

Creating standards for ethical behavior



Creating standards for ethical behavior often begins with a code of ethics. Companies develop a code of ethics to guide their actions and to establish a common definition of right versus wrong. A code of ethics is a guide for acceptable behavior. There are two categories of codes of ethics: compliance-based and integrity-based. Compliance-based ethics codes focus on preventing unlawful behavior by punishing those who violate the code by increasing control over the wrongdoers.

Integrity-based ethics codes encourage ethical behavior by defining a company's mission and values, and by creating an environment that supports ethical behavior and shared accountability. A company can improve business ethics by gaining top management's support. Employees must be made aware of what is expected of them in terms of acceptable ethical behavior. Managers need to be trained to consider the ethical implications of their decisions. An ethics officer must be established, and those outside the company who interact with the company must be told about the company's ethics program.

Finally and most importantly, the ethics code must be enforced. As members of society, companies give back to the societies within which they operate. The concern a corporation has for the welfare of society is known as corporate social responsibility. Social responsibility is grounded in its commitment to integrity, fairness, and respect. Social responsibility extends to the stakeholders that businesses support. These stakeholders include customers, investors, employees, society at large, and the natural environment.

A systematic evaluation of an organization's progress toward implementing socially responsible and responsive programs defines a social audit (Nickels, McHugh & McHugh, 2010, p. 104). The challenge of conducting a social audit for businesses is determining how to measure a company's impact on society. In addition, companies that conduct their own social audits run the risk of being subjective about their efforts. Ethics and social responsibility are not simply about doing the right thing, but doing the right thing in the eyes of customers and society.