Daniels Fund Ethics Initiative Principles and Other Ethics Principles Lists or Checklists

Editors:
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The paragraphs below come verbatim from a letter written by Bill Daniels to C.A. Sammons of the Reserve Life Insurance Company in Dallas, Texas. The letter, dated December 6, 1960, totals nine pages, in which Bill addresses several business issues and challenges he and Mr. Sammons were experiencing as partners in several cable television investments. While the various issues Bill wrote about were not altogether unusual among business partners, Bill did feel the need to reinforce his personal principles related to honesty, obligation, and ethical business practices by stating the following near the close of his letter:

“Honesty is of utmost importance to any man, and I want to tell you a little story. I moved to Casper, Wyoming in 1952. I had $2,000 to my name. I opened an insurance agency and struggled for three years working on the insurance company's money, always paying my bills, when one of the insurance companies that I represented went broke. Two weeks after the company took bankruptcy, one of my clients to whom I had sold a liability policy was sued by the Burlington Railroad for $12,500. A judgment was entered against my client in the amount of $11,000. I made a deal with the Burlington Railroad to pay this judgment off at $500 per month, over a 22 month period. I did not have to do this, but I had a strong conviction that I owed this to my insured, who had placed his faith in my handling of his insurance business. During this time, the $500 payment was more than I was making per month. I managed, however, through borrowing and juggling of finances to do this.
As one can see from the example above, the principle of honesty was very important to Bill Daniels. In 2011 and 2012, the Daniels Fund Ethics Initiative Principles were developed to encapsulate the principles of business ethics that were important to Bill Daniels (see below).
Others have developed their own ethical checklists or lists of principles. Although they share many attributes, each is slightly different. Some examples are included in the pages that follow.

**12 Ethical Principles for Business Executives by Michael Josephson**


Ethical principles are standards of conduct defining the kind of behavior an ethical person should and should not engage in. The following list of principles incorporate the characteristics and values that most people associate with good character and ethical behavior.

These principles not only provide a guide to making decisions they also establish the criteria by which your decisions will be judged by others.

Abraham Lincoln described character as the tree and reputation as the shadow. Your character is what you really are; your reputation is what people think of you. Thus, your character is determined and defined by your intentions and the extent to which you guide all your actions by these ethical principles while your reputation is purely a function of perceptions. In business, both are important.

Trust, one of the most important assets a successful executive needs, can be strengthened or destroyed by both your actions and the way your actions are perceived in relation to these twelve principles:

1. **Honesty.** Ethical executives are, above all, worthy of trust. They are honest in all their actions and communications. They are not only truthful they are candid and forthright. Ethical executives do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means and when trust requires it they supply relevant information and correct misapprehensions of fact.

2. **Integrity.** Ethical executives earn the trust of others through personal integrity. They demonstrate moral courage, doing what they think is right even when there is great pressure to do otherwise. Ethical executives are principled, honorable, upright and scrupulous. They fight for their beliefs and do not sacrifice principle for expediency.

3. **Promise-Keeping.** Ethical executives can be trusted because they make every reasonable effort to fulfill the letter and spirit of their promises and commitments. They do not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize non-compliance or create justifications for escaping their commitments.

4. **Loyalty.** Ethical executives justify trust by being loyal to their organization and the people they work with. They do not put their loyalty above other ethical principles but they place a high value on protecting and advancing the lawful and legitimate interests of their companies and their colleagues. They faithfully safeguard their ability to make independent professional judgments by avoiding undue influences and conflicts of interest and they do not use or disclose information learned in confidence for personal advantage. If they decide to accept other employment, ethical executives provide reasonable notice, respect the proprietary information of
their former employer, and refuse to engage in any activities that take undue advantage of their previous positions.

5. Fairness. Ethical executives strive to be fair and just in all dealings. They do not exercise power arbitrarily nor do they use overreaching or indecent means to gain or maintain any advantage nor take undue advantage of another’s mistakes or difficulties. Ethical executives manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity. They are open-minded; willing to admit they are wrong and, where appropriate, change their positions and beliefs.

6. Caring – Concern for Others. Ethical executives are caring, compassionate, benevolent and kind. They always consider the business, financial and emotional consequences of their actions on others and seek to accomplish their business objectives in a manner that causes the least harm and the greatest positive good.

7. Respect for Others. Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity regardless of sex, race or national origin. Ethical executives adhere to the Golden Rule, striving to treat others the way they would like to be treated.

8. Law Abiding. Ethical executives abide by laws, rules and regulations relating to their business activities.

9. Commitment to Excellence. Ethical executives pursue excellence in performing their duties, are well-informed and prepared, and constantly endeavor to increase their proficiency in all areas of responsibility.

10. Leadership. Ethical executives are conscious of the responsibilities and opportunities of their position of leadership and seek to be positive ethical role models by their own conduct and by helping to create an environment in which principled reasoning and ethical decision making are highly prized.

11. Reputation and Morale. Ethical executives seek to protect and build the company’s good reputation and the morale of its employees by engaging in no conduct that might undermine respect and by taking whatever actions are necessary to correct or prevent inappropriate conduct of others.

12. Accountability. Ethical executives acknowledge and accept personal accountability for the ethical quality of their decisions and omissions to themselves, their colleagues, their companies, and their communities.
The 10-Point Ethics Checklist

Today, Sylvie and I stumbled onto another bad Internet marketing sin perpetrated by an online marketer. This person is not as well-known, but judging from their style they’re definitely a student of some of the top “gurus.”

When we shared this with our platinum coaching group, a member sent this amazing “10-point ethics checklist,” which he and his employees use in his company as guidelines in defining if a marketing or business strategy is worth doing.

That list is nothing short of brilliant.

With his gracious permission, Darrin Clement allowed me to reprint it here for you. I urge you to read it. Go through it when you’re thinking about implementing a new marketing or sales tactic, or when you’re about to buy into one. It’s that powerful. Here’s the list…

1. **Golden Rule:** Would I want people to do this to me?
2. **Fairness Test:** Who might be affected and how? Is this fair to everyone?
3. **‘What if everybody did this?’ Test:** Would I want everyone to do this? Would I want to live in that kind of world?
4. **Truth Test:** Does this action represent the whole truth and nothing but the truth?
5. **Parents Test:** How would my parents feel if they found out about this? What advice would they give me?
6. **Children Test:** Would I be willing to explain everything about this to my kids and expect them to act in the same way?
7. **Religion Test:** Does this go against my religion?
8. **Conscience Test:** Does this go against my conscience? Will I feel guilty?
9. **Consequences Test:** Are there possible consequences of this action that would be bad? Would I regret doing this?
10. **Front Page Test:** How would I feel if my action were reported on the front page of my hometown paper?
You can resolve any ethics dilemma you face by running through this series of questions” and only one of them really matters.

Peter Drucker, the late management guru, said: “As to ‘ethical problems’ in business, I have made myself tremendously unpopular by saying, again and again, that there is no such thing as ‘business ethics.’ There is only ethics.”

You can solve most ethical dilemmas by running down this checklist, which I've used successfully for 30 years at my company. It's pretty simple: If the action in question fails any one of these tests, just don't do it.

- **Is it legal?** This is a given, but you'd be surprised how many people don't know local, state and federal laws. Knowing what's right doesn't mean much unless you **do** what's right.

- **How will it make you feel about yourself?** Ask yourself how you will feel about yourself if you act or don't act in a given situation. Abraham Lincoln was once asked about ethics and he quoted an old man he had once heard speak at a church meeting in Indiana. The old man said, “When I do good, I feel good; and when I do bad, I feel bad.”

- **How do others feel about it?** I have a kitchen cabinet of people whom I can talk to and bounce ideas off. Two heads are better than one, and three heads are better than two. These are trusted friends and co-workers. Get their opinion on a situation. You want to see all sides.

- **How would you feel if your actions were made public?** No one ever wants to see his or her name linked to anything bad. Conscience is like a baby. It has to go to sleep before you can. If you don't want co-workers, family and friends to know about something, then it's a sure bet the action is questionable.

- **Does the behavior make sense? Will it hurt others?** If you're worried about getting caught at something, it doesn't pass the smell test.

- **Is it fair?** Ethical decisions ensure that everyone's best interests are protected. When in doubt, don't.

- **Will people in authority approve?** What would your supervisor say? Get a manager's opinion. We have an open door policy at MackayMitchell Envelope Company for employees to discuss anything with managers.

- **How would you feel if someone did the same thing to you?** The Golden Rule is always an appropriate standard.

- **Will something negative happen if you don't make a decision?** Sometimes not taking action can result in harm to others.

- **And finally, and most important of all: Would you do this if your mother was watching?...**

**Mackay's Moral:** If you have integrity, nothing else matters. If you don’t have integrity, nothing else matters.
# Ethics Checklist

**Teco Energy Ethics Self-assessment Checklist**

Source: [http://www.tecoenergy.com/about/ethicsandcompliance/ethicschecklist/](http://www.tecoenergy.com/about/ethicsandcompliance/ethicschecklist/)

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The Ten-Step Method of Decision Making


Before You Get Started: Do a Preliminary Ethical Assessment. Use two tests to determine to what degree there is a significant ethical dimension to this situation.
1) Value-conflicts. How different are the kinds of values held by different stakeholders?
2) Consequences. How significant are the possible consequences of this situation?

1. Identify the Key Facts
   □ “Role play” key stakeholders to see what they see as facts.
   □ Watch out for assuming causative relationships among coincidental facts.

2. Identify and Analyze the Major Stakeholders
   □ Make sure to identify both direct and indirect stakeholders.
   □ Genuinely “walk in their shoes” to see what they value and want as a desired outcome.

3. Identify the Underlying Driving Forces
   □ Think like a M.D. – look for what’s beneath the presenting symptoms.
   □ Use these driving forces to develop your Step 8 preventive component.

4. Identify/Prioritize Operating Values and Ethical Principles
   □ Think of this step as determining the up-front “design parameters” for an effective solution.
   □ Don’t rush this step – building consensus here will pay off later.

5. Decide Who Should Be Involved In Making the Decision
   □ All stakeholders have a right to have their best interests considered.
   □ If you can’t actually involve all stakeholders, have someone “role play” their point of view.

6. Determine and Evaluate All Viable Alternatives
   □ Critical: all possible alternatives must pass the 3-part review-gate criteria.
   □ Imagine possible consequences of each alternative cascading down on each stakeholder.

7. Test Preferred Alternative with a Worst-Case Scenario
   □ This step helps prevent a “rush to judgment” towards a wrong solution.
   □ Emphasize this step when all stakeholder interests are not being adequately considered.

8. Add a Preventive Component
   □ “Problem-solving heroes” want to get on to the next problem and won’t take time for this step.
   □ Only immediate-solution decisions usually come back to bite you.

9. Decide and Build a Short and Long-Term Action-Plan
   □ The devil’s usually in the details – take the time needed to be detailed and comprehensive.
   □ Make sure that the means used in your action-steps correlate with your desired ends.

10. Use Decision-Making Checklist
    □ Become thoroughly familiar with this end-point checklist before you get started in Step 1.
    □ Don’t allow group-think here – make sure everyone involved fills
Effective Decision-Making Confidence Scale
Using the 0 through 6 scale, evaluate your immediate and preventive-solution decisions and action-steps against the following eight tests. Then, total all answers, check the appropriate Decision-Making Confidence Scale, and follow the suggested actions.

Rating Scale: Not At All 0---------6 Totally Yes

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<th>Rating Scale</th>
<th>0</th>
<th>1</th>
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<tr>
<td>1. Relevant Information Test. Have we obtained as much information as possible to make an informed decision and action-plan for this situation?</td>
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<td>2. Involvement Test. Have we involved as many as possible of those who have a right to have input to, or actual involvement in, making this decision and action-plan?</td>
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<td>3. Consequentialist Test. Have we attempted to accommodate for the consequences of this decision and action-plan on any who could be significantly affected by it?</td>
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<td>4. Ethical Principles Test. Does this decision and action-plan uphold the ethical principles that we think are relevant to this situation?</td>
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<td>5. Fairness Test. If we were any one of the stakeholders in this situation, would we perceive this decision and action-plan to be fair, given all of the circumstances?</td>
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<td>6. Universality Test. Would we want this decision and action-plan to become “universal law” so it would be applicable to all – including ourselves – in similar situations?</td>
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<td>7. Preventive Test. Does this decision and action-plan prevent or minimize similar situations from happening again?</td>
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<td>8. Light-Of-Day (or 60 Minutes TV Program) Test. Can our decision and action-plan – including how we made it – stand the test of broad-based public disclosure so everyone would know everything about our actions?</td>
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Check Totals: How confident can you be about the efficacy of your decision making?

- **44 – 48** Extremely confident – Do not need to revise your decision.
- **39 – 43** Very confident – Do not need to revise your decision.
- **33 – 38** Somewhat confident – Should revise your decision.
- **24 – 32** Not very confident – Definitely revise your decision.
- **0 – 23** Not at all confident – Definitely redo your entire analysis.
A General Ethics Checklist

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<th>Questions</th>
<th>Yes/No</th>
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<td>(1) Does my decision treat me, or my company, as an exception to a</td>
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<td>convention that I must trust others to follow?</td>
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<td>(2) Would I repel customers by telling them about my decision?</td>
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<td>(3) Would I repel qualified job applicants by telling them about my</td>
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<td>decision?</td>
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<td>(4) Have I been cliquish? (If answer is “Yes,” answer Questions 4a to</td>
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<td>4c. If answer is “No,” skip to Question 5.)</td>
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<td>(4a) Is my decision partial?</td>
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<td>(4b) Does it divide the goals of the company?</td>
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<td>(4c) Will I have to pull rank (use coercion) to enact it?</td>
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<td>(5) Would I prefer avoiding the consequences of this decision?</td>
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<td>(6) Did I avoid any of the questions by telling myself that I could get</td>
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<td>away with it?</td>
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Ethics Vignettes for Marketing Research: How to Apply the Hyman, Skipper, and Tansey Ethics Checklist
Source: Marketing Research Kit for Dummies, 2010 (Hyman and Sierra)

Case #1: Pretend you’re a marketing manager for the Fun in the Sun Company, which manufactures and sells women's swimwear. You’re having difficulty making decisions about a new product line. To help, you need information about how women put on swimwear. Is it OK for you to order a study in which two local store owners agreed to place hidden video cameras in their dressing rooms? This study would allow observers to gather the necessary information, and then some.

The checklist says: Such a study would trigger ‘Yes’ answers to checklist questions #1, 2, and 3. Unless you’re a frequent visitor to Black’s Beach in San Diego or the Greek islands, watching nude women is not a convention. It’s unlikely that current Fun in the Sun customers would continue buying from the company if they learned about this study. Most job applicants would wonder about their own privacy if they worked for a company that violated its customers’ privacy in this way. Thus, it’s not OK.

Case #2: In a trial run of a major presentation to the Board of Directors, the VP of marketing for your company deliberately distorted some recent research findings. Is it OK for you to ignore the matter because the VP knows what he’s doing?

The checklist says: Such behavior would trigger ‘Yes’ answers to checklist questions #1, 3, 4a, 4b, and 5. You’re condoning a lie by looking the other way. Job applicants would be leery of working for a company with employees who condone lying. Your action would be partial (by favoring the marketing department) and divide the goals of the company (in this case, career advancement and salary bonuses for a few people versus long-run company profitability). Such distortions eventually will undermine company performance, so you’d prefer to avoid the consequences of saying nothing. Thus, it’s not OK.
Case #3: To ensure proper data analysis—by allowing interviewers to re-contact respondents who failed to provide key information—you decide to use ID numbers on questionnaires for a small survey. Your cover letter for the questionnaire promises respondent anonymity. **The checklist says:** Such behavior would trigger ‘Yes’ answers to checklist questions #1, 2, 3, and 4a. Lying is wrong and no one likes a liar. Clearly your decision is partial to you and the success of your survey.

Case #4: You’re conducting a study for a regular client. This study is about to go into the field when the questionnaire you sent to the client for final approval comes back drastically modified. Your client has rewritten it, introducing leading questions and biased scales. An accompanying letter indicates that the questionnaire must be sent out as revised. You don’t believe that valid information can be gathered using the revised instrument. Is it OK for you to field the survey? **The checklist says:** Fielding this survey would trigger ‘Yes’ answers to checklist questions #1, 2, 3, 4a, 4b, and 5. Unprofessional behavior and ignoring your clients’ well-being are not conventions. Other clients wouldn’t want to believe you’d waste their money this way. Job applicants would prefer working for companies with satisfied clients. Your unwillingness to confront the client means falsely profiting, and companies that don’t protect their clients don’t stay in business long, which means you’d prefer working elsewhere before the excrement hits the fan. Thus, it’s not OK.

Case #5: Recent and reliable research shows that many consumers are misusing UseALot, a product distributed and sold through local retailers. This misuse isn’t dangerous; consumers are simply wasting their money by using too much UseALot at a time. The manufacturer provides displays, which seem to encourage this misuse, to all retailers. Assume you’re a retailer who carries UseALot, is aware that consumers are misusing it, and that the manufacturer’s display encourages this misuse. Is it OK for you to continue to use this display? **The checklist says:** Continuing to use the display would trigger ‘Yes’ answers to checklist questions #1, 2, 3, and 4a. Cheating your customers isn’t an accepted convention, and that’s what you’re doing if you encourage them to buy more of a product from you than necessary. Most job applicants prefer not to cheat customers, and using the display boosts your profits at your customers’ expense. Thus, it’s not OK.

Compliance and Ethics Decision-Making Checklist

When faced with a business decision for which there’s no set policy or clear course of action, use the Core Values (discussed on page 1) and your own good judgment to determine the best approach. In addition, ask yourself the following questions:

- Will I feel comfortable with my decision?
- Could I explain it to my parents or children?
- How would it look in a newspaper?
- Have I made a decision that is fair and just?
- Have I verified the significant facts?
- If I’m not sure, have I asked?
- Have I determined if it’s legal and within policy?
My Ethical Decision Making Checklist
Source: Loraine Ortiz, Edison School of Business,
http://www.rochesterbusinessethics.com/Portals/0/Loraine%20Ortiz%20Essay%20&%20Thank%20You.pdf

• Define the Problem and Choices
  o What is the dilemma?
  o What values are in conflict?
    f Honesty
    f Responsibility
    f Loyalty
    f Trust
    f Integrity

• What are my Choices?
  o Do the right thing
  o Make ethical decisions
  o What do I think is better for me and my family

• Who will be Affected by My Choices?
  o Me because I am the one who will have to pick what to do
  o My family will be affected if I pick the wrong choice
    f How? I can lose their trust and they can think that I am immature and irresponsible

• Will I Feel Guilty About Any of the Choices?
  o We can do the right thing and feel guilty
  o You can be honest but not loyal to a person
  o If you pick the wrong choice you will also feel guilty because you know that you are doing something wrong

• What if My Choice Made the News?
  o I would be proud if it was for a good thing but embarrassed if it was for the wrong choice

• What is the Most Ethical Decision?
  o The most ethical decision is the one that will not bring any bad consequences; to do what you think is better
A Framework for Ethical Decision Making

Recognize an Ethical Issue
1. Could this decision or situation be damaging to someone or to some group? Does this decision involve a choice between a good and bad alternative, or perhaps between two "goods" or between two "bads"?
2. Is this issue about more than what is legal or what is most efficient? If so, how?

Get the Facts
3. What are the relevant facts of the case? What facts are not known? Can I learn more about the situation? Do I know enough to make a decision?
4. What individuals and groups have an important stake in the outcome? Are some concerns more important? Why?
5. What are the options for acting? Have all the relevant persons and groups been consulted? Have I identified creative options?

Evaluate Alternative Actions
6. Evaluate the options by asking the following questions:
7. Which option will produce the most good and do the least harm? (The Utilitarian Approach)
8. Which option best respects the rights of all who have a stake? (The Rights Approach)
9. Which option treats people equally or proportionately? (The Justice Approach)
10. Which option best serves the community as a whole, not just some members? (The Common Good Approach)
11. Which option leads me to act as the sort of person I want to be? (The Virtue Approach)

Make a Decision and Test It
12. Considering all these approaches, which option best addresses the situation?
13. If I told someone I respect—or told a television audience—which option I have chosen, what would they say?

Act and Reflect on the Outcome
14. How can my decision be implemented with the greatest care and attention to the concerns of all stakeholders?
15. How did my decision turn out and what have I learned from this specific situation?
Ethics Decision-Making Checklist
Source: Ethics in Practice Net,
http://www.ethicsinpractice.net/~/media/EthicsinPractice/PDF/Checklist.ashx
CIMA – ethical checklist

CIMA is committed to upholding the highest ethical and professional standards and to maintaining public confidence in management accounting.

CIMA members and students are required to comply with the CIMA Code of Ethics and to adopt the fundamental principles to their working lives. Please visit www.cimaglobal.com/ethics to find out more.

1. Check all your facts and document wherever possible.
   - Identify all relevant facts.
   - Do not rely on word of mouth, or assumptions. Is it really your problem? Can anybody else help?

2. Is it ethical – have you considered the ethical issues involved?
   - Does it feel right?
   - How would you react if you saw it in a newspaper?
   - How would you feel about your peers, friends, family knowing about it?
   - Have you referred to the CIMA Code of Ethics?
   - Have you referred to your internal Code of Ethics/Code of Conduct and other internal policies?

3. Is it legal?
   - Is the issue in question regulated by the law – national and international?
   - Does it comply with rules, policies, standards and contracts imposed by relevant regulations, codes and by your employer?

4. Identify which fundamental principles are affected.
   - Integrity
   - Confidentiality
   - Professional competence and due care
   - Professional behaviour

See the fundamental principles below in more detail.

5. Identity the affected parties.
   - Who are the individuals, organisations and key stakeholders affected?
   - In what way are they affected?
   - Are there conflicts between different stakeholders?
   - Understand the effects of non-action – to the organisation, to yourself, and to society.

6. Possible course of action – internal and external escalation.
   - Escalate internally; consider grievance procedures.
   - Document every action you take to resolve the conflict.
   - Escalate externally to auditor, legal advisors, professional body.

7. Seek professional or legal advice.
   - Your internal whistle-blowing or speak up helpline.
   - Legal advisors.
   - CIMA ethics helpline to members and students.

8. Refuse to remain associated with the conflict.
   - If resolution seems unlikely, disassociate yourself from the issue – in writing if necessary.
   - Legal advice may be needed if it affects your employment status or if you are implicated in any way with the issue.

Fundamental Principles of the CIMA Code of Ethics*

100.5 A professional accountant shall comply with the following fundamental principles:
(a) Integrity – to be straightforward and honest in all professional and business relationships.
(b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgment.
(c) Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
(d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless it is in the public interest or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
(e) Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession.

* The CIMA Code of Ethics is based on the IFAC (International Federation of Accountants) handbook of the Code of Ethics for professional accountants, of the International Ethics Standards Board for Accountants (IESBA), published by IFAC in April 2010 and is used with permission by IFAC.