Seven Levels of Ethical Business Practice

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Introduction

"Culture, more than rulebooks, determines how an organisation behaves." -Warren Buffet

Unethical or illegal behaviour doesn't exist in a vacuum. There are multi-layered cultural influences at play, whether conscious or not, that encourage such behaviour. The job of promoting ethics cannot be left to the compliance or legal function alone. Instead, leadership across the organisation must cooperate in order to address the systemic factors in the culture that influence employees.

Sometimes when the norms governing behaviour within an organisation are strong enough, even good people do bad things. There is growing consensus among business leaders, regulators, and lawmakers that culture is essential when it comes to promoting ethical behaviour in organisations. In fact, 85% of CEOs and CFOs believe that "a poorly implemented, ineffective culture increases the chance that an employee might act unethically or even illegally."[1]

Creating and sustaining an organisation where everyone who does business on its behalf behaves ethically (does the right thing), requires attention to all aspects of the culture.

The Seven Levels of Consciousness® model is a powerful way to visualise the factors that together will help leaders to consciously create an effective, ethical culture, resulting in compliance with applicable laws and regulations.

Ethical Business Practice

Organisations all over the world are using the Seven Levels of Consciousness Model to create increased awareness at every level of leadership and generate higher performance in all parts of the organisation. The principles set out in *Ethical Business Practice and Regulation* are contributing to changing the way regulators and companies think about regulation and ethical behaviour.

> **DEFINITIONS**
>
> **Ethical Business Practice** (EBP) is about creating a culture where people make decisions and act in ways that build sustainable businesses, care for the needs of all stakeholders and comply with their ethical and legal obligations
>
> **Ethical Business Regulation** (EBR) is a relationship between a business and its regulator(s) where the business produces evidence of its commitment to EBP and the regulator recognises and encourages that commitment.
>
> **Ethics** is doing the right thing even if it is more than the law requires.

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[1] http://clsbluesky.law.columbia.edu/2016/12/13/corporate-culture-evidence-from-the-field/

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EBP is a holistic and values-based approach to creating an effective, ethical culture. It is based upon evidence that a pure compliance approach is ineffective and potentially counterproductive. The context in which people operate can result in misconduct, even by people with strong values, so EBP is a framework for creating an environment in which people can do the right thing.

EBP is built on the conviction that "ethics is everyone's responsibility". It takes a collaborative approach, involving people throughout the organisation so that "doing the right thing" becomes part of the culture. It draws on experience in the aviation safety industry, where eliminating blame, fostering openness, and learning from mistakes produces improvement. The Seven Levels of Consciousness Model helps to understand and implement EBP.

The following provides a view of Ethical Business Practice as viewed through the lens of the Seven Levels of Consciousness. Note: Higher is not better.

The Seven Levels of Ethical Business Practice

Service	7
Making a Difference	6
Internal Cohesion	5
Transformation	4
Self-Esteem	3
Relationship	2
Survival	1

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LEVEL	POSITIVE FOCUS / CAUTION / EXCESSIVE FOCUS
SERVICE	Service to Others, Humanity and the Planet, Ethics, Human Rights, Social Responsibility, Long-term Perspective, Compassion, Humility, Wisdom
MAKING A DIFFERENCE	Strategic Alliances and Collaborative Partnerships, Making a Difference, Sustainability, Collective Action, Employee Well-being (Physical/Emotional/Mental/Spiritual)

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INTERNAL COHESION	Building Internal Community, Integrity, Shared Values, Shared Vision, Honesty, Fairness, Trust, Commitment, Leading By Example, Transparency, Openness, Meaning and Purpose, Clarity, Humour/Fun
TRANSFORMATION	Continuous Improvement and Learning, Accountability, Information Sharing, Risk Taking, Equality, Diversity, Empowerment, Courage
SELF-ESTEEM / COMPLIANCE	High Performance, Pride, Brand Image, Compliance Systems and Processes, Discipline and Enforcement, Policies and Procedures, Due Diligence, Ambition, Bureaucracy, Silo Mentality, Long-hours, Shame, Power, Information Hoarding, Complacency, Wilful Blindness
RELATIONSHIP	Harmonious Relationships, Open Communication, Care, Respect, Listening, Loyalty, Manipulation, Empire Building, Being Liked, Blame, Bullying/ Harassment, Conflict Avoidance
SURVIVAL	Financial Stability, Caution, Health & Safety, Licence to Operate, Job Security, Profit, Insecurity, Short-Term Focus, Greed, Corruption, Control, Exploitation

LEVEL 1: SURVIVAL

From a **personal** perspective, it relates to satisfying one's physical and basic survival needs such as health, security, and financial stability.

From an **organisational** perspective, it is about financial viability/sustainability and the safety and security of people in the organisation. A focus on financial results, profit and growth, without an emphasis on values and integrity, can result in unethical behaviour and corruption.

From a **societal** perspective, it is about preventing corruption, which if widespread, results in distrust of institutions, inequality, poverty, poor quality or lack of infrastructure, failure of the rule of law, and ultimately can lead to violence and a lack of security.

QUESTIONS:
- Do we focus only on financial results without asking how they are obtained?
- Do we have a purpose that is broader than profit?
- Do we consider all our stakeholders or only our shareholders/owners?
- Do employees have safe working conditions?

LEVEL 2: RELATIONSHIPS

From an **individual** perspective, it is about a feeling of belonging.

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From an **organisational** perspective, it is about an open culture that allows relationships of mutual respect to develop and thrive. It is also about having effective internal communication of our values and purpose as well as information that people need to do their jobs. Leaders listen and are skilled at managing people and who encourage constructive conflict and challenge, do not blame or bully, and are able to learn from mistakes and support others do so.

From a **societal** perspective, it is about being a good caring corporate citizen and recognising that employees have families, friendships, and other interests outside of work.

QUESTIONS:
- Do we have a blame culture?
- Do our leaders create an emotionally safe environment for their teams?
- Do we respect each other and listen to what others have to say?
- How do we treat people who speak up when they disagree or have an alternative perspective?

LEVEL 3: SELF-ESTEEM

From an **individual** perspective, it is about whether we feel we have the skills, confidence, and competence to do the job.

From an **organisational** perspective, it is about quality, incentives and performance management, compliance, and other systems and processes that enable people to do the right thing. Effective training and awareness-raising give everyone the knowledge, skills, and professional pride necessary for an effective, ethical culture.

From a **societal** perspective, it is about the organisation abiding by applicable law and regulation and creating well-performing systems and processes that provide a foundation for the organisation to fulfil its purpose and make a difference to society. The behaviour of leaders impact the culture of the organisation - and this is particularly important when it comes to compliance with rules and regulations.

QUESTIONS:
- Are our compliance systems effective and not onerous?
- Are our risk management systems adequate to identify the risks we are facing across the business?
- Are your employees proud to tell others who they work for?
- Do your employees know what is expected of them?
- Do we have the right individual and collective skills training and information/knowledge to enable people to make ethical decisions?
- Do we apply our policies fairly and consistently across the organisation?

LEVEL 4: TRANSFORMATION

From an **individual** perspective, it is about having the courage and feeling empowered to make decisions and do the right thing, taking accountability for one's actions, and being able to learn from one's mistakes in the service of continuous improvement.

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From an **organisational** perspective, it is about creating a learning and "just" culture able to examine the root causes of mistakes and learn the lessons without blame. It holds the energy for evolution, change, and growth. An ethical organisation empowers its people and holds them accountable for their actions, within the context of a just culture.

From a **societal** perspective, it is about the organisation adapting to changing market and life conditions and the leaders' ability to make courageous decisions in the face of environmental or social challenges.

QUESTIONS:
- Do we have a regular procedure for conducting root cause analysis and implementing the results?
- How diverse is the organisation in terms of gender, ethnicity, sexual orientation, and diversity of thought?
- Do we brand people who have the courage to challenge the status quo as trouble-makers?
- Do we have a balanced and appropriate attitude to risk? What is our risk appetite?

LEVEL 5: INTERNAL COHESION

From an **individual** perspective, it is about personal integrity and finding meaning and purpose in life. We stay true to our values when confronted with forces or situations that might influence us (consciously or unconsciously) to betray them.

From an **organisational** perspective, it is about having a well-defined purpose, shared vision, and set of shared values. The underpinning value is trust, and therefore, leading by example.

From a **societal** perspective, it is about having a purpose that serves all stakeholders.

QUESTIONS:
- What is our purpose and have we articulated it clearly?
- Do our employees truly share the vision and purpose?
- Have we clearly defined our values and supported people to use them in daily decision-making?
- Do our values support our aspiration to operate fairly in everything we do?
- Are our values authentically lived and demonstrated by our leaders?
- Do we enjoy what we are doing? Are we able to relax and laugh together and have fun?
- Do we have a shared vision that ethics is everyone's responsibility?

LEVEL 6: MAKING A DIFFERENCE

From an **individual** perspective, it is about making a positive difference to the world by living one's purpose and the close relationships formed to work together in this endeavour.

From an **organisational** perspective, it is about collaboration both internally and beyond the borders of the organisation to make a difference to the lives of all stakeholders, including the communities you reside in and serve.

From a **societal** perspective, it is about the collective action amongst all sectors to achieve an ethical society that supports sustainable quality of life for all.

QUESTIONS:

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- Do we treat the third parties with whom we work fairly? Do we take the time to explain our values, listen to theirs, and agree on how we want to work together?
- Do we participate in collective action initiatives to improve ethical performance of our industry sector?
- Do we aspire to be the best *in* the world or the best *for* the world in our sector?
- Do we look for opportunities to have a positive impact on the lives of our stakeholders and the communities where we do business?

LEVEL 7: SERVICE

From an **individual** perspective, it is about your personal ethics, compassion, and how you seek to be of service to humanity.

From an **organisational** perspective, it is about having a long-term perspective and prioritising ethical conduct, social responsibility, human rights, and caring about your organisation's contribution to global sustainability.

From a **societal** perspective, it is about what is important to your country, its world view, and its attitude towards human rights and future generations.

QUESTIONS:
- Have we considered the impact of our operations on the human rights of all stakeholders in our supply chain?
- Do we respect the human rights of the people in the communities where we operate?
- Is our organisation ethical in all aspects of its operations and the products it produces?
- Do we make investment decisions based upon the long-term and the impact on future generations?

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