

Development and importance of business code of ethics



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There are many regulations and policies in place that set the minimum standards for ethical business behavior. Unfortunately, businesses still partake in unethical behaviors. Unethical behavior in a business can have many effects on the organization. Over the years, there have been several business scandals that have tarnished the credulity of their business. As a result of their unethical behavior, businesses have lost loyal customers and potential investors. Customers no longer trust the business and what they have to offer. It is important for companies to have an ethics program in place that will outline ethical business behaviors and their code of ethics. This will ultimately reduce and prevent unethical behaviors within a business. The employees have committed many unethical acts due to their lack of a code of ethics and an ethics program. They are unaware of what is expected of them so, good or bad, they act based on their own judgement. Management should ensure that consequences for these actions are clear.

Components of a Code of Ethics

When creating an ethics program, the code of ethics should be the first component. The code of ethics acts as a foundation of the ethics program. It is also a very critical part of the program. To ensure employees understand the code of ethics, training and effective communication is essential. Even when employees have read and signed a code of ethics, they still fail to understand and follow it. A code of ethics is defined as a formal and distinct document which contains a set of prescriptions that are developed by and for a company to influence current and future behaviors on several issues(Kaptein, 2015). This guide will apply to the company, how managers and employees are towards one another, external stakeholders and society.
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For a code of ethics to be beneficial, there should be an ethics program in place that will provide the knowledge and guidelines to ethical behavior. There are several components of an ethics program. The first and critical component is the code of ethics (Kaptein, 2015). The second component is an ethics officer also known as a compliance officer that is an expert of ethics and ethical compliance. The third component is an ethics program as well as other communication and information about ethics. The fourth component is an ethics report which is also known as an ethics helpline or hotline. This include a website, telephone, app or email address that employees can use to report ethical issues. Within the code of ethics, employees should also be aware of the disciplinary process within the organization for unethical behavior. Component five include the policies surrounding the accountability of management and employees on unethical behavior. Component six includes policies that cover allegations of unethical behaviors. Consequences are not the only influence on an employee's practicing ethical behavior, employees should also understand that there are rewards and incentives for ethical behaviors, which is component seven. Management should conduct assessments to ensure their code of ethics and ethics program is effective. Component eight involves organizations conducting ethic audits and implementing monitoring systems that measure the effectiveness of the program and code of ethics. Through pre-employment screenings, organizations can assess the integrity and ethics of prospective employees. This program will ultimately influence employee behavior and promote ethical behavior.

Strategy to Promote the of Need a Code of Ethics

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Code of ethics and an ethics training program will establish, represent and sustain the organizational culture (Sekerka, 2014). A code of ethics will set the standards and the training will ensure that employees gain the knowledge and understanding of the standards as well as the consequences for breaking them. To convince the company to implement a code of ethics, I would suggest an assessment or ethics intervention be done before a code of ethics and training program is in place. This intervention will show where their company stands in relation to ethics and how effective the program and code of ethics will be after being implemented. During the intervention, employees will be assessed on their current knowledge of ethics. Employees have acted unethically in their company due to being unaware of the ethical codes. I would also suggest a balanced experiential inquiry approach (BEI). Employees will shine a light on and acknowledge the strengths and weaknesses their ethical challenges as an individual and as an organization (Sekerka, 2014). The first step of the BEI approach includes employees identifying their ethical challenges. This gives the employees to reflect on what they have done, felt and thought when faced with their ethical challenge. They will provide information such as what happened and their outcome of the challenges. As the Chief Executive Officer of ABC does not feel that a code of ethics is necessary, he stated, " People are people, and some people just don't care about their actions." During the BEI approach, employees will evaluate their motives. This approach will ultimately promote moral development and ethical awareness. Upon completion of the intervention and the BEI approach, the employees and organization will understand the need of a code of ethics and a training program that will influence them to follow the code. I would also introduce case-based

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learning. Case-based learning involves obtaining domain-specific knowledge through on-the-job experiences (Harkrider et al, 2012). This influences an employee's future decision making. Case-based learning is beneficial because it involves realistic ethical situations. Both strategies will allow employees and management to reevaluate their way of conducting business unethically.

Companies have found that if they act ethically, they will increase their competitiveness in their respective industries. A list of the world's most ethical companies was published by Forbes. These companies are both domestic and international. The Kellogg's Company's code of ethics is an example of how a company can benefit from implementing and following a code of ethics. Their code of ethics includes each component of an effective ethics program. As this company lives their values over the years, they have shown customers that they honor integrity and their customers. Their ethics program outlines why they do what is right, why it matters and what it means (Kellogg Company, 2013)

Lack of Code of Ethics

Studies have shown that without a code of ethics and an ethics training program in place, employees are likely to act unethically. They are unaware of what is expected of them which results in decreased productivity and increased unethical acts. Both have a negative impact on an organization. A code of ethics will help to define the organizational culture. A code of ethics will also set standards and expectations that guide employee behavior. Without a code of ethics, employees will not understand the consequences of

unethical behaviors. Unethical behavior within an organization shows customers that an organization cannot be trusted.

Conclusion

A code of ethics will define the behaviors that are acceptable. The code will act as a guideline for employees and management to follow. When organizations act unethically, their reputation is tarnished which is ultimately bad for business. Having a code of ethics will inform the employees on what it means to act ethically and their consequences for acting unethically. Not only should organizations implement a code of ethics, they should ensure a training program is in place for employees to understand what is expected of them.

References

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