

# Today's Agenda

1. **Cross-Cultural Ethics (from Week 4)**
  - **Discussion of Beyond Borders vignettes (John, Roberto, Kay)**
2. **Confucian Ethics (from Week 4)**
3. **Writing Codes of Behaviour**

## **Today's handouts**

- 1. Lecture overheads.**
- 2. A blurb of the PBS doco, Black Money, available on-line.**

## **Remaining Work for BE:**

- 1. Individual essays due by Tuesday, November 10 (Week 9).**
- 2. Team presentations in-class on Tuesday, November 24 (Week 11), and handed in by the end of that week. (I'm still missing 5 names.)**

## Codes of Ethical Behaviour

**Broadly, such codes can be written as:**

- either *rules*: as explicit as the law,  
e.g. “Thou shalt not commit adultery.”
- or *principles*: broad statements of the  
organisation’s values and how these should inform  
employee behaviour  
e.g. “We value the family and its welfare.”

**Which — rules or principles — is best might depend on the purpose of the code.**

## **Rules or Principles?**

**How might these differ?**

**To deter wrong behaviour or to encourage right, rules might be better:**

**– readily understood and easily seen when broken**

**To improve practice, to educate or train, without expecting the worst, principles might be better:**

**– less legalistic, more initiative left for the individual, less searching for “loopholes”.**

**At any rate, employee “ownership” (through bottom-up development, rather than top-down imposition) is more effective for either way.**

## Writing Codes of Behaviour

(from M. Schwartz: *The Nature of the Relationship between Corporate Codes of Ethics and Behaviour*, *JBE* vol 32, 247–262, 2001)

1. Do they work?
2. If so, why?
3. If not, why not?
4. Lessons?

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- **Avoidance of legal consequences.**
- **Promotion of public image.**

## **How effective are codes?**

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**Three questions:**

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- 2.**



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- 2. Why are codes effective or not?**
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- 1. Do codes influence behaviour?**
- 2. Why are codes effective or not?**
- 3. How do codes influence behaviour?**

## Penetration of codes

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(half knew)
4. **Do you remember what's in the code?**  
(usually only 1 or 2 of 5–7 core values recalled)

## **Behaviour to reduce/prevent**

### ***Violations:***

**stealing**

**fraud**

**accepting bribes**

**paying kickbacks**

**sexual harrassment**

**conflict of interest**

**misappropriation of company funds**

**breach of confidentiality**

**abusing expense accounts**

**falsifying records**

**drinking/drug use on the job**

**racism**

**downloading porn**

**etc**

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**Sometimes not:**

- **“I believe I know what is right and wrong already.”**
- **“After all, the code is merely common sense.”**
- **“I don’t believe I’ve ever had to face an ethical dilemma”**



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  - **avoiding business in restricted countries**
  - **releasing information**
  - **public discussions as an employee**
- **the number of questions received by ethics officers from employees regarding the code. Assuming that these were not idle queries, the guidance must have been acted on sometimes.**



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- **the company's perceived best interest**
- **ignorance (i.e. never aware, didn't perceive, forgot)**

## **Reasons for effectiveness ...**

### **When compliance occurred:**

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### **When compliance occurred:**

- **personal values, upbringing**
- **fear of discipline, loss of job**
- **loyalty to the company**

**Some of these might be related.**

**So: stronger personal values might strengthen resistance to peer pressure.**

**Or the absence of personal values etc might increase non-compliance.**

### **3. How do codes influence behaviour?**

**Eight metaphors (following Schwartz *JBE* 2001): to comply with the code's provisions.**

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### 3. How do codes influence behaviour?

**Eight metaphors (following Schwartz *JBE* 2001): to comply with the code's provisions.**

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### 3. How do codes influence behaviour?

**Eight metaphors (following Schwartz *JBE* 2001): to comply with the code's provisions.**

1. a *rule book*: clarifies behaviour expected
2. a *sign-post*: consult to determine whether certain behaviour is appropriate
3. a *mirror*: to confirm whether behaviour is acceptable to the organisation
4. a *magnifying-glass*: cautions employees to be more careful or be more reflective before action

**5.**



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5. **a *shield*: helps employees to better challenge and resist moral temptation**
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6. **a *smoke detector*: leads employees to be able to convince others of the inappropriateness of their behaviour**
7. **a *fire alarm*: helps employees to contact appropriate authorities and report violations**
8. **a *club*: the potential enforcement of the code induces employees to comply with the code's provisions.**

## **Practical implications**

**Reasons for non-compliance:  
self-interest,**

## **Practical implications**

**Reasons for non-compliance:  
self-interest, dissatisfaction,**

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**Reasons for non-compliance:  
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**Reasons for non-compliance:**

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## **Practical implications**

**Reasons for non-compliance:**

**self-interest, dissatisfaction, environment, company's interest, ignorance.**

**Reasons for code compliance:**

**personal values,**

## **Practical implications**

### **Reasons for non-compliance:**

**self-interest, dissatisfaction, environment, company's interest, ignorance.**

### **Reasons for code compliance:**

**personal values, fear of discipline,**

## **Practical implications**

### **Reasons for non-compliance:**

**self-interest, dissatisfaction, environment, company's interest, ignorance.**

### **Reasons for code compliance:**

**personal values, fear of discipline, loyalty to the organisation.**

**The eight code metaphors reveal that the process by which a code influences behaviour is diverse, convoluted, and indirect: senior management should be aware of the different ways in which the code is perceived and reacted to.**