

FACTSHEET

MAKING RESPONSIBLE DECISIONS

Why do firms accept supply chain child labour or expand in countries with state-sponsored human rights abuse, yet others advocate for refugee policy change?

Responsible decisions help people and the planet, build trust with key stakeholder groups, create long-term value, and reduce reputational, financial and legislative riskⁱ. However, less than half of the FTSE100 have an effective code of ethics to inform decision makingⁱⁱ. Business in the Community (BITC) has created this Factsheet to support business develop a framework for ethical decisions.

The four decision dimensions

Consider these factors to help ensure your decisions are responsible:

- **Purpose:** responsible decisions are purposeful decisions. Which decision is more closely aligned with your purpose?
- **Values:** The [Nordstrom](#) employee handbook was famously short - “use good judgement in all situations” – but for most businesses, your values outline the ideal way to behave.
- **Duty:** what rights, rules and duties should be followed? Check these examples of codes of conduct from [Fujitsu’s](#) and [GE’s](#).
- **Impact:** which decision yields the greatest good and least pain for everyone? Engage impacted stakeholders (e.g. shareholders, employees, consumers, suppliers, competitors, civil society, Government and regulators), and consider the intensity of that impact, based on the size, likelihood, and immediacy of intended and unintended consequences.

Frameworks for responsible decision making

A responsible business should have a framework for colleagues to use to make ethical decisions; a framework that’s a combination of all of the above factors (see *Putting It All Together in the next page*).

IRRESPONSIBLE DECISIONS:

In 2006, Volkswagen executives decided to include software that would give false emissions results. Over the next nine years, managers repeatedly decided to install thousands of these “defeat devices”, and to cover up their actions.ⁱⁱⁱ

These irresponsible decisions punished the business. Six former executives were indicted, including the former US environmental and engineering manager, who was sentenced to seven years in prison and a \$400,000 fine. The total damages from the scandal stood at \$25bn as of 2019, while the harm to people and planet has an estimated equivalent of \$39bn^{iv}.



How does my business make ethical decisions at every level?

PUTTING IT ALL TOGETHER

[NatWest's Yes check](#) is a good example of a decision framework that encompasses all three dimensions and helps every employee at every level make better decisions:

- Would others say I am acting with respect and integrity?
- Does what I am doing keep the bank, our customers and communities safe & secure?
- Am I acting fairly and being inclusive?
- Have I sought out, listened to and taken different perspectives into account?
- Will this advance our purpose to champion potential and help people, families and business thrive?

The following tips can ensure an effective and well-embedded decision framework:

- **Engage** colleagues and key external stakeholders to understand what's important to them, what's working and not working already, and what they need to make more responsible decisions.
- **Build** your own responsible decision framework based on purpose, values, key regulations and rules, and major stakeholders.
- **Communicate** consistently share the detail, importance and success of your framework.

The following can help **embed** your framework:

- **Show:** run training sessions tailored to teams to bring your framework to life, recruit and showcase Champions in every team who use your framework, and ensure your senior leaders understand and role model this behaviour.
- **Reward:** align pay and benefits to use of your framework. For example BITC includes its values in its appraisal process, while some leaders at Aviva have their remuneration tied to purpose metrics^v.
- **Guide:** review policies against your decision framework, and consider an ethics whistleblowing line to anonymously highlight irresponsible decisions.
- **Align:** embed your framework in your innovation model to align future products and services with your ethics, review existing products and services, and use this framework to inform significant positioning and value chain decisions.

Measure and review your decision-making framework's uptake, feedback and impact initially frequently (e.g. quarterly) and then periodically (e.g. when you refresh your materiality) to ensure you're considering the right stakeholders in your decisions.

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- [learn more about our advisory services](#)



- [Talk to one of our expert team today](#) to learn how membership of BITC can help you take your responsible business journey further, and drive lasting global change.

ⁱ Business Ethics, Crane, Matten, Glozer, Spence, 5th Edition

ⁱⁱ <https://www.ibe.org.uk/resource/ibe-publish-a-new-report-ftse-100-codes-of-ethics-room-for-improvement.html>

ⁱⁱⁱ <https://www.bbc.co.uk/news/business-44005844>

^{iv} Business Ethics, Crane, Matten, Glozer, Spence, 5th Edition

^v <https://www.bitc.org.uk/report/embedding-purpose-lessons-from-business/>