

evaluation of a business code of ethics essay sample

[Sociology](#), [Ethics](#)



Business code of ethics is defined by Businessdictionary. com as “ written guidelines used by an organization to set the standards for employees and managements conduct and behavior”. (“ Businessdictionary. com”, 2013)The purpose of this paper is to research a chosen companies Code of Ethics (in this case ExxonMobil) and explore how the Code of Ethics effects and is used by employees, Managers, and members of the Board of Directors (as well as the Board as a whole). General information about ExxonMobil

ExxonMobil’s history began in 1870 when John D. Rockefeller and partners formed the Standard Oil Company of Ohio. 12 years later (in 1882), Standard Oil Company of New Jersey and Standard Oil Company of New York (the chief predecessors of Exxon and Mobil) were incorporated. Gasoline began to outsell kerosene, and in 1920 the growth of the automotive market resulted in the Mobiloil trademark. Another landmark in this companies history includes the use of Mobiloil on the first solo flight across the Atlantic in 1927 by Charles Lindbergh.

World War II temporarily slowed down the expansion of the Mobiloil between 1939 and 1945; however, there was a post war boom and rebuilding efforts that restarted the companies growth and development. The company was once again derailed by an oil embargo in the 1970’s. The 1980’s through 1999 were years of advancements in technology and innovations; these advancements had a positive effect on shareholder value and reduced operating costs. In 1999, Exxon and Mobil signed a definitive agreement to merge and form a new company called Exxon Mobil Corporation.

(http://www.cah.utexas.edu/collections/exxonmobil_timeline.php) Mission statement of ExxonMobil

To summarize the mission statement of ExxonMobil (as stated on their website), they are dedicated to being the number one choice for petroleum and petrochemicals. They are very well aware of the trust the shareholders have placed in the company and are dedicated to showing them financial growth. They are aware of how important their customers are and remain devoted to being aware of and satisfying the consumers changing needs. ExxonMobil is committed to being a “good corporate citizen” globally. ExxonMobil also acknowledges how valuable and important their employees are to their relevance and growth in a competitive market

(<http://corporate.exxonmobil.com/en/investors/corporate-governance/code-of-ethics-and-business-conduct/our-code>).

ExxonMobil uses an ends-driven ethical system

ExxonMobil is focused on safety, growth, and customer excellence; to that end their Code of Ethics is based on an ends-driven ethical system. This system is rooted in doing good and right by both consumers and employees. It focuses on the actions rather than the results (Trevino 2007). The code itself relates that there will be consequences to employees who are focused on results without consideration of the ethical code or laws.

How, when, and why the Code of Ethics is used

The policy of Exxon Mobil Corporation complies with “all governmental laws, rules, and regulations applicable to its business”. The corporation goes a

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step farther in choosing a stricter course by maintaining an even higher degree of integrity than required by the law. The policy also recognizes that, as a global company, there will be cultural differences and customs and that they should be acknowledged and respected. All employees should interact respectfully and fairly with each other and with customers, suppliers etc. Integrity is valued and “ employees who achieve results at the cost of violation of law” or who act unscrupulously will face repercussions for these actions. It is important that employees understand that the Corporation cares about how results are obtained, not just that they are obtained The policy addresses financial record keeping and encourages an accurate and honest reflection of all transactions. The policy expects and encourages frankness and directness from employees about compliance with polices.

The companies policy encourages accurate, honest, and timely dissemination of information to the United States Securities and Exchange Commission and any other public communications. Employees are expected to be familiar with and practice the ethical code set for the by ExxonMobil ([http://retailindustry. about. com/od/retailbestpractices/ig/Company-Mission-Statements/ExxonMobil-Corporation-Mission-Statement. htm](http://retailindustry.about.com/od/retailbestpractices/ig/Company-Mission-Statements/ExxonMobil-Corporation-Mission-Statement.htm)). Managers are expected to be familiar with and use this code to lead their employees in their ethical daily ethical dealings on behalf of the company. Members of the Board will be expected to carry out their business dealings with honesty, attentiveness and integrity. They are to practice confidentiality when appropriate and transparency when indicated. ExxonMobil’s best interest should be considered in the actions of its Board Members.

Does the current code of ethics need modification?

Because ExxonMobil (in some form) has been in business since 1870, and as a result of the type of business and legal implications of not having clear ethical direction for its employees, the current code of ethics is clear and is often updated and modified when needed. As a result of the Exxon Valdez disaster in 1989 (in which a captain of an Exxon ship crashed in the Alaska's Prince William Sound while under the influence) the management and crisis team went to work to develop a policy that made it easier for coworkers to report unethical behavior (i. e. a captain working under the influence) and different, more positive and appropriate responses to a crisis by the company as a whole. This policy (last updated in 2006) remains in use today (University of Florida, Interactive Media Lab, 2002) . Organizational culture and acceptance of code of ethics

ExxonMobil employees and managers have a Code of Ethics that lends itself to setting clear organizational standards. This code is established and used to help the company (as well as its employees) achieve and maintain the greatest degree of success. It encourages and expects a culture of open and honest communication between management and employees. It also alludes to possible consequences of failure to understand and adhere to said policy.

Effect of the Ethical Code on the organization

The code of ethics in place at ExxonMobil are clear indicators as to the importance of ethical behavior in its day-to day operations. This creates a culture of honest and ethical behavior to be adhered to by all employees;

from the general workforce , middle to upper management to members of the Board of directors.

Conclusion

While the Exxon Valdez disaster of 1989 must be acknowledged, ExxonMobil has since revised its ethical code and made efforts to prove that they have learned and grown from this mistake. They currently have a clear policy for their employees with language encouraging them to treat each interaction with each other and customers as opportunities to demonstrate ethical behavior. Ethics in business is not a fad and is not going away. We are finding more and more that running a business with a good ethical framework and employees who act ethically on a consistent basis may be the difference between success and failure.

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