



***Ethics Codes Revisited:
A New Focus on Outcomes***

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Policy Brief

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Introduction

Unlike scientific facts, ethical decisions are not judged by their “truth value.” Instead, they are judged by the quality and defensibility of the underlying arguments and agreements. Such arguments and agreements may have full force within the culture of an organization, even if they remain unwritten. Increasingly, however, organizations want to make their approach to ethics public, in written *codes of ethics*.

When tasked with the development of a code, ethics officers and consultants like to present management with a choice between two discreet options. The choice is between emphasizing the commonly shared *values* in an organization or emphasizing *compliance* with a set of agreed-upon standards. There is a broad cultural element to this. The former are more popular in Canada; the latter are more popular in the U.S. The problem for managers becomes — which approach should one choose?

The comparative merit of *values-based codes* vs. *compliance-based codes* has become a perpetual theme in business and organizational ethics. In this paper, I argue that the convergence between the two is unavoidable in most contexts if one wants to achieve a truly effective code to guide an enterprise. The new concept of *outcome-oriented codes* emerges from this argument.

I first outline how values-based and compliance-based codes can be characterized. This illustrates their comparative merits from an outcome-oriented perspective. Secondly, I relate the two types of codes, as well as the outcome-oriented perspective, to three basic traditions in ethics to illustrate the philosophical underpinnings of the options. I conclude this paper by describing the type of convergence I have in mind.

Values vs. Compliance-based Codes

A typical example of a values-based code would be a list of the values that are commonly shared in an organization, and a set of principles that provide some guidance for decision-making. The specified values can be very diverse and express the goals that are important to the users of the code, the preferred means to achieve these ends, and the underlying motivations driving the enterprise. The fundamental feature of a values-based code is that it provides broad guidance for decision-making as opposed to explicitly stating the “correct” or “incorrect” decision. As a consequence, values-based approaches are flexible and could, potentially, be useful in situations that are not anticipated at the time when the code is written — a key difference to compliance codes discussed below.

A typical example of a compliance-based code would be a list of rules and limits that need to be respected by all users. Ideally, this list would provide guidance in all commonly encountered moral dilemmas, for example in situations of conflict-of-interest. The fundamental feature of a compliance code is the clarity and specificity by which it provides guidance. Compliance codes can be understood as “soft law” — rules that ought to be followed. Unlike law itself, these rules will not be enforced by the judicial system. Still, they can have force if, for example, compliance is a requirement for employment, membership, grant applications, and so forth. Further, such codes provide a good basis for performance measurement and audit — a key benefit from an outcome-oriented perspective, and a key difference from values-based codes.

So far, I have highlighted basic features of the two approaches in the context of *use*. Another important consideration is a comparison from the point of view of the *development* and *implementation* of such codes.

Values, or motives, are internal states. As a result, and unlike actions, they are more difficult to describe from an outside perspective. Only the holder of values knows with certainty what these values truly are. The question then is, how can we extract and combine these values from multiple persons? The methods would normally be made up of a dialogue, an interview and, perhaps, a cross-examination. It is clearly a weakness of values-based approaches that they are so inaccessible. But we should remind ourselves that the same problem does not prevent a court judge from ruling very differently between (a) a case, where the underlying motive – an internal state related to values – is intentional from (b) a case with identical outcome that was caused unintentionally. From this example I conclude that despite their vagueness, values and motivations play an important role in our moral and legal systems.

The consequences for the development and implementation of values-based codes are significant. During the development stage, commonly shared values have to be extracted from the participants in an enterprise. It is difficult to produce values codes within the management level alone and then implement them from the "top-down." Instead, they will be typically developed through a round of dialogue exercises. Such dialogue is not simply equivalent to a polling of the values held by participants. Instead, the dialogue will lead to an exchange of views, a development of solutions to particular problems in decision-making, and development of a more strongly felt common culture. It can also serve as a tool for the staff level to "send a message" to the management level. This process can empower participants in the enterprise, and foster good judgement and teamwork, to achieve commonly agreed upon goals by commonly accepted means.

In contrast to values-based codes, compliance to a written standard can be described from outside. This is the basis for its enforceability mentioned above. The standards themselves can be derived through dialogue, but they can also be acquired from outside the enterprise by management. In fact, it may be tempting to rely on an analytical rather than a dialogue-based approach in order to improve on overall coherence, congruence with the legal environment, and compliance with outside standards. As a result, it may be tempting to implement compliance codes from the "top-down." Depending on how enforcement is handled, such codes may not be accepted by staff members if they do not have a sense of ownership of the concepts and standards. Further, a compliance code can grow very quickly to encyclopaedic size because its precision requires that many different cases be addressed independently. A large number of rules in concert with strong enforcement can reduce the impetus for participants to exercise their own judgement, and staff members become mere "cogs in a wheel" rather than independent thinkers and agents. From an outcome-oriented perspective this can be problematic both in terms of the efficiency (via reduced workplace quality), and effectiveness (via impoverished quality of decisions) of the enterprise - not to mention that a high workplace quality is a desirable outcome in itself. However, these potential limitations do not always become realized, and should be considered in concert with the important benefits of compliance codes outlined above.

It should be clear from this brief outline that both values-based and compliance codes provide key benefits. However, the question remains: is it possible to find a way to converge the various benefits into a single, coherent approach? (Incidentally, we can note that the coexistence and, perhaps, convergence of the two approaches is the status quo in the daily life of civil society. Our society also relies on a

somewhat intangible moral system in concert with a fairly specific legal system).

At this point it becomes worthwhile to consider some theoretical foundations and the history on which modern practical ethics is based. The basic traditions in ethics discussed below are ancient but have emerged particularly clearly during the last 200 years. An important lesson from the history of ethics is that there is no reason to hope that either "values" or "compliance" will likely win the current popularity contest. Instead, history has shown that it is very helpful to remain aware of at least three different ethical perspectives. The choice of a single option *via* the complete exclusion of the other two cannot be recommended.

**Codes in the Context of
Three Basic Traditions in Ethics**

A simple way to explain why different traditions in ethics coexist is to inquire how we would describe "the good world." **Table 1** illustrates three different plausible conceptions.

It is difficult to argue outright that one of these perspectives trumps the others. Further, the three options presented in Table 1 map (to some extent) onto what is commonly called the main ethical traditions, namely (1) virtue ethics, (2) deontology and (3) utilitarianism – another reason to believe that they are persistent options to describe our human experience.

Table 2 shows the three main ethical traditions in relation to the language used in ethics codes and management. It is fairly easy to relate two of the three ethical traditions to the two types of ethics codes discussed above. What is curious is that *utilitarianism* cannot be mapped onto a matching type of ethics code. I argue in this paper that a third type is needed. **Chart 1** illustrates that such a matching type of ethics code could be appropriately named *outcome-oriented code*.

The simplification used in **Table 2** and **Chart 1** requires a generous reading by specialists in the history of philosophy, but it does provide some insights into the philosophical underpinnings of the options available to authors of ethics codes. Virtue ethics (for example Aristotelian ethics) clearly does emphasize the importance of character, values and dialogue. Deontology (for example Kantian ethics) clearly does emphasize duty, standards (imperatives) and rational analysis. Utilitarianism (for example John Stuart Mill's ethics) clearly does recognize the importance of good outcomes (as opposed to outputs) – just as specified in modern management contexts. But it is necessary to recognise that the three traditions are not independent: virtue ethicists are interested in standards and outcomes, deontologists are interested in motives and utilitarians consider the importance of rules.

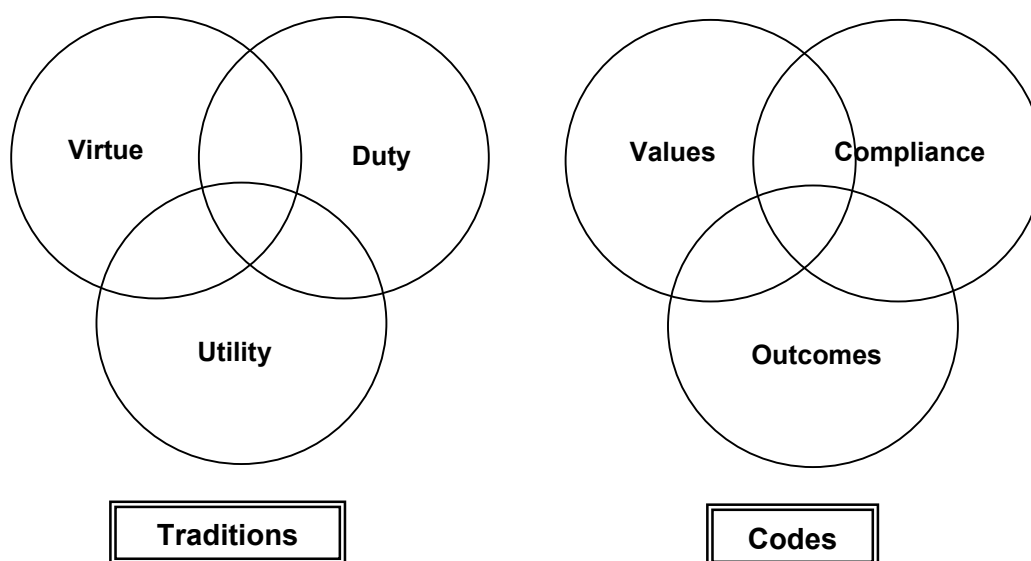
Table 1: Responses to the Task: “Describe the Good World” and Implied Focus

The good world is ...	Focus
... a world populated by virtuous people	(1) Attitude or character
... a world in which the use of, e.g., the Golden Rule is pervasive	(2) Rules to guide actions
... a world in which, e.g., overall happiness is maximized	(3) Goals to guide actions

Table 2: Ethical Traditions in Relation to Language Used in Ethics Codes and in Management

Tradition	Focus
Virtue Ethics	(1) Values (character, intentions, motives, attitudes)
Deontology	(2) Standards (compliance) , duty, rules, means (emphasize consistency)
Utilitarianism	(3) Outcomes , consequences, goals, ends (emphasize context and flexibility)

Chart 1: Comparison of Ethical Traditions and Types of Ethics Codes



The Third Option: Outcome-Oriented Codes

In the debate of values vs. compliance codes, outcome-oriented codes provide a missing link – the piece that renders the system complete and enhances meaning. From the point of view of many managers (for example managers in the Canadian Government who ought to manage for "Results for Canadians") it will sound attractive to see any activity in terms of whether it is outcome-oriented. What type of code would deserve this label? Recognizing that both values-based and compliance codes provide important outcomes, a good outcome-oriented code is simply the best combination of

the elements provided by the two traditional approaches for a given environment. In some contexts a code should lean towards a compliance orientation and in other contexts a values-based orientation will provide better outcomes. However, the points made in this paper should support the view that it is always desirable to consider both. **Table 3** summarizes the points made so far (plus a few very closely related ideas and observations to improve the utility). The table provides a menu of elements that could be desirable in an outcome-oriented code.

Table 3: Potentially Desirable Elements of an Outcome-oriented Code

Values-based Perspective	Compliance-based Perspective
Flexibility	Consistency
Capable of informing decisions on unexpected issues	Standardized decision-making is predictable for outsiders and insiders
Lends itself to a dialogue approach	Lends itself to an analytic approach
Fosters team work	Fosters precision
Aids developing a dynamic workplace culture	Aids building a "safe," predictable workplace
Provides the actual values held in an organization	Organizational environment can be taken fully into account
"Owned" by all	Implementation can be "top-down"
Brief	Detailed
Maintains elbow-room for own judgements	Enforceable
On the qualitative, subjective end of the spectrum	On the quantitative, objective end of the spectrum
Good outcomes at the workplace are achieved through the good judgement of participants	Good outcomes at the workplace are achieved through enforcement
Good outcomes in the environment are achieved because an empowered, thinking, and cooperative staff works together	Good outcomes in the environment are achieved because standards are cleanly matched to the environmental requirements and corruption is actively prevented through audit and enforcement

Are values or compliance-based codes better? The answer has to be "both". Can the concept of outcome-oriented codes help? I believe the answer is "yes," because "outcome-oriented" codes focus us on results rather than tools. After all, values and standards are not ends-in-themselves. Starting the process with the goal of an outcome-oriented code should help lead us away from the stale discussion of the relative merits of the two traditional approaches (values and compliance). Instead, it leads us to the search for the best elements required to build a code that fits the task at hand. Considering the significant desirable attributes each of the two traditional approaches provide (**Table 3**), such a code contains elements from both in most cases. Striking the optimal balance between values and compliance requires, first, that one accept that a pluralism of defensible perspectives drives the interminable debate between advocates of values-based and compliance-based codes.

Second, one needs to understand and evaluate the relative merits of the two different approaches in the context of the task at hand. Third, one needs to put indicators in place that track the extent to which the various (and sometimes conflicting) merits are actually achieved. And last, one needs to build and adapt the code based on the empirical evidence the indicators provide. Achieving a workable convergence is an art, as is the practice of good management. If the convergence proves effective, then I would suggest that the label "outcome-oriented code" is deserved and most accurate.

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