

# Ethical Dilemmas In The Third Sector

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# What is Ethics?

## Why is it relevant?



# Relevance

- Risk management
- Sound HR practices
- Accountability: donors, government, public, staff, volunteers
- Reputation
- Building social capital

# Threats to Acting Ethically

- Legalism: the inability to see moral obligations beyond the law
- Tribalism: the belief that the organisation is always right
- Moral relativism: excusing unethical practices because others in the industry are doing it
- Authority: that is not subject to questioning or dissent (Milgram)

# What is Ethics?

“ETHICS IS ABOUT RELATIONSHIPS.

IT’S ABOUT STRUGGLING TO DEVELOP A WELL-  
INFORMED CONSCIENCE.

IT’S ABOUT BEING TRUE TO THE IDEA OF WHO WE ARE  
AND WHAT WE STAND FOR.

IT’S ABOUT HAVING THE COURAGE TO EXPLORE  
DIFFICULT QUESTIONS.

IT’S ABOUT ACCEPTING THE COST.”

Dr Simon Longstaff  
St James Ethics Centre

# Values and Principles

Influence of:

- Family
- Education
- Religion
- Life experience
- Role models
- Workplace colleagues

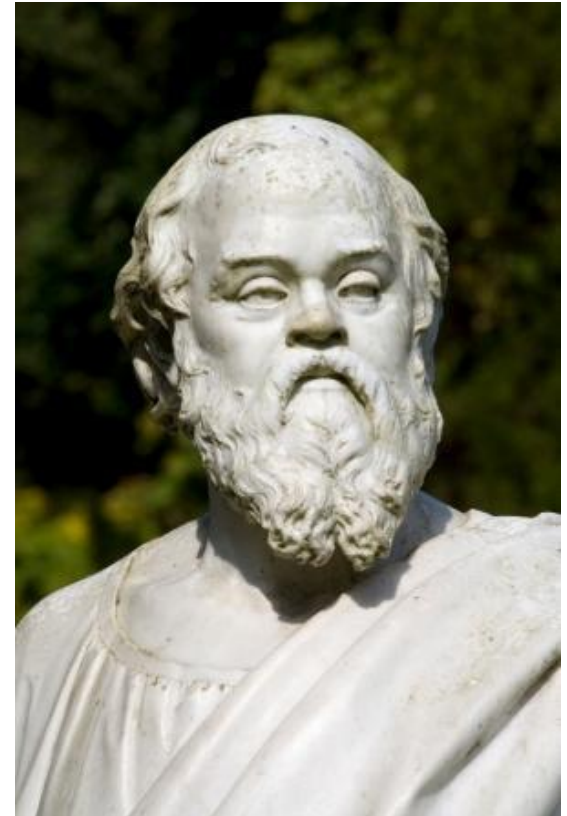


# Ethics, Values and Principles



# Ethical Approaches

Socrates: What ought one do?





# Outcome-based Approach

- Outcome or consequence of an action
- The ends justify the means
- Utilitarianism: Greatest good for greatest number (govt social policy)
- Corporations (profit, shareholder value)
- Issue: minority groups

# Duty-based Approach

- An act is ethical if it is a good general rule for people to follow
- Principles guide behaviour regardless of outcomes
- UN Declaration of Human Rights
- Codes of Ethics
- Issue: Cultural relativism

# Duty-based Approach

Kant:

- Act according to universal laws
- Treat people as ends not means
- Divine command – 10 Commandments
- Golden rule, Hippocratic oath
- Issue: actions conditional on situation

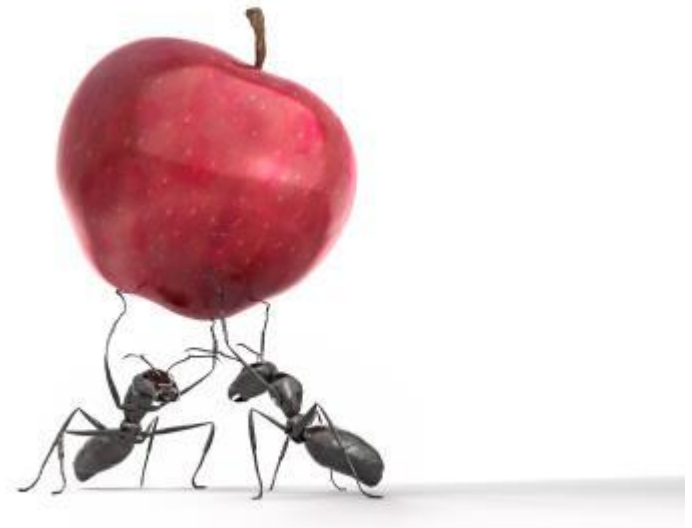
# Character-based Approach

- Aristotle
- Character of the individual rather than principles or outcomes
- Practical wisdom, integrity, good judgement
- Golden mean

# Dilemmas

- Executive remuneration
- Corporate partnerships
- Board governance
- HR practices
- Volunteers:
  - Relationship between paid roles and volunteer roles (cheap option?)
  - Protection of volunteers (insurance, work practices, privacy, confidentiality)
  - Skilled volunteering (under-utilisation, mismatch of skills)
  - Social inclusion of volunteers (NESB, groups with special needs)

- Making  
Your Decision  
Making  
Your Decision



# Overview

- Frame the story
- Identify the dilemma
- Generate the options
- Evaluate
- Act

# Principles

1. Which alternative generates the best outcome i.e. maximises benefit over harm?
2. Which alternative makes a good general rule for people to follow?
3. Which alternative would a person with practical wisdom choose?



# Principles

4. Which alternative best promotes the common good of stakeholders?
5. Which alternative could you live with if it was done to you?
6. Which alternative would you be prepared to support in public?
7. Which alternative reflects your organisation's values and principles?

# Final check

- Sunlight test:

Would you be happy to defend your decision if it was printed on the front page of the newspaper?

# Developing an Ethical Culture

- ASX Best Practice Corporate Governance Principles
  - Clarify responsibilities (board/management)
  - Structure the board to add value
  - Manage risk
  - Conflicts of interest
  - Respect stakeholders
  - Evaluate performance

# Volunteering Australia National Standards

- Documented Policy and Procedures
- Management Responsibilities
- Documented Recruitment, Selection and Orientation
- Specify and control work and workplace
- Training and Development
- Service delivery
- Documentation and Records
- Continuous improvement

# Developing an Ethical Culture

- Leadership from the top
- HR Policies and Procedures (EEO, anti-discrimination, supervision, training)
- Codes of Ethics and Conduct
- Complaints Mechanism

# The unexamined life is not worth living

Socrates (5th Century BC)