COVID-19: a time for ethical decisions

In times of crisis, leaders must make tough choices. But don't neglect ethics for guiding businesses to stay true to their missions and to identify opportunities for change.



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A crisis, even one of the proportions of COVID-19, is no justification for losing business integrity. Indeed, there are three main reasons why remaining ethical is more important than ever for socially responsible companies: first, because any "ethical blackout" will entail short-, medium-, and long-term costs; second, in order to stay true to the principles and commitments of the company, responding to the needs of all stakeholders; and third and above all, because a crisis such as this also represents an opportunity for change.

A statistical analysis by the Center for Reputation Leadership, carried out in Italy between

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January and March, found that a large number of Italian citizens believe that their company is better prepared than their government to face the coronavirus crisis. Although this data centers only on Italy, it echoes a trend also seen in Germany, Belgium, the United Kingdom, and elsewhere: that, in general, society believes and expects that companies will rise to the occasion. With many eyes watching the steps each company is taking in these times, any decision taken will make a bigger impact than usual. Betting on social responsibility and ethical commitment is always a good idea, especially at a time when society itself expects and demands it.

Social repercussions apart, approaching COVID-19 challenges with integrity is a question of principle. A company that acts against its principles in a crisis is acting against itself, by delegitimizing its culture and corporate values. Such acts will be seen as hypocritical and past ethical commitments as opportunistic. Instead, maintaining consistency with stated principles will reinforce culture and values both inside and outside the company. Being transparent in communication, looking for solutions for all stakeholders and above all, for workers, is essential.

Finally, the crisis generated by COVID-19 should be seen as a great opportunity to change. Thinking with regards to the business's key principles can be the impulse to make changes that were, until now, unthinkable. The speed with which many companies have adapted to teleworking speaks of a capacity for change that had been blurred by inertia and everyday duties. Why limit the changes to an emergency situation? Why yearn for a return to a reality that, though comfortable, had its own serious social and environmental problems?

While acknowledging that companies must meet the needs of various stakeholders, the World Economic Forum considers that the COVID-19 crisis is the time to take bold actions. With an attitude that encourages reflections on a company's mission, transparency with its stakeholders and consistency with its founding principles in all decisions, business leaders responding to the current crisis will be able to transform a fight for survival into a call for new ways of working.

How can your business continue to be socially responsible during the COVID-19 crisis?

Focus on four concerns: human rights, work, the environment and anticorruption.

- **Human rights:** Protective measures against COVID-19 should be accessible to all your employees, particularly the most vulnerable.

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- **Work:** Try to maintain contracts with your providers, watch over the health of your employees and preserve their rights in the face of the economic impact of the pandemic.
- **Environment:** How has teleworking reduced your carbon footprint? What measures can be implemented in the future to combat global warming?
- **Anticorruption:** Design inclusive, consistent and transparent policies. Ensure that your goods and services are being sold ethically.

This text is an extract from the working paper "Strengthening business integrity in the face of the Covid-19 crisis" by IESE professor Joan Fontrodona and Philip Muller.

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