Has Covid Made Organisations More Ethical?

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Introduction

There is increasing concern generally about the ethics that operate in many organisations in Australia and elsewhere. Business ethics is the application of ethical values to business behaviour. These ethical values inform both the conduct of individuals and the conduct of organisations. They apply to all aspects of business, from decisions about strategy through to how staff, customers and suppliers are treated during everyday interactions.

The popular press contains many stories about organisations behaving in ways that are unethical and even illegal. In the last few years, examples include the Banking Royal Commission, the inquiry into Crown Casinos, the WE Charity scandal and many reports of wage theft in the hospitality industry. We have also seen increasingly trenchant arguments being made about the intrinsic inequality and unfairness of the growing gig economy and the resultant income insecurity. However, have things started to change during the COVID pandemic? Are organisations becoming more ethical?

The Rise in Ethical (Even Altruistic) Business Practices

During COVID we have seen several industries and individual businesses adopt behaviours that are ethical and could perhaps even be considered altruistic. Some are probably to be expected. Governments offered a range of payment deferrals and introduced the practice of paying their creditors within 20 days. Real estate owners have lowered or even waived the rents of their tenants. Banks have extended credit arrangements to businesses and deferred repayments on loans.

Organisations have provided staff with flexible work arrangements, recognised that staff have additional responsibilities and offered work arrangements that accommodate them having to take on tasks like home schooling. Some employers have offered paid leave to get vaccinated and others have offered incentives to staff and their customers. The hospitality industry, which has a reputation for the unethical treatment of staff, has been giving away free food to staff and the general population. Hospitality businesses have continued to employ staff (especially international students and visa holders who have no rights to welfare) when there is little for them to do and has offered their

facilities to welfare organisations. Woolworths has been concerned about modern slavery as supply chains from less regulated economies have come under pressure and have taken actions to ensure that their supply chains are slavery-free. Johnson & Johnson went as far as developing an ethical framework specifically to guide decision making during COVID. It had the aims of reducing suffering, saving the greatest number of lives, and supporting those who are working the frontlines of the pandemic.

These behaviours suggest that, in response to the COVID pandemic and its impacts on employees and customers, many organisations have reacted with very ethical responses. They have exhibited traits such as respect, loyalty and beneficence, traits that we have not seen exhibited by these industries in the past and are at odds with the reputations they have developed in recent years. But will it last?

Implications

Many would argue that good ethics are good business. Businesses that exhibit ethical behaviours retain customers, have loyal staff, and avoid legal issues. It could therefore be argued that businesses may continue to behave ethically because, during COVID, they have discovered the economic advantages of doing so. An example of this may be the adoption of hybrid work models – where staff can benefit from more flexible work arrangements. Employers who have been reluctant to allow such arrangements in the past may now be more open to allowing them. They have been forced to use them during the pandemic and they have learnt that they can be of benefit to staff without being costly for the organisation.

We know what millennial and Gen Z employees want from their workplace. They want an organisation that cares about them and they want to work for a business that behaves ethically. Organisations that have behaved well have the upper hand when it comes to recruiting young, eager, and talented staff.

But maybe most importantly, business owners may have discovered that behaving ethically and altruistically feels good – it is good for the soul. Sterimed management went to great effort to purchase suitable masks for its staff. Andrew (Twiggy) Forrest's Mindaroo Foundation purchased 10 million COVID test kits which were handed out to hospitals, clinics, and laboratories around Australia. Starbucks provided their staff and their families with free mental health support. It is not just big businesses making a difference. Plumber, Dan has spent his lockdown making hearts out of copper piping for sale. The proceeds go to local charities, including the Midlands Air Ambulance and several hospices.

Being able to treat people well, being able to help others and being part of a community is, of itself enough of a reward for business to be ethical.

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Carlene has worked at Australian Universities for almost 40 years. She is interested in how people experience difference in the workplace and how they engage in emotional labor to manage their relationships at work.