

Importance of ethics infrastructure in organisation



This essay will describe the importance of ethics infrastructure in organisation. Next, it will not only introduce code of ethics and ethics training but also analyze the advantages and disadvantages of implementing the code of ethics combined the training. Then, it will introduce the informal ethics infrastructure, ethical leaderships, its importance as well as its characteristics. After that, it will evaluate which option is more effective for shaping a long-term ethical behaviour in an organisation, code of ethics with related training or a strong ethical leadership. Finally, it will discuss which one it more impact on me and the reasons; there has a conclusion after that.

Ethical lapses by managers or employees of an organisation can cause severe damage to the reputation of the organisation, and in some cases can cause the organisation's demise. (Barsky, 2008) Furthermore, if the manager or staff broken the laws, it may lead to criminal prosecution and prison terms of those in responsible positions. As the case of SANLU in China, such improper behavior has damaged the reputation of the organisation, and also has bad influence on the organisation's employees, shareholders, creditors, customers, and society. In other hand, Coco-Cola keep utilizing grant from Coco-Cola Foundation to held project to clean water around the world those years. An ethical infrastructure is needed in order to avoid the unethical behaviours as well as establishing ethical climate within the organisation. It should have both formal and informal influence to control the unethical behaviour and educate the employees about ethical behaviours. (Tenbrunsel et al., 2003)

According to Richard et al (2010)" A code of ethic is a formal statement of the company's values concerning ethics and social issues; it communicates

to employees what the company stands for.” For example, Institute of Electrical and Electronics Engineers’ “ IEEE Code of Ethics” are for their members. (see appendix) Other formal aspects of an ethical infrastructure like ethics training programmes which are important to support the implement of the written code of ethics in the organisation. It is helpful for establishing the ethical climate within that organisation. It is likely that combined the written code of ethics and ethics training will increase effectiveness in influencing employee behavior.

There are several advantages of the formal ethics infrastructure. First of all, the code of ethics provides clear guidance for managers and employees and training will help they know what is expected of them in terms of ethical behaviour. Second, it will enhance the organisation’s reputation as well as to remind suppliers and customers of the organisation’s expectation of proper behavior. Third, code of ethic with ethic training will promotes an ethic climate and culture within the organisation. But there are also has some disadvantages of a code of ethics combined ethic training. Firstly, introducing and implementing the code and training effectively will demand time of both managers and employees. Secondly, to shaping long-term ethical behaviour in the organisation will need money to implementing the code and training in a long-term, it would require amount of money. Finally, it needs human resource to monitor and update both the ethic code and ethics training.

An informal aspect of the ethical infrastructure is the actions and example of leaders. Ethical leadership behavior is gaining attention as a factor that influences employee behavior and plays a critical role in creating the ethical

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climate of the organization. (Brown and Trevino, 2006) An organisation can incorporate ethical carry out only if its leaders implement ethical values into the organisation. To be social responsibility, the management of the organisation needs to make decision and take actions which would benefit the society. For example Johnsons & Johnsons called back 43 over-the-counter children's medicines in 2010, because some products may not fully meet the required manufacturing specifications. This action showed that Johnsons & Johnsons is a very ethical and socially responsible organisation. As ethical leaders, they concerned to serve as role models for employees. According to R. Edward Freeman and Lisa Stewart (2006):" It is important for leaders to tell a compelling and morally rich story, but ethical leaders must also embody and live the story." Ethical leaders embody the purpose, vision, and values of the organisation connect with the goals to not only the internal employees but also the external stakeholders.

As R. Edward Freeman and Lisa Stewart (2006) suggested, there are 10 characteristics of ethical leaders. They are: 1. Embody the purpose and values of the organisation to the employees. 2. Focus on organisational success rather than on personal character. The leaders need to focus on goals of the organisation rather than individuals. 3. Find the best employees and develop them. 4. Create a living conversation about ethics, values and the creation of value for stakeholders. 5. Create mechanisms of dissent. 6. Take a charitable understanding of others' values. 7. Make tough calls while being imaginative. 8. Know the limits of the values and ethical principles they live. 9. Frame actions in ethical terms. 10. Connect the basic value proposition to stakeholder support and societal legitimacy. It is not so easy

to develop ethical leaders in the organisation. Ethical leadership is more complex and more useful than the written papers. A famous case for ethical leadership was happened in 1998, former Chairman and CEO of PepsiCo Roger Enrico just want \$1 of his salary, requesting PepsiCo contribute that PepsiCo, in turn, contribute \$1 million to a scholarship fund for employees' children in turn. (Associated Press, cited in Ronald J. Burke and Cary L. Cooper, 2009)

Joseph A. McKinney et al (2010) had done a research on business ethics, " we find that business professionals working at firms with a written code of ethics tended to find ethically questionable situations less acceptable than those at firms without such a written code." but " our results indicate that codes in general seem to have less of an impact on interactions with customers." which means, the effective of ethic code or ethic training would not direct impact the customers. In other words, implementing the code of ethic and related training are less effective and more cost in a long-term but indispensable in the short-term. Leaders who display ethical leader behavior are more likely to be seen as trustworthy and fair (Brown and Treviño, 2006) As the ethical leaders are the role model of other people in the organisation, they need not only to monitor the employees but also themselves. However, a reputation for ethical leadership cannot be taken for granted because most employees in large organisations do not interact with senior managers. (Linda Klebe Trevino, Laura Pincus Hartman and Michael Brown, 2000) According to James A. Mitchell (2001):" By ethical leadership, we mean creating a framework for the organisation that attempts to balance the interests of all its key stakeholders...and to maintain that balance in both the

short term and the long-term.” Ethical leadership actually more effective, it adds economic value to the corporation, the key stakeholders can have more profit, and as a result, the ethic organisation would have significant advantage over its competitors in the long-term. (James A. Mitchell, 2001)

For an organisation who wants to be an ethic organisation and take social responsibility to gain reputation, they need a written code of ethics at first and provide ethics training to educate employees and managers. With the code, all the stakeholders know the organisation trying to be social responsibility. Then, develop ethical leaders who would monitor and be the role model of the employees in the organisation. In my point of view, when they all be used property in the organisation it would be most impact. Just like a student read a theory on the book, he knows what is it, then his teacher educates him about how to use the theory, and someday, he actually saw a person use that theory in reality, at that time this student actually grasp this theory. Only educate the employees about ethic wouldn't be so effective for them to deeply remembered, but when the ethics been put in reality, the entire employees would know what to do and how to do.

This essay has described business ethic is important for organisations nowadays. Code of ethic combined with ethic training has some advantages as well as disadvantages. Due to the characteristics of the ethical leaders, it is hard to develop a good ethical leadership in the organisation in short-term, but it will benefit a long-term development of the organisation. However, code of ethic as important as ethical leadership for an organisation who wants to be an ethic organisation.

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