Making good decisions in times of crisis

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During a recent conversation with a senior executive, she expressed a sentiment that many of us share: "*When the pandemic has passed, I want to be able to say that, at the hardest of times, I did my best to do the right thing*". During this pandemic, leaders are expected to make difficult decisions with far-reaching consequences.

Ethical decision-making becomes even more important in times of crisis

Leaders are constantly faced with ethical decisions, with all of the challenges associated with meeting the expectations of various stakeholders – investors, employees, customers, partners, regulators, local communities, and society at large. These decisions are rarely simple, bringing together financial considerations with deep-rooted beliefs about the right thing to do: Costco's raising of its minimum wage, Woolworths' decision to get out of liquor and gambling and Salesforce's decision to bar certain firearms companies from using its services all represent tough decisions informed by ethics and values. Leaders must make decisions with limited knowledge, predicting their impact, and have confidence and trust that the compromises and trade-offs are the right ones.

In this period of urgency and uncertainty, leaders are faced with even tougher decisions. They must make up their minds about big issues such as the future of work, scenarios for economic recovery, and the impacts of their decisions on both – with little data at hand. The crisis also poses ethical challenges with severe and immediate impacts, such as

maintaining the safety of essential workers, balancing the provision of critical and scarce healthcare resources across the globe, deciding whether to lay off staff, or continuing to operate with reduced or no pay.

It is easy to get caught up in the emotion, subjectivity, and difficulty of each decision. These tough choices demand an even more thoughtful approach to decision making, rooted in ethical principles that help us to determine the right thing to do. Ethics can guide our decision making toward consistently doing the right thing, enabling us to emerge stronger and with greater trust.
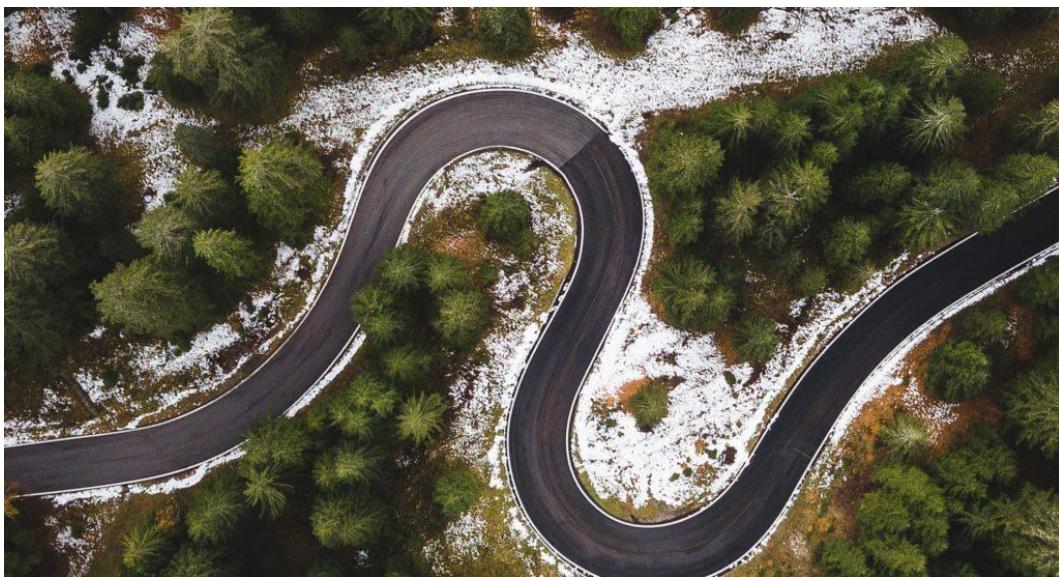
The three P's for effective ethical decision-making

We have identified "three P's" to serve as guidelines for ethical decision-making: Purpose, Principles, and Priorities.

Align your decisions with your Purpose: An organization's purpose should clearly articulate what your organization does, why, and for whom. It expresses what the organization contributes to society, supported by its organizational values. In times of crisis, purpose can be – and should be – the foundation upon which the organization lays out the path ahead. We are seeing companies stand firm in their purpose and work towards supporting the global fight against Covid-19, including Google's $800+ million pledge to stand by its mission of "supporting small

businesses", 3M's efforts to donate its production of medical masks to the health sector in alignment with its purpose of "maximising social impact", which also underpins their partnership with Ford Motor Company to build more respirators; and SAP's €3 million Emergency Fund to continue to "improve people's lives" through support for the social sector. Guided by their values, be fair and justifiable to everyone affected by the actions of the organization, and be sufficiently concrete and well-articulated to ensure effective implementation. An example of this is is Johnson & Johnson's COVID-19 ethical decision-making framework, which is tied closely to their "Credo" and lays out clearly how the company will allocate supply of its products.

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purpose, these companies were able to quickly make good decisions on activities and investments that help them to pursue their mission in the most challenging circumstances.

Follow agreed and actionable Principles: Given limited regulatory guidance on ethical decision making, it is important for organizations to structure their own response to the ethical challenges they face. Having a set of agreed and actionable principles that guide decision making mitigates the risk of subjectivity, gut reactions, and biases. These principles should be tied to organizational purpose and

Prioritise and plan your decisions and actions: A clear purpose, combined with a set of actionable principles, provides organizations with the foundation of ethical decision making. However, it is equally important for leaders to know how to prioritise their decisions, especially as they are faced with new challenges and trade-offs during this crisis. Consider the severity and urgency of the issue at hand, the future state that your decision will lead to, as well as the availability of resources. Think carefully about vulnerable groups and unintended consequences. Johnson and Johnson included a prioritisation

3
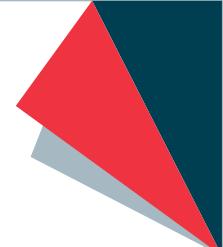
model as part of their ethical decision-making framework, clearly stating order of priority and associated reasons. Another example is the U.S. Public Health Service's prioritisation model for testing patients for COVID-19, which aims to drive consistency in decision making. Last, ensure that you have transparent and compassionate communications to drive support for this plan across the organization.

How you make decisions today – during the tough times – will reflect on both you as a leader and your organization long after the pandemic is over. Play your part by making ethical decisions that build on your organizational purpose, are guided by principles, and are prioritised well.

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Principia Advisory is the leading advisory firm on organizational ethics. We work with our clients to translate values and principles into consistent, ethical decision-making and action. Our proven methodologies draw on behavioural science, organizational psychology, and moral philosophy to enhance organizations' ability to consistently do the right thing.