Tracey Groves, Founder and Director, Intelligent Ethics

Tracey has established Intelligent Ethics, an independent consulting practice advising clients on the topics of AI and Ethics, Corporate Governance, Ethical Leadership, and Trust. She has 26 years of experience as a change management consultant and chartered accountant. Recently, she was at PwC where she worked as the UK Partner leading PwC's client work on Corporate Governance and Business Ethics.

Her commercial expertise, practical knowledge, and deep experience of working with organisations (of all shapes and sizes) on embedding business ethics and enhancing corporate conduct, her focus topics are: (a) the role of humanity and moral principles (such as compassion, fairness and humility) in defining ethical conduct and driving decision-making, (b) how AI will change the emphasis and nature of organisational leadership and decision-making, (c) why organisational culture is the catalyst for change and how to shape it to drive good corporate governance (built on accountability, responsibility, transparency and trustworthiness), (d) and/or any other related areas you feel would resonate.

Summary of evidence

Q: How do we make ethics part of business decision-making processes?

Outlined below are 3 critical success factors (the 3"E’s"), based on practical experience and deep expertise from working with businesses, underpinning the effective design, development and implementation of ethics into the decision-making processes and culture of any organization:

1. Education, education, education – inspire curiosity throughout the business by:
   a. Delivery of an inclusive and strengths-based leadership development programme at all levels of business, sponsored by the top, designed to develop and encourage desired ethical behaviours and maximise employee well-being and resilience
   b. Implementation of an upward mentoring and peer coaching programme where leaders are exposed to diverse employees from a wide range of demographics and areas of expertise
   c. A focus not so much on imparting knowledge but more on developing the ability for individuals “in the moment” to assess ethical dilemmas in a critical manner, apply judgement, and have a good understanding of their boundaries and choices, including consequences of their actions

2. Empowerment – build a trustworthy organisational culture by:
   a. Aligning values-driven corporate policies, procedures and organisational processes that reinforce strategic goals and drive desired ethical behavioural outcomes for the longer term and optimal social impact
   b. Setting clear ownership of roles and responsibilities that encourages high performance and inspires strong governance through integrity of decision-making processes
   c. Establishing two-way engagement programmes between leaders and employees that creates intelligible accountability of decisions (not transparency for transparency’s sake), encourages diversity of thought and inspires collective and individual responsibility

3. Excellence – businesses act with rigour by:
   a. Designing and monitoring key performance indicators of ethical culture and behaviours that are acted upon and reported as part of a robust and evidence-based corporate
governance framework, supported by the right incentives and disincentives, that is open to regular scrutiny and external challenge
b. Taking direct ownership of examples of ethical coherence (positive behaviours) and misalignment (poor behaviours) supported by a risk-based, measurable remediation plan where appropriate
c. Business leaders setting and behaving at the highest standard of ethical conduct and culture, supported by the Board who determines the balance of skills, expertise and experience required by the senior executives and non-executive directors, with diversity and succession planning at the core of maintaining those ethical standards

Concluding remark

The government should continue to place pressure on corporates to evidence and demonstrate ethical business conduct and decision-making, through deeds and not just words. This evidence should not only be delivered via statutory corporate reporting requirements but, more critically, through the explicit execution of their role as a responsible business that is both transparent and relevant. Ultimately it is down to the leaders of business to take ownership and evidence how ethics are integrated into the strategy and day to day operations of the organization.

A regulatory requirement to provide a regular, independent and measurable assessment of the impact (‘purpose’) of the business on wider society should be positioned by Government as an equally valued and trustworthy business performance indicator alongside the financial statements. The resulting outcomes of increased investor confidence and higher levels of integrity underpinning business decisions will serve the public interest and ultimately contribute to economic prosperity and stability.

Where corporate behaviour is found lacking in integrity, and there is an absence of robust corporate governance and mis-alignment of purpose with business (and societal) outcomes, the Government should not hesitate in taking a leading role in the questioning and disciplining of those leaders who have not demonstrated strong moral leadership and have failed to safeguard the interests of all stakeholders, not just those of investors.