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Leading in Values: Ethics in the Corporate World

Picture a Tuesday evening - the final, high-stakes day of the financial quarter. A sales team is one order short of its quarterly number that would lead to higher incentives. A key customer says he will sign today only if the invoice is back dated to the previous week. Nobody in that room is inherently dishonest. Everybody has a target and a seemingly valid business justification to say yes. It is settled

in about ninety seconds, and it is precisely within these fleeting, quiet moments that the true reality of corporate ethics lives.

We usually picture ethics as something dramatic: a multi-crore fraud, a sudden regulatory raid, or a scandalous front-page corporate collapse. That picture is comforting, because it lets us decide ethics is somebody else's problem. However, the day-to-day reality is more granular and hopeful. Most people want to do the right thing, and most of the time they do. What decides the outcome is rarely a struggle between good and evil. Instead, it hinges on invoice date, the question that was courageously asked or left unasked.

As the Institute of Chartered Accountants of India (ICAI) commemorates Global Ethics Day on 21st October 2026, the theme of "Re-centering Ethics" — invites us to bring ethics back to where it does its best work: the boardroom, the business plan and the everyday decision making.

Where Ethics Is Kept, and Where It Slips

Ethics is kept, or slips, in small decisions. A target that must be met by quarter-end. A supplier whose practices are easier not to examine. Each step looks reasonable on its own. Encouragingly, the reverse of this works too: small choices in the right direction, repeated over a period, build a resilient ethical culture that holds under pressure.

Consider a classic dilemma situation I often put to managers. A regional manager notices that a new distributor has been paid a "market development fee" twice in one month, instead

of once. The quarter is critical, the distributor is delivering exceptional volume, the underlying facts are unclear. To avoid operational friction, he decides to "keep an eye on it". Three quarters later the additional fee is a routine line item, and an auditor asks a simple question nobody can answer. Asking early would have cost one awkward phone call; asking late cost an investigation. Speaking early is inexpensive — that is the whole lesson.

"Speaking early is inexpensive. Speaking late is not."

None of this is peculiar to one manager. What made silence reasonable was circumstance, not character — and

circumstances can be designed differently.

Why We Choose Well — and Why We Sometimes Miss the Choice

Start with an optimistic assumption, because it is true: most people, most of the time, will do the right thing if the work environment lets them. That last phrase carries two conditions.

People must believe the values are real and see themselves in them. An engineer repeatedly told that safety comes first, but measured and incentivized only on units produced, does not disbelieve the value; he simply cannot find it in his

working day. Belief is built by watching values used in decisions that cost something — a defective shipment held back, a supplier changed for repeated compliance failure.

The barriers must be low enough. Even those who believe in values run into dilemma situations. Personal barriers include - fear of being seen as difficult, loyalty to a colleague, a home loan that depends on this job. Professional barriers include - an impossible target, a manager who does not want bad news, a rule nobody can explain. Ethics fails more often at these barriers than at the point of belief.

“Most people want to do the right thing — and will, if they believe in the values and the barriers to follow it are low enough.”

When people do miss the mark, it is rarely because they weighed right against wrong and chose wrong. It is because they never saw the decision as an ethical one. Three quiet features of human psychology do this.

- **The first is Cognitive Bias.** Just as our eyes are tricked by an optical illusion, so is our judgment is prone to self-serving distortions. We easily rationalise our own process bypasses as necessary “prudence” while branding a colleague’s identical action as deliberate “evasion”—and feel entirely fair while doing so.



- **The second is Organisational Framing.** The specific vocabulary (point of view) utilised to describe a problem dictates how it is solved. Ask whether a batch that misses an internal quality standard is a “production issue” or an “integrity question,” and the same person may answer differently on the same facts, purely because of the words used.

- **The third is Ethical Fading,** when a target is called non-negotiable. Attention narrows to the number. The ethical part of the decision does not lose the argument; it never enters the room. Ask the team afterwards and they will honestly say no ethical question came up — they were solving for the number, not weighing right against wrong.

Ethical Culture by Design

People rarely fail at the point of belief. They fail mostly at the barriers — the target that leaves no room, the manager who does not want bad news, the process that punishes the honest route. Removing those barriers is not a matter of asking people to try harder. It is a matter of design.

That design has two halves. Four institutional pillars give an organisation its frame, and six managerial levers put the frame to work in a team’s daily life.

The Four Institutional Pillars

- I. **Leadership Commitment:** No policy or internal control will build an ethical culture without genuine commitment from the top and middle management. Leaders constantly signal what truly matters through their own conduct, the behaviour they reward or sanction, and where they put resources.
- II. **Compliance Structure:** Stated commitment falls short without the governance structures, robust policies and controls to operationalise them. A well-designed compliance structure

answers the practical questions: Who is responsible for the ethics programme? What authority they hold? How ethical considerations enter business processes? What controls prevent and detect misconduct?

III. Communication and training:

Policies achieve little unless they are understood and people are equipped to apply them. Training has to move past awareness of what the rules are, to why they matter and how to use them — which means a buyer learns through a supplier scenario rather than a lecture, and guidance is available at the moment a real situation arises.

IV. Measurement of effectiveness:

Measurement moves ethics from stated aspiration to demonstrable accountability. It gives the board sight of how the programme is working, surfaces problems while they are still small, and shows where effort and resources need to be focused.

The frame is what an organisation builds; the levers are what a manager uses. Six do most of the work, and each is available on any ordinary workday.

The Six Managerial Levers

- **Big Picture:** Connect daily tasks to purpose and to people. An internal audit employee checking invoices is not processing paper; he is protecting money that belongs to shareholders, customers and fellow employees.
- **Role Model:** A team reads what its manager tolerates, not what the posters say. Approve one padded expense claim quietly and the policy has been rewritten for everybody, without a single email. Decline one, and that message travels just as far.
- **Practical Path:** Ensure that the ethical route is designed to be the easiest route. If the proper purchase process takes four weeks and the workaround two days,

Ethical Culture By Design

The Frame — What the organisation builds

Leadership
Commitment

Compliance
Structure

Communication
& Training

Measurement of
Effectiveness



The Levers — What a manager uses on any ordinary workday

Big picture
connect the task to who it protects

Role model
a team reads what its manager tolerates

Practical path
make the ethical route the easy route

Acknowledge
say aloud that dilemmas are normal

Enable
raising a concern must be safe, not brave

Reinforce
celebrate how results were achieved

the workaround wins most of the time. Fix the broken process, not the values poster.

- **Acknowledge Dilemmas:** Say out loud that workplace dilemmas are normal. When a leader admits a decision was genuinely difficult — that turning down the order hurt and was still right — the team learns that doubt is not disloyalty.
- **Enable Reporting:** Make raising a concern simple, accessible and safe rather than career-threatening. This requires a credible channel, protection for whoever comes forward, and word feedback loop for action taken. If speaking up needs absolute courage, only the bravest (*read: none*) will do it.
- **Reinforce the Values:** Celebrate how results were achieved, not only the results. A team publicly acknowledged for rejecting an unethical manoeuvre, even at the cost of a major business opportunity, teaches an organisation more than a year of compliance training.

“A team reads what its manager tolerates, not what the posters say.”

None of this needs a new rule, a new policy or a budget. It brings existing commitments into one clear picture of what good looks like — and asks only for the willingness to keep at it, week

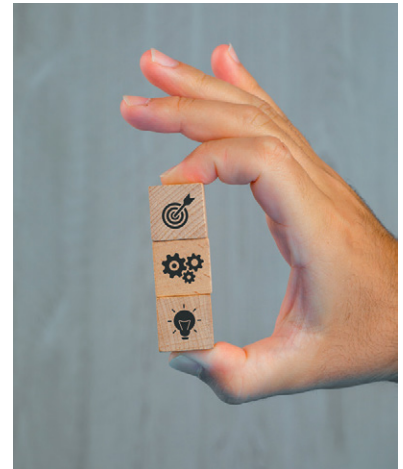
after week. Design and habit do most of the work. What they cannot do is settle the hard cases.

Where the Rulebook Runs Out

Most organisations that face ethical challenges are not short of policies. They are short of judgment at the point where the rulebook meets real world pressure. Two everyday scenes make the point.

First, the quality manager. A batch clears every legal limit but falls marginally below the company’s own standard. It is peak season and delay costs money. Operations offers the most reasonable line in business: “It is within the legal limit. We will tighten the next batch.” It sounds sensible, and that is what makes it risky. The law is the floor of responsibility, not the ceiling. And “next batch” is how an exception becomes normal, because next batch there will be another deadline. The company that holds the shipment loses a week’s revenue and keeps the confidence of its customer.

Second, the group chat that drifted. A sales manager is part of a friendly chat group with distributors. Over time it turns casual — greetings, jokes, market gossip, then an offhand line about a price revision not yet announced. A week later a screenshot appears elsewhere, and internal information is public. The boundary had gone long before the



screenshot. The honest question is how many of us write things in a group chat that we would never put in an email.

Neither case is settled by looking up a rule. Both are settled by what the person already believes and enabled to act on it.

Values Are What You Do When It Costs You

The corporate world has never been short of values statements. A value that is only displayed does nothing; it becomes real the moment it decides something difficult — a highly profitable order turned down because it cannot be won cleanly, or a top performer facing the same consequence for misconduct that any junior would. The distance between what a company says and how it

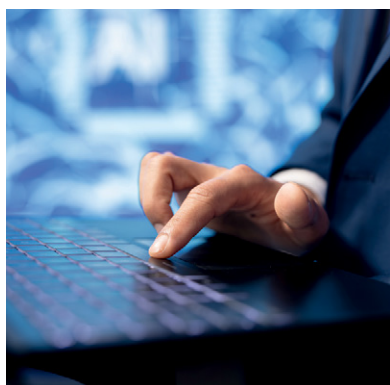
behaves is the only true measure of its ethical culture.

Standing of this kind is never built by branding. It is meticulously built in small moments: a supplier paid fairly for work the contract did not cover; a defect disclosed to a customer who would never have found it. Each of these actions inflicts costs on that day. Over years, such choices become the reason a company's word is accepted without question — and no advertising can buy that.

Underneath every durable business is a simple belief: the trust of customers, employees, partners and communities is the most valuable asset a company owns, earned through conduct rather than communication. Values work as a compass, guiding behaviour where the rulebook runs out. Rules tell people what they must not do. Values tell them who they are — and so what they will not do, even when nobody is watching and they could easily get away with it.

Technology Changes; the Duty Does Not

Re-centering ethics would be simpler if the risks remained static. The traditional ones — bribery, conflicts of interest, harassment, third-party misconduct — remain, and artificial intelligence (AI) adds new ground. As decisions on credit worthiness, hiring, dynamic pricing and even audit samples are shaped by AI, we inherit profound questions no algorithm can answer for us. Is the model fair, or has it learned old prejudices at scale? Can its decision be explained to the person



it affects? Who is accountable when it gets one wrong? Alongside sit the duty to protect data and the speed at which any lapse becomes public. The work of re-centering is to carry settled principles — honesty, independence, care, accountability — onto this new ground and not let “it is new” become a reason for a lower ethical standard.

The Profession That Holds the System Together

No profession sits closer to the centre of this than accountancy. The Chartered Accountant is a guardian of trust in the corporate world — the independent voice whose signature turns a company's own account of itself into something the public can rely on. Investors, lenders, regulators and employees all act on the strength of that assurance.

Which is why the ethical aspects described earlier is familiar here. Independence, objectivity, and professional skepticism are not merely terms found in our code of ethics; they are the profession's explicit answer to high-pressure moments. They are placed above commercial convenience precisely because convenience is the very force arguing on the other side.

Back to the Middle of the Table

None of this is a cost centre. Some still see ethics as a speed braker on the path of high performance; the evidence points the other way. The costs of ethical failure — reputational damage, regulatory action, penalties, lost market share — are neither small nor short-lived. Conversely, fair choices, made consistently, work like compound interest. They accumulate into an unassailable strategic asset that competitors cannot replicate, ensuring that top-tier talent and capital consistently flow toward organisations they respect.

Trust compounds the way it is built — one small decision at a time. That is all re-centering asks for: not a glorious programme, but the daily, disciplined habit of noticing and acting upon the



right thing to do. The compass still works and the direction is known. The task is to keep ethics in the middle of the table, not as an afterthought once the numbers are settled, but as the frame within which they are made.

Which brings us back to that Tuesday evening, and the invoice nobody questioned. Every reader of this article will sit in a version of that room. You may not set the aggressive target or own the process. But you will be there, and you will notice. The whole of ethics, on most days, comes down to one person willing to say: *before we decide — is there a question here we are not asking?* To ask that question costs a temporary moment of awkwardness. Choosing not to ask costs considerably more, later, to an innocent stakeholder down the line.

“Ethics is not tested in big moments alone — it is shaped by everyday choices.”

If we hold to that — at every level, and especially where no one is watching — we will not merely have marked a day for ethics. We will have successfully re-centred it, where it was always meant to be.



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