Research project on business ethics and the workplace

Applied Research Project on Business Ethics and The Workplace.

According to Tran (2008), ethics is the study of arbitrating specifically human goals and the relationship of the methods used and intent to achieve the goals in question. Business ethics examines the effects of actions on the integrity of the individual, the corporation and the public. Though it doesn't focus on the requirements of the individual, the individual's intents are still pertinent as their actions cannot be separated from the corporation. Thus the focus is the obligations accepted by the individual when performing their employment. According to Mccraw *et al.* (2009), ethics relates to the ethos or character of the corporation, essentially how it relates to the underling morality and subsequent actions colloquially explained as the actions committed by individuals or corporations when unobserved.

There have been a number of highly publicised ethical transgressions in the business environment recently. Examples include the Whale scandal of 2012 initiated by JP Morgan Chase trader Bruno Iksill who was the head at the credit desk of the JP Morgan Chase Chief Investment Office (CIO) in London and whose role was to hold down the bank's risk level. Iksill made a number of high risk transactions involving credit default swaps (CDS . This continued purportedly under the remit of the JP Morgan Chase hedge fund strategy, creating heavy losses. The CIO took significant gambles on credit using some of its $350 billion investment resources accruing $ 6. 2 billion in trading losses but masked the losses to cover up the magnitude leading to prosecution of the traders supervisors as unlike the usual lone rogue trading scenario, this event was amplified by the actions of senior executives (Hurtado, 2013).

According to Mccraw *et al.* (2009), the profile of ethical awareness in within the study of business has undergone a significant increase in light of subsequent media scandals following recent business scandals. According to Chua and Rahman (2011), high profile corporate scandals such as the Whale scandal, Enron, WorldCom and the global credit crisis, have given significant exposure to the public leading to questions on ethical lapses and subsequently, a significant loss of faith in the honesty of corporate behaviour resulting in a failure of the market. Heightened public awareness regarding these transgressions in corporate ethical behaviour is largely due to increased public knowledge, increased transparency and greater access and circulation of the events in question. Chua and Rahman also highlight the issue that unethical behaviour is not a novel phenomenon unique to contemporary corporate behaviour, pointing out such historical cases as the South Sea bubble of the eighteenth century, and the Great Crash of the 1920's as a result of unethical extreme use of margin lending by brokerage houses.

Fox (2013) described the penchant amongst contemporary corporations who had been found to have acted unethically, to perpetually cast the blame on a single source or rogue trader operating under the corporations' radar. The frequency at which this occurs demonstrates that there is a far greater degree of unethical behaviour among the business cohort and that this behaviour may be endemic-the insinuation is that it is only those who get caught, bear the blame. Fox discusses a number of factors which it is claimed are likely to attract ethically minded employees to a corporation:

- Common values: Has the corporation and the employee, mutual beliefs and values?
- Aligned interests: do the interests of the corporation fall into alignment with the potential employee?
- Benevolence: Does the corporation have the best interests of the employee as a core value?
- Competence: Can the corporation deliver the tangible articles relating to its promises
- Predictability and integrity: Do the ethical standards of the corporation align comparatively along with the society in which it exists?
- Communication: Does the corporation engage in communications or not?

According to Wadhwa (2010), once ethics are sacrificed on order to achieve short-term gains, the transgression has been made and in all likelihood, will continue. Business ethics are a fundamental element that needs to be incorporated into the business from its inception in order to function, regardless of the size, type and location of the corporation in question. Business decisions may have evident significance and results, ethical decisions are invariably difficult to make and may not result in a successful outcome, however to take the unethical road inevitably leads to failure and the ethical decision is always the right one prospectively.

According to Robbins and Judge (2013), there are a number of recommendations in order to make the transition to an ethical corporation. Firstly, there needs to be sufficient management visibility, and the managers need to perform as role models. The workforce view management as essentially a template for ethical performance on the shop floor. Managerial behaviour therefore sends a message to all employees and in order for any transformation to occur, visibility and display of this behaviour is key. This contributes to the construct of the corporate culture. This is described by Mintz (2015) as the shared beliefs of senior management within a corporation concerning the management of themselves, their employees and their business and if communicated correctly, becomes instilled into the workforce as an ethos forms.

The second recommendation is based upon communication in order to remove/reduce uncertainly and ambiguity concerning the corporations' outlook on ethics. This can be done through statutory and mandatory learning and also publicised as part of the mission statement. The warning is clearly stated however that as with the first recommendation, a code of ethics has no value if it is not represented in the behaviour of the managers.

Following on from this, training in ethics is also recommended. This has the advantage of being scenario based which is considerably easier for employees to absorb as it is given in a relative setting compared to academic tuition. Within the staff/management review framework, ethical behaviour must be commended, ideally at the employee's annual review in order for the employee to see tangible benefits rather than verbal commendations. If the appraisal procedure sets out expectations for ethical behaviour, then the message is emphasized beyond statutory and mandatory training and additionally, poor ethical behaviour can be directly addressed. Finally, there needs to be a clear accessible policy by which witnesses can report transgressions of ethical behaviour without fear of recrimination from fellow employees or managers.

Mintz (2015) described the benefits of a code of conduct which would have input into the ethical code in the corporation. A code of conduct transgresses legal expectations and effectively states what the behavioural expectations are within the workplace, for all employers and employees within. It is often related to the disciplinary policies of the corporation in the event of transgression. As with ethical codes, managerial support is essential in order to achieve buy-in from the workforce as absence of adherence to the code from managers sends out a poor message.

Surbhi (2016), distinguishes between a code of conduct and code of ethics by defining a code of conduct as an organisational policy that outlines the acceptable actions and conduct of an individual necessary as a condition of employment within the corporation. A code of ethics is defined as an organisational policy published by the senior management team which contains a series of principles accepted by them, by which they expect each other and members of staff to perform the business of the organisation with both honestly and with integrity. This is echoed by Chua and Rahman (2011), who defined the corporate code of ethics as a formal document containing moral standards used to steer employee or corporate behaviour It explains the core values of the corporation that assist in the decision-making process and outlines the morals and values required in order to make a decision. The code of conduct has to be in accordance with the code of ethics to the extent that the code of conduct is often partially extracted from the code of ethics in order to ensure compliance.

Fox (2013) wrote that in order to create an ethical corporation, it is imperative that the management team needs to ensure that a robust ethical framework is clearly in evidence from the outset. In order to accomplish this, clear policies and procedures need to be put into place along with stringent communications echoing the recommendations of Robbins and Judge, in order to ensure there is a knowledge of the expectations, rules, regulations and ethos of the organisation among the workforce. Mccraw *et al.* (2009) concurred stating that ethical behaviour is based on values such as honesty, integrity, and respect and that expectations concerning these values should be communicated to the workforce in corporate documentation such as procedural documents and policies. Mintz (2015) also eschewed a lack of significant cultural ethos in upper management feeding downstream describing the key as ‘ tone’ referring to the ethical environment created and instilled by the corporations’ senior management which effectively forms the blueprint for the corporations’ code of ethics.

Mccraw *et al.* (2009) described the U. S. governmental response to the recent scandals, describing the instigation of the Sarbanes-Oxley Act of 2002.. This act defines rules for corporate governance and financial reporting for corporations that operate or are listed in the US. Under the act, there were requirements stating that a corporation was obligated to disclose as to whether or not it had instigated an ethical code applying to its principal executive, financial and accounting officer, and subsequently to explain to the governing body if no policies were in place, an explanation as to why.

According to Chua and Rahman (2011), the Sarbanes-Oxley Act describes the corporate code of ethics as a codification of standards that is reasonably necessary to deter wrongdoing and to promote the following issues:

1. Ethical conduct incorporating possible conflicts of interests encroaching on professional activities.
2. Removal of any conflicts of interest from corporation activities incorporating reporting policy to a suitable internal body relating to evidence of possible transgression thereof.
3. Complete comprehensible disclosure submitted by the corporation to the Securities Exchange Commission.
4. Agreement to external legal requirements form other bodies including governmental.
5. Timely intervention and communication of transgressions of the code to a suitable internal body stated within the code.
6. Responsibility for compliance to the policy

Peavler (2016) described the creation of the act was largely in response to the Enron incident and as a result, to reduce the incidence of corporate fraud, the Sarbanes-Oxley act was drafted with the mandate to defend investors by improving the accuracy and reliability of corporate disclosures however according to Cummings (2005) there was no significant reduction in fraud or unethical behaviour under the remit of the act, stating that over the previous decade, over 190 private securities class action lawsuits had been filed.

In conclusion, an ethical corporation would have a quality management system for document control holding all policies and procedures within, including a mission statement, code of ethics and code of conduct. This may be in addition to professional codes of conduct and ethics that may be enforced by professional membership e. g. as a Chartered and biomedical scientist registered with the Healthcare professions council, members are expected to adhere to the HCPC codes of conduct and ethics. As a member of the Institute of Biomedical scientists (IBMS), there is an additional code of conduct and code of ethics, however these are all particular to specific members of staff and not employees who fall outside of this remit ergo, the policies and procedures need to be specific to the corporation and not external governing bodies.

Each document that would require compliance by employees would need to have a sign-off that ensures the employee is aware of the document and its contents and by acknowledgement, agrees to work in compliance to that document. As a controlled document, every change made would require a new version release that each employee would be required to re-acknowledge accordingly. In this way, there is no plausible deniability of knowledge of the documentation. This would be the same for all employees regardless of rank. It would be prudent for each employee to have an induction period in order for the messages to be presented by the members of the management team in order to create visibility of mangers and to effectively convey the message that there is full management buy-in and practice of these policies and procedures.

The organisation would require ethical impartial and diversity-aware interview training and only those suitably trained should be permitted to interview potential employees. Ethics, governance and diversity training should be part of the annual statutory and mandatory training for all staff regardless of grade and this should be monitored in order to ensure compliance for staff whose training period has lapsed. The organisation would also require a suitable exit-interview strategy in order to ascertain if there are issues regarding unethical practices and behaviour. In order to support those who witness transgressions, there needs to be a whistleblowing policy and procedure to protect the identity of the individual in question. All this needs to be supported by a robust disciplinary policy and procedure in the event of transgressions of these codes.

Additionally, as part of the Quality management review, it would be prudent to carry out ethical audits as part of the audit calendar. These would ideally be a collection of different audits form staff questionnaires, staff recruitment profiles, transgression of policy and trend analysis thereof etc., in order to fully cover all aspects of the ethical and conduct code and ensure the true profile of the corporation is reflected.

Finally, in order to maintain visibility, managers need to be placed on regular shop-floor rotation and staff level meetings in order to create transparency and to demonstrate that managers fully support the ethical code. This would assist staff buy-in and remove scepticism on the part of the workforce. Inclusion of the workforce or workforce representatives into monthly management meetings concerning ethical issues could be included in the departmental monthly meetings and relayed to the team. All events regarding ethical issues and their manifestation into the business and transactions of the corporation would need to be captured in the Annual Management review which would need to have a highlights report distributed to the staff. The recruitment strategy and staff training would manifest into an ethically compliant workforce and the reputation of the organisation would attract staff with the same ethos.

As an employee of the Royal Free London NHS Foundation Trust Hospital, my corporation fulfils many of these goals and ambitions, however as with all public sector institutions in the UK today, low staffing and high workload means that time is at a premium and patient treatment and welfare is always the paramount focus. The NHS has a code of behaviour which outlines expectations from dress code to accepting gifts. The Royal Free NHS Trust has its own code of ethics and behaviour as does the HCPC and IBMS. The Quality Management system is controlled by Q-pulse document control software. As of yet, Ethical audits are not performed within the department, however it would benefit if such an audit was introduced.

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