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Having traded successfully for many years, JKL Bank plc was badly affected by the liquidity crisis in 2008. As a result, the government took a stake in the bank as part of its strategy to restore confidence in the banking sector.

Shirley has accepted a position as a Non-Executive Director of JKL Bank plc. Her initial impression is that the bank has a good reputation, but she would like to see it take a more pro-active approach to promoting a positive image as the banking industry comes under increasing public scrutiny and media criticism. Shirley is an executive with a large company that operates sandwich bars and coffee shops in many towns and cities. The company prides itself on high ethical standards, and has pioneered initiatives such as 100% recyclable packaging, sourcing supplies badged as 'Fairtrade' and distributing unused products at the end of each working day to the homeless.

At her first board meeting, Shirley suggested that the bank should consider introducing a code of ethics, backed by sound policies that would demonstrate the bank's high level of integrity. She cited the example of Cooperative Bank, which has been highly successful in adopting such an approach.

To her dismay, the board was quite divided on this. Three of her colleagues agreed in principle with her ideas. They felt that the bank already demonstrated a principled approach to business, which was right and proper, but there was no harm in reinforcing its efforts in this respect. However, four directors were quite vociferously opposed to her views. They felt that the bank had to be seen to concentrate on its primary economic objectives and that investment in such an initiative would be an unwelcome diversion of resources at a time when all banks were under close scrutiny by stakeholders. They admitted that the Cooperative Bank demonstrated a successful business model, but could only commit themselves to agree to such a strategy if it would produce tangible financial benefits.

Should the board support Shirley?