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DIRECTORS' DILEMMA

# ETHICS AND MORALITY

**E**THICS and morality are often used interchangeably. They are closely related concepts that deal with principles of right and wrong behaviour but have distinct differences in scope and application.

Morality generally refers to an individual's beliefs, values and principles regarding what is right and wrong. It is often influenced by factors such as culture, religion, upbringing and personal experiences.

Morality is subjective in nature and can vary from person to person, community to community, or society to society. It focuses on the individual's sense of right and wrong and guides their behaviour based on their personal convictions.

That is why we do not institutionalise morality as a code of morality — it is far too subjective and personal.

Ethics, on the other hand, is a broader and more systematic study of moral principles and values that guide human conduct in various contexts, such as professional settings, social interactions and decision-making processes.

Ethics provides a framework for evaluating and analysing moral issues and dilemmas from a rational and critical perspective. It seeks to establish principles, standards and rules that govern acceptable and responsi-

ble behaviour within specific contexts or professions.

That is why there is a mandated code of ethics for every public-listed company — the common behaviour that the organisation seeks to abide by.

While morality is largely influenced by subjective factors, ethics aims to be more objective and rational. Ethical principles often emerge from philosophical or moral theories that attempt to provide universal guidelines for ethical decision-making, such as utilitarianism, deontology or virtue ethics.

These theories provide frameworks for evaluating actions and determining their ethical implications.

Morality is often driven by personal beliefs and values, while ethics take into account broader considerations, such as societal norms, fairness, justice and the wellbeing of others.

Ethics involves considering the consequences and impact of one's actions on others and society. It seeks to promote behaviours that are deemed morally right and discourage actions that are considered morally wrong or harmful.

Another distinction between ethics and morality lies in their application. Morality is typically applied to individual choices and actions, guiding personal behaviour and decision-making. It concerns questions such as

“What should I do?” or “What is the right thing for me to do in this situation?”

Ethics, on the other hand, extends beyond the individual level and applies to collective decision-making, professional conduct, and societal norms. It deals with questions such as “What is the ethical approach for an organisation to adopt?” or “What are the ethical implications of this policy?”

### When ethics and morality collide

On a national note, it is interesting to observe that thoughts in ethics and morality have eventually led to codifications of law for the progress of mankind. History is rife with examples of what was considered ethical and moral being, later, considered obnoxious enough to be prohibited by law. Such examples include slavery and apartheid.

Ethics, by its very codified medium, tend to be restrictive in the sense that it must be defined and reduced to words. Morality springs from an unlimited fountain of thoughts and feelings, and in that sense, is unrestricted.

At the board level, there are both ethics and morality at play. We are our morality.

Ethics are, after all, man-made codes of behaviour.

Directors may find that what is ethical according to the organisation does not fit their sense of

morality. At the same time, directors may wish for some of their moral values to be codified within the code of ethics.

They face the dilemma of juxtaposing the morality of the natural person that they are with the fiduciary duty that they owe to the legal persona of the company that they serve.

This creates a conflict of sorts and internal turmoil. And that is why there are split decisions, even at the board level. Something to be celebrated rather than avoided.

Such internal conflicts are not to be avoided but to be harnessed to create a diversity of thoughts and perceptions. For from such arises better decisions and progression.

Arising from such rich discussions, conclusions are derived at the board level by a simple majority. Such decisions may very well offend a director's sense of morality.

Some walk away. Some tolerate. Some vary their sense of morality to accommodate. The choice of action is persuaded by the circumstances that they are in.

The directors' dilemma with colliding ethics and morality at the board level is challenging but will have to be addressed — by the directors themselves.

The writer is chief executive officer of Minority Shareholders Watch Group

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