



SOCIETY OF ACTUARIES

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## BUSINESS P's AND Q's

# Mind your ethics

by Michael Rion

**T**he notion of “business ethics” often prompts two distinct reactions. Some see it as an oxymoron like “jumbo shrimp.” Others recognize that ethics are an important part of business and suggest a simple approach — bring children up properly, hire good people, and the rest will take care of itself.

Both reactions are too simplistic. We should remember H.L. Mencken’s advice that “for every human problem, there is a solution that is simple, neat, and wrong.” So it is with ethics in business. Neither the worldly wise cynic nor the virtuous manager looking for like-minded people is prepared for the challenges of being a responsible professional. Ethical challenges are unavoidable and not easily resolved by simply relying on our upbringing and character.

While we cannot easily teach integrity to adults in the workplace, we can teach practical tools for strengthening responsible decision-making in our business organizations and professional lives.

### Recognize, analyze ethics

In actuarial work, ethical questions arise as a natural part of the work.

Actuaries may have to ask themselves:

- How do I respond to a request from a boss or client that may be morally questionable?
- How much responsibility do I have to others who might be affected by my work even if they are not paying the bill?
- What happens if I discover an error in my past work or that of another actuary?
- How far should I go in raising the issue?
- What about the gray areas in interpreting standards and regulations?
- How do I understand confidentiality and avoiding conflicts of interest?

First we must recognize ethics in our professional decision-making, and then we must analyze them. Ethics have two fundamental dimensions: integrity and sound judgment. Integrity — strong personal character — is an important foundation. But we can’t stop there, because “good” people can get puzzled and make mistakes. This is where sound judgment comes in.

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### How do I respond to a request from a boss or client that may be morally questionable?

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Too often, professional people assume that ethics are “soft” and “emotional.” They resist recognizing and addressing ethical questions, even though we can analyze the ethical dimensions of our judgments just as we do the business aspects. Because numbers are seen as “hard,” we tend to assume financial and actuarial judgments are precise, while ethics are that “soft stuff.”

Whether we are discussing ethical or financial issues, the thought process remains the same. Ethical reasoning is a logical process, similar to actuarial analysis. Actuarial reasoning applies principles to numbers, and ethics apply principles to human situations. We begin with a basic principle, such as honesty or limitation of risk, and then we apply various techniques to help us reach a judgment about what the principle means in a particular case. While actuarial calculations have a certain precision, the important conclusions are often based as much on seasoned judgment as on particular calculations. In the same way, we can use tools of ethical analysis to help us make the

judgments that will resolve difficult moral situations.

For example, I have developed a series of six questions that provide a framework for managerial ethical decision-making. Two of these questions illustrate how the process works. The question, “Who else matters?,” encourages us to look beyond the immediate relationship and consider the decision’s impact on others. We need to identify those affected, consider their interests and any possible commitments to them, and try to anticipate the impact of proposed actions on them.

The question, “Is it my problem?,” makes us consider what is required to treat others with respect, and when it is legitimate to draw the line and accept that we cannot do everything. This involves understanding our role responsibility in a given situation, as well as the practical meaning of such ethical norms as honesty, fairness, and promise-keeping.

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#### Ethical systems carry long history

Developing a system like my six-question framework, grounded in ethical theory but formulated as a kind of “algorithm” to help people think through dilemmas systematically, has a long tradition. Since the days of philosophers like Plato, Aristotle, Aquinas, Kant, and Mill, and many 19th and 20th century thinkers, systematic approaches to ethical reasoning have developed. While philosophers’ approaches may differ, they all recognize ethics as an arena

for rational analysis, rather than emotional outbursts.

Whether using my approach, which integrates insights from several different schools of thought into a logical, sequential analysis, or using another one, sound judgment is a part of ethics. We can reason through an ethi-

cal issue to gain greater clarity as we make our judgments.

**Michael Rion**, author of *The Responsible Manager* and founder of **Resources for Ethics and Management**, has a Ph.D. in ethics from Yale University. He will

present a teaching session on "Business Ethics: Theory and Practice" at the SOA October annual meeting.

*Editor's Note: Actuaries should be aware that the ABCD is an excellent resource for counseling on professional ethics issues.*

## SOA urges more unemployed actuaries to use confidential resume matching

by Judy Wohlt

**W**hen the Society's free resume matching program began in January, Pat Holmberg, SOA ombudsperson, expected to have many more candidates contacting her for jobs, with fewer positions available to match those numbers. This has not happened. "Companies are eager to use this service," Holmberg said, "but unemployed actuaries seem to be holding back. We know there are more unemployed actuaries out there who could use our help."

As of mid-July, 142 jobs and 146 candidates were listed with the service for unemployed SOA members and students with at least 100 exam credits.

Holmberg believes some unemployed actuaries may feel embarrassed about their situation or may not want others to know and therefore feel

uneasy about using the service. "We have vice presidents of large insurance companies using our service, and they are perfectly comfortable with the situation," she said.

Holmberg is the only one who sees candidates' resumes besides the employers they are sent to, assuring confidentiality. Candidates must send Holmberg a registration form and 10 copies of their resumes. Employers submit job listing applications describing the position to be filled. She matches resumes with jobs and sends resumes only to the appropriate employers, who then are responsible for follow-up with the candidate. Holmberg stresses that employers never see the initial application actuarial candidates fill out that lists their educational and employment backgrounds, practice area, and experience. In return, candidates don't review job listings; only Holmberg does.

Another reason why more candidates may not be using resume matching, she said, is that they think only jobs paying lower salaries are available. Open positions run the gamut—from requiring a couple years' experience to requiring 10 or more years' experience in a very specialized area.

She urges recently unemployed candidates to send 10 copies of their resumes with a registration form to her as soon as they become unemployed. "People who hesitate may

be losing their chances at a job, and many companies are in a rush to find qualified people to fill positions," Holmberg said.

In addition to matching candidates' skills with prospective jobs, Holmberg helps participants rework their resumes to their advantage. "One candidate had an HMO background buried in his resume, and I suggested he emphasize that experience since there are many jobs available in that field," she said.

Five people have found jobs through the service since resume matching began in January. This may not seem like many, but, according to Holmberg, it's a very encouraging step in the right direction.

Anyone interested in using resume matching should call Holmberg for a registration form at 708/706-3527.

### Meet Pat at annual meeting

Unemployed actuaries and employers with job openings who are attending the SOA Chicago annual meeting can meet with Pat Holmberg, SOA ombudsperson, in the exhibit hall on October 17 and 18 from 3:30 - 6:30 p.m.

Information and registration forms for the resume matching service will be available.

