 - What is the right thing to do
- Beyond law to a stringent level of personal responsibility
- Principles that “ought” to govern behavior

The “Collective Conscience”

- You are all alone in making ethical decisions; and,
- You are constrained by the expectations of your community



Ethical Boundaries

- The clear limits on how far you will go in pressure or tempting situation
 - Generally, established early in life
 - Use ethics tests to understand the direction you need to take

Obstacles to Ethical Conduct

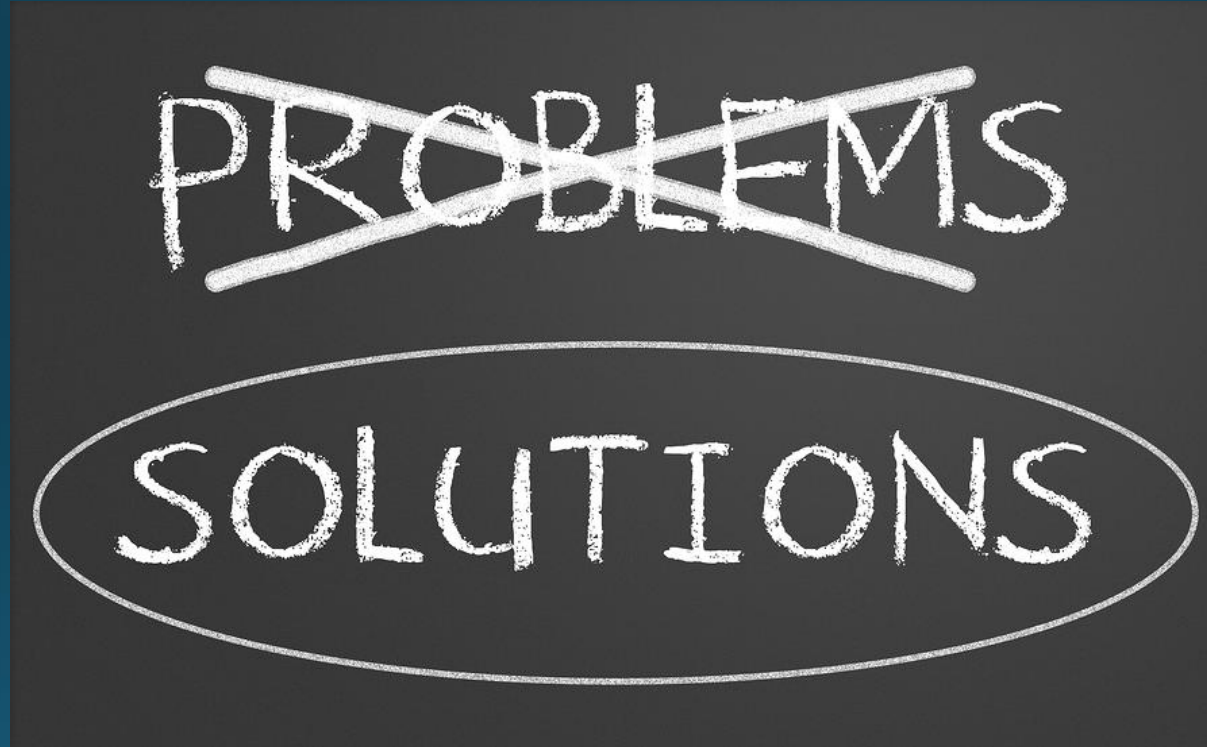
- Need to “go along/get along”
- Evaluations and rewards
- Scattered or unclear authority or accountability
- Pressure to demonstrate results or the unforeseen

Let's Take a Moment...Do You Feel...?

- Pressure to meet unrealistic business goals?
- Desire to further one's career?
- Desire to protect one's livelihood?
- Working in a cynical, demoralized environment?
- Unaware that something is unethical?

Unfortunately...These are all drivers of unethical behavior

Leaders Solve Ethics Problems



Who Are Leaders?

- Leaders are:
 - Invested with power (formally or informally)
 - In relationships with follower
 - Propose a common vision
 - Change oriented
 - Value-based, ethically driven

How To Recognize Ethical Leadership

- Use a clear, coherent framework for decisions and action
- Have commitment and values that match organizational values, vision, and mission
- Discuss ethics publicly and approachably
- Demonstrate values in actions
- Use shared processes

To Create An Ethical Workplace Climate

- Influential factors
 - Executive leadership
 - Boards and chief officers articulate ethics as a priority
 - Hiring and promotional decisions
 - What people bring to the table as a candidate or decision maker is critical
 - Industry and peer norms and standards
 - What and how other organizations “do” ethics (examples: codes, laws, regulations, policies, etc.)

Contributors to an Ethical Workplace?



Ethics and Generations

Differences in workplace characteristics across the generations¹

Workplace Characteristics	Baby Boomers, (1946-1964)	Generation X, (1965-1982)	Millennials, (1983-2004)	Gen Z (1996-2010)
Work Ethic and Values	Workaholics , Work efficiently, Crusading causes, Personal fulfillment	Question authority , Self-reliance, Want structure and direction, Skeptical , Tolerant	What's next, Multi-tasking , Tenacity , Entrepreneurial Goal oriented	Don't micromanage, want honest leaders ³
Interactive style	Team player , Loves to have meetings	Entrepreneur	Participative	Entrepreneur ¹
Communications	In person, By phone	Direct, Immediate	Email, Voice mail	Don't want to be tracked, use images, icons, symbols, ² brevity
Feedback and rewards	Money, Title recognition	Sorry to interrupt, but how am I doing? Freedom is the best reward	Whenever I want it, at the push of a button, Meaningful work	Value mentorship , growth opportunities ¹
Messages that motivate	"You're valued, you are needed"	"Do it your way, forget the rules"	"You will work with other bright, creative people"	Flexible working, latest technology, competitive pay ⁴

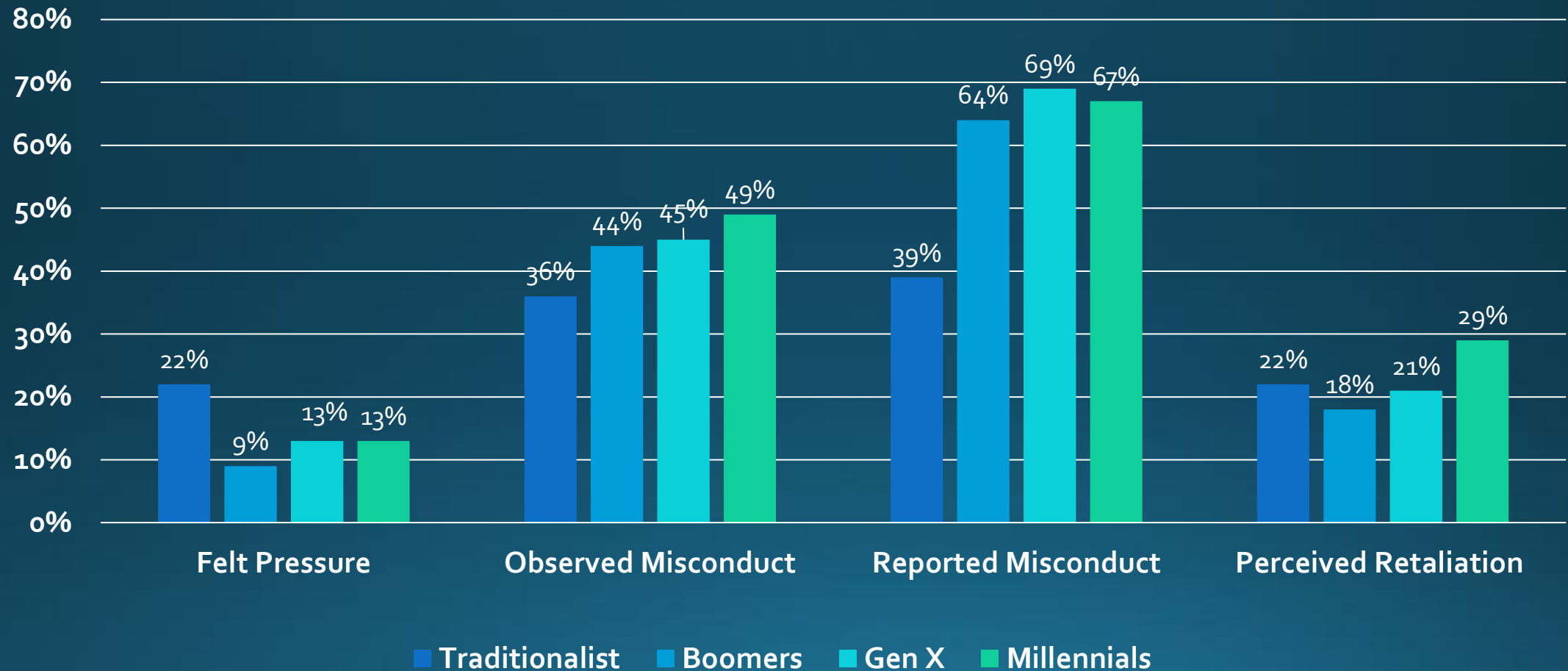
¹<https://www.betterworks.com/articles/employers-ready-generation-z/>

²<https://growingleaders.com/blog/generation-z-differs-generation-y/>

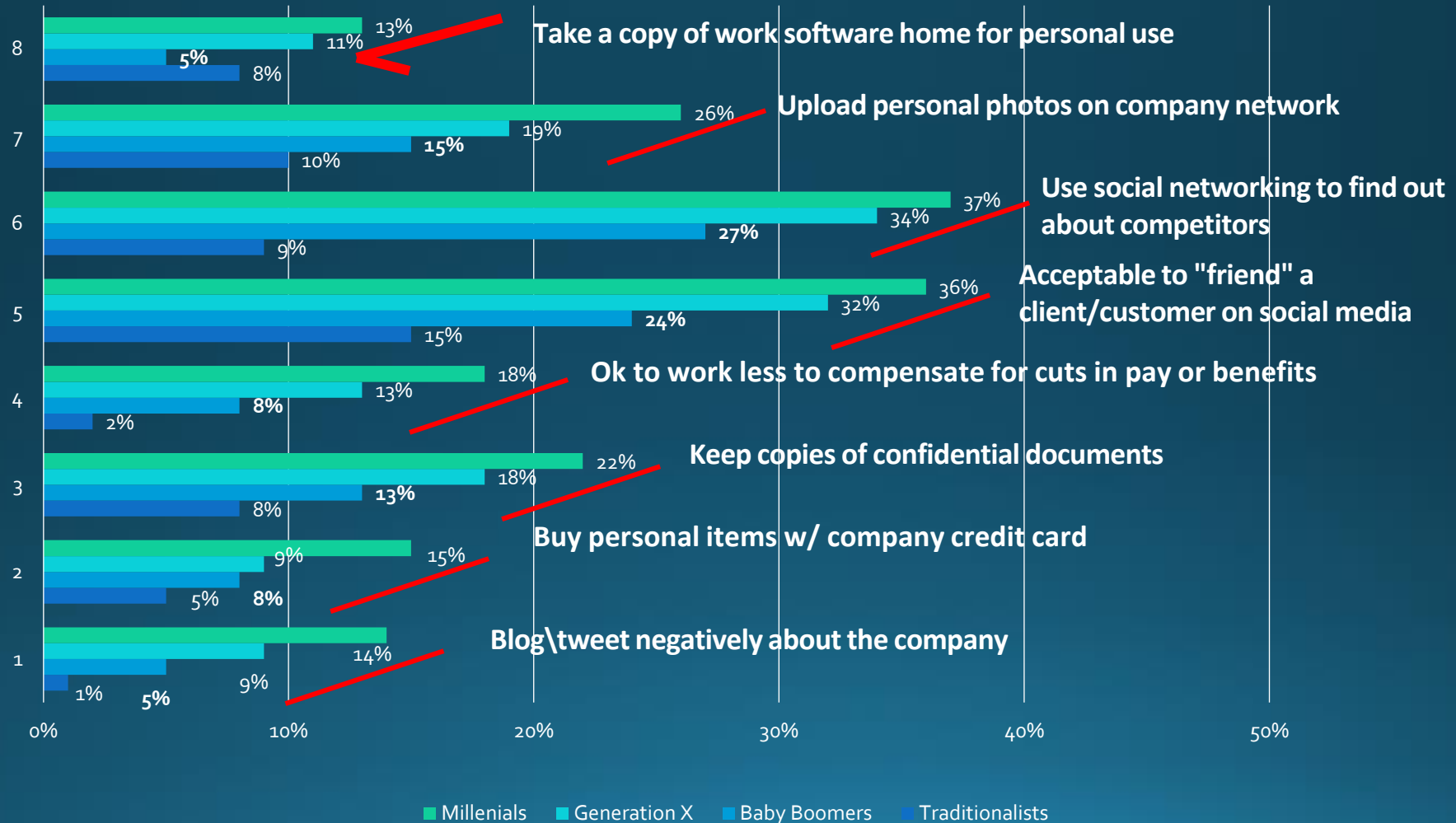
³<https://www.entrepreneur.com/article/236560>

⁴<https://www.growthbusiness.co.uk/motivates-generation-z-2553367/>

Do the Generations Differ?



Generations Differ on Ethics Issues



How To Emphasize Ethics to Millennials¹

- Communicate commitment to ethics in terms of people, relationships and integrity in the way people treat each other
- Focus messaging from individuals more similar to Millennials and may be more influential
- Emphasize knowledgeable people resources available within the program for guidance and support
- Build discussion and interactions opportunities for ethics and compliance training
- Provide input opportunities into standards and systems
- Provide opportunities to check back and interact with ethics authority during ongoing investigations

¹ BITC, How Businesses Are Harnessing the Power of Age Diversity (<http://www.bitc.org.uk/blog/post/harnessing-power-age-diversity-and-adapting-business-ageing-workforce>) Business In the Community

How To Emphasize Ethics to Generation X¹

- Make advice and standards accessible for dealing with dilemmas
- Ensure that supervisors of Gen X-ers can provide advice to and counsel, when needed

¹ BITC, How Businesses Are Harnessing the Power of Age Diversity (<http://www.bitc.org.uk/blog/post/harnessing-power-age-diversity-and-adapting-business-ageing-workforce>)
Business In the Community

How To Emphasize Ethics to Boomers and Traditionalists ¹

- Communicate commitment to ethics principles and formal systems
- Provide messaging from the hierarchy above this generation
- Provide resources through an established system and trusted leaders
- Use these generations as resources to share their experiences with other employees
- Communicate that when reporting misconduct they will be protected

¹ BITC, How Businesses Are Harnessing the Power of Age Diversity (<http://www.bitc.org.uk/blog/post/harnessing-power-age-diversity-and-adapting-business-ageing-workforce>) Business In the Community

Gen Z In the Workplace

- Incredibly complex world with access to more information than any other generation
- Most diverse generation
- Deep sense of empathy
- Oppose challenging others beliefs
 - Don't want to offend
 - Want to acknowledge other perspectives

How To Emphasize/Engage Ethics to Generation Z¹

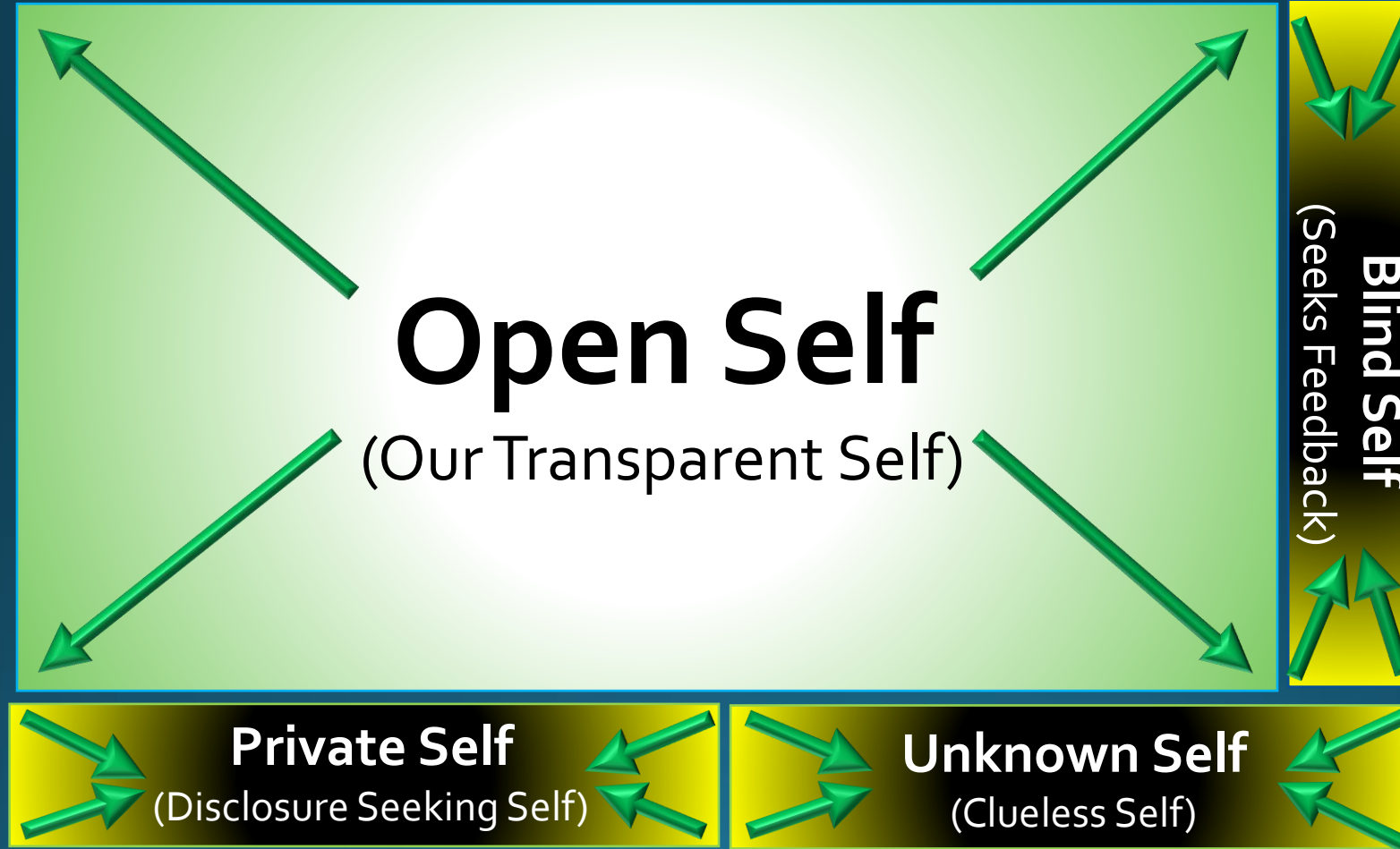
- Be faster at feedback (they want to gamify their careers).
- Do it more fluidly and flexibly.
- Offer more frequent rewards
- Break up the meetings into smaller segments
- Find a way to do it digitally
- Empower them to create and curate

¹<https://growingleaders.com/blog/six-simple-ways-engage-generation-z/>

“Johari’s Window”

	Known to Self	Unknown to Self
Known to Others	Open	Blind
Unknown to Others	Private	Unknown

Johari's Window Through An Ethics Lens





Who Are You? Ethics Responder Types

Type	Best Work Environment	Get conformance	Analysis
Stickler "Rules follower"	Bureaucracy	Rules must support the point	They may be too rigid to lead to more ethical actions
Negotiator "Figure it out on the fly"	Sales	Show how agreement is in their interest	Walk the tricky balance between the principle and the Negotiator's perceived interests
Navigator "Principled rules followers may make compromises"	Many types of organizations with inviolable rules	The point will be supported by stakeholders	They see the right path and can influence others
Wiggler "Will follow rules but looks for exceptions"	Organizations in which absolute compliance is not required	The point is better than the exceptions	The required persuasion may not be worth the effort or able to achieve the desired result

Ethical Dilemma

- An **ethical dilemma** is a complex situation that often involves an apparent internal conflict between imperatives, in which to obey one would result in transgressing another.
 - A decision is required,
 - Choose from multiple courses of action, and
 - There is no perfect solution

Pause A Moment...Important Questions...

 Revised

- Why is this important to me?
- What interests are involved?
 - Who are the stakeholders? What matters to them or me?
- Do I own the issue?
 - Where did the problem come from?
 - How far should I be willing to go?
- To “what” am I obligated?
 - Legal points, ethical premises (fairness, truthfulness, “my word,” the Golden Rule, etc.)
- Others’ opinions
 - Trusted advisors, “the other ‘side’”
- Does this support my integrity?
 - Would others (organizations, co-workers, public officials) take the same action?

What Drives Unethical Decisions

- Obedience to authority – it must be ok, because everyone is doing it or someone is telling us to do so
 - Seek approval
 - Fierce loyalty
 - Fear of disobedience
 - Lack of courage
 - Milgram “shock” experiment experience
 - Abu Ghrab treatment of prisoners of war
 - Volkswagen emissions testing
 - Ford Pinto gas tanks
 - Challenger's “O-rings”
- Consequence
 - Absolving or shifting responsibility elsewhere

Obedience

What we believe:

- “Rightful” compliance is important to maintain social structures and order

What research shows

- Authority weighs heavily on decision making
- People justify decisions in terms of the strength of authority



Conformity

What we believe:

- Strong enough to stand up to a group when we know we are right

What research shows:

- We are more prone to conform than we would like to believe
- Our opinions are influenced by those of the group

Barriers to Solving Ethical Dilemmas¹

- Preferences and biases interfere
 - Perception that we have little influence over events
- “Bounded awareness” excludes information important to decision making
 - Lack of knowledge of Ethical Standards
 - Limitations of Codes of Ethics and Conduct
 - Lack of personal values clarification
 - Rationalizing actions by deciding that ethics just isn’t all that important
 - Expectations may not match actual behavior
- Psychological vested interest in viewing problems in a certain way
 - High affiliation needs
 - Fear of criticism/scrutiny by others
 - Personal and/or professional immaturity
 - Slippery slope lack of a decision
 - Perfectionism
- Financial incentives

¹<https://www.slideshare.net/drinasebeid/barriers-to-ethical-practice>

Biases¹ – Sharp Curves, Steep Grades Ahead

- Confirmation Bias
 - The search for supporting information
- Omission Bias
 - A overt harmful action is “worse” than an indirect passive action
- Luck
 - I didn’t get caught so it wasn’t as bad
- “Knobe Effect”
 - Recognition for a beneficial act gets less support than the blame for a harmful act
- Indelible Victim Effect
 - Things opposed have to be labeled “bad”
- Just World Hypothesis
 - When something bad happens, the person must be bad

¹Biasucci, Cara and Prentice, Robert. Behavioral Ethics in Practice: Why We Sometimes Make the Wrong Decisions, New York: Routledge, 2021

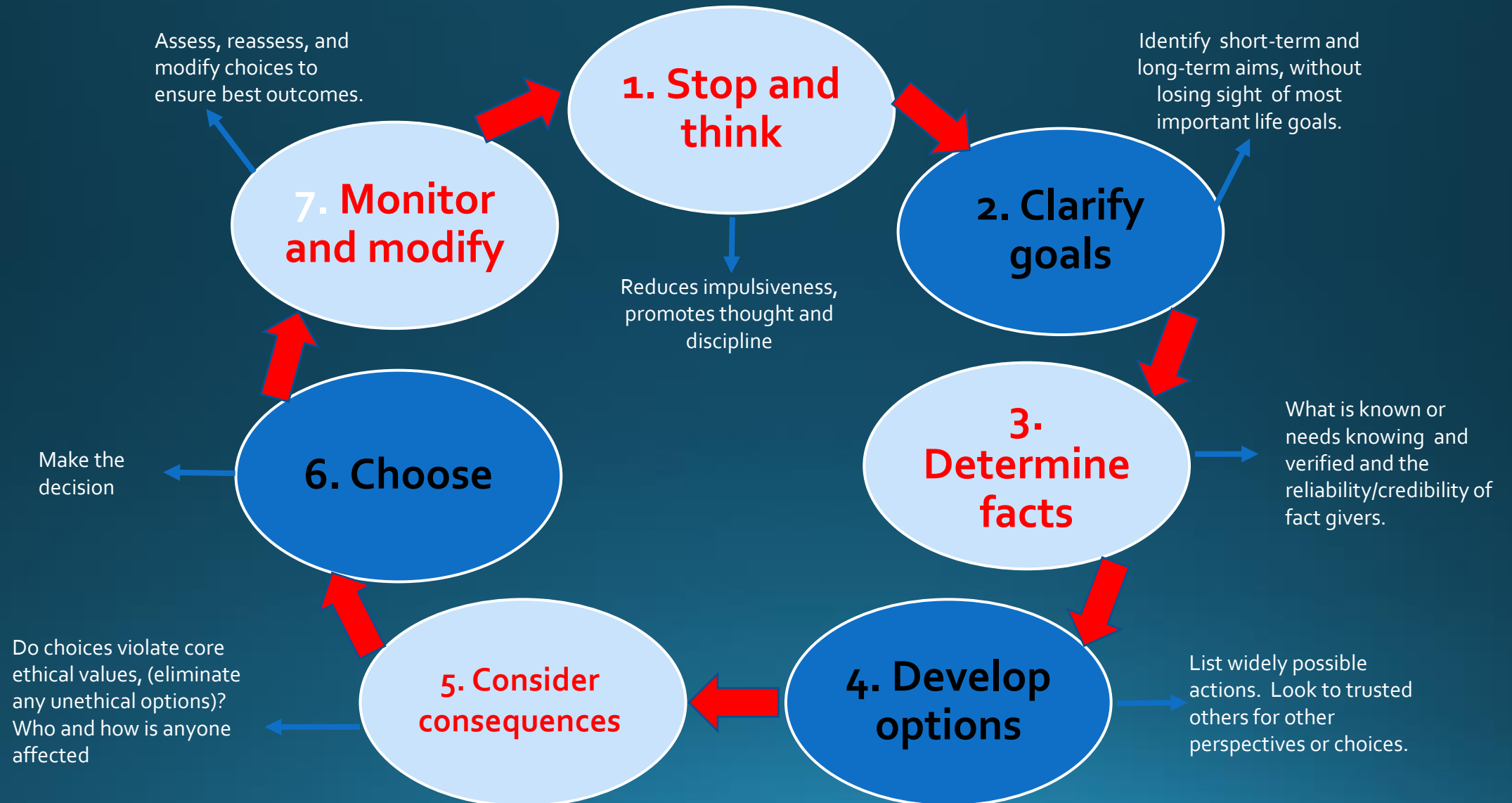
Speaking Up For Solutions

- Give “Voice¹” to values held
 - Metaphor to embody or enact our values
 - Defines what needs saying or doing/finding common ground
 - What helps us
 - Framing/Reframing
 - Asking questions/gaining information
 - Action planning and developing responses
 - Scripting and practicing responses
 - Audience selection and finding allies
- It's more about how to get the right thing done rather than what is the right thing to do

¹ Adapted from Gentile, Mary C. Giving Voice to Values: How To Speak Your Mind When You Know What's Right. New Haven: Yale University Press, 2010

Decision Making Process

"...Leave No Stone Unturned..."



Other Ethics Problem Solving Models

- **SOLVE IT¹: The 7-step problem-solving process**

1. **Statement** - State the problem exactly
2. **Origin** – Find the root cause
3. **List** – Brainstorm solutions
4. **Verify** – Pros and cons
5. **Eliminate** – Choose the best solution
6. **Implement** – Action is required
7. **Test** – Is it working?

<http://biggsuccess.com/2008/03/04/have-a-problem-solve-it/>

- **Is There An App For That?**

- **The Markula Center's "Making an Ethical Decision"** - A practical tool for thinking through tough choices"
 - A comprehensive method for examining ethical dilemmas through their conclusion

<http://www.scu.edu/ethics/ethical-decision/>

Key Takeaways

- Look for ethics cues within your organization's Mission, Vision, Values, and Core Principles statements.
- Ethics is about leadership, risk mitigation, building/fortifying trust, maintaining brand/reputation, meeting expectations, and strengthening value systems.
- Ethics is the study of what you "ought-to-do;" not what you have a right to do.
- When the values are adequate; ethics codes are unnecessary. When the values are inadequate; ethics codes are ineffective.
- Regardless of your position, you can be an ethics leader.

Key Takeaways

- Ethical dilemmas require: a decision; choosing from possible action paths, and do not have “perfect” solutions.
- Unrealistic business goals, career goals, protecting income, cynical, demoralized workplace, and lack of awareness are drivers of unethical behavior.
- When proactive communication and workplace trust are present, employees believe there is a commitment to organizational values and ethical behavior is measured and rewarded.
- Ethics solutions can be limited by our biases, preferences, and vested interests.

Key Takeaways

- Decision making requires problem definition, fact finding, defining possible courses of action, weighing the possibilities, choosing a course of action, taking action, and, monitoring progress at a minimum.
- Research shows that generations respond differently to ethics issues.
- Millennials respond best to ethics programs when: it is framed around relationships; it comes from knowledgeable resources similar to them within the program; there are discussion opportunities; can provide input; and, they are able to interact with an ethics authority.

Ethics Resources

- Badaracco, Joseph L. Jr. *Defining Moments: When Managers Must Choose Between Right and Right*. Boston: Harvard Business School Press, 1997.
- Bazerman, Max H. and Ann E. Tenbrusel. *Blind Spots: Why We Fail To Do What's Right and What to Do About it*. Princeton: Princeton University Press, 2011.
- Ciulla, Joanne B. *Ethics, the Heart of Leadership*. Santa Barbara: Praeger, 2014.
- George, Bill (William W.). *Discover Your True North*. Hoboken: John Wiley & Sons, 2015.
- Gini, Al, and Ronald M. Green. *10 Virtues of Outstanding Leaders: Leadership and Character*. West Sussex: Wiley-Blackwell, 2013.
- Markkula Center For Applied Ethics at Santa Clara University www.scu.edu/ethics
- Pastin, Mark. *Make A Ethical Difference: Tools For Better Action*, San Francisco: Berret-Koehler Publishers, Inc., 2013.

Thanks for Joining Me Today!

Questions?

Feel free to reach out with any questions:

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Phone: 970.682.0742

Additional training topics available:

- Creating an Organization Ethics Code
- Raising an Ethics Issue Constructively
- Understand Your Professional Ethics Code
- Solving an Ethics Problem
- Ethics and the Generations
- Ethics Social and Psychological Aspects