

Code of Ethics in the Context of Possible Misuse and Content

Marián Ambrozy

Assoc. Prof. Dr. Marián Ambrozy, MBA,
College of International Business ISM, Slovakia, Prešov

Abstract

The purpose of the article is to reflect on the question to what extent a situation may arise in which codes of ethics are not needed or even inappropriately applied. The possible advantages of codes of ethics are relatively well known, and there is ample literature on them. Literature on the conditions for the adoption of ethical codes is also quite common. There are far fewer articles about the uselessness of ethical codes in a certain context of reality. Even less is said about the detrimental consequences of the use of codes of ethics in their partial use. Our contribution is an attempt to show in what situations a code of ethics can act as a useless institution with no real influence, and also that certain elements of a code of ethics can lead to detrimental consequences if they are adopted and implemented.

Keywords: code of ethics, adoption of the code of ethics, content of the code of ethics

Introduction

Currently, it can be stated that codes of ethics have gained unprecedented popularity within the organizational culture of individual specific companies. Today, codes of ethics can be observed in many organizations, industries, and also in trade unions. This is due to the well-known division of ethical codes. We can categorize them according to the degree of sanctions as well as the extent to which they are covered. The second criterion means the wide dissemination of ethical codes in various types of business, in various associations and industry organizations, as well as in various professions, professions and semi-professions. Thus, the code of ethics can be found both in very small enterprises and in medium and large enterprises. You can find various codes of ethics in the form of codes of professions, organizations, and the like. We can say that especially in the last twenty years, the share of ethical codes has increased dramatically. Codes of ethics also appeared in the socialist countries, which was unthinkable until recently, because they were to be replaced by conscious communist morality. Their aim should be to raise ethical awareness and improve ethical behavior in the workplace. Ultimately, this should also have a positive impact on the efficiency and productivity of the organization.

„The utility/profit-maximizing mantra is at the center of the current ethical dilemmas facing business and accountin“ (Keller, 2007, p. 162).

Theoretical study of the issue

It is interesting how codes of ethics have multiplied in this way in economic entities. We must think about the meaning, purpose and legitimacy of ethical codes. To do this, we must first analyze the different types of codes of ethics. The first possible division is the division into ethical codes depending on who they are intended for. From this point of view, it is possible to single out, first of all, professional codes of ethics. These are codes that are designed for certain professions and semi-professions. An example is the teacher's code of ethics, which is a semi-professional code. An example of a code of professional ethics could be the code of a policeman, lawyer, judge, etc. Such a code is characterized by the fact that it is the densest expression of the recommended ethical principles in a positive and negative sense, which act as a certain guideline in the ethical dimension of the profession. From the same point of view of the division of ethical codes, we single out sectoral codes of ethics. These are codes that are for a specific industry, such as franchising. “An example is the Code of Ethics in the insurance industry, which is aimed at the maximum elimination of negative elements not only in the relationship of insurance business entities operating in the insurance market, but especially in the relationship of these entities with the client” (Zemanovičová et al., 2003, p. 45). Another example would be the code of ethics for the life sciences. (Jones, 2007). Finally, there are corporate codes of ethics. They are indeed widespread in micro, small, medium and large enterprises. The Code of Corporate Ethics has a limited effect, since it is applied exclusively in one economic entity, in one organization.

There is another type of division of ethical codes, depending on what impact they have. From this point of view, the softest code is the desired code. Its task is to show an imaginary ideal state, that is, the desired model, the desired status quo in the workplace. This type of code doesn't prescribe any specific standards, it's just a blueprint. It has no specific rules and ultimately does not prescribe sanctions. The code of conduct is completely different. It has very specific requirements. They are enshrined in specific rules. “Punishment avoidance explains the origin of ethics or self-regulation in most trades and professions” (Leys, 1961, p. 6). The specification of behaviors comes down to consistent standards that are relatively detailed. In addition, sanctions are often applied. “The threat of sanctions for non-compliance can give professionals a strong reason to comply with the code” (Spielthener, 2015, p. 199). The other type is the educational code. This type of code also includes an explanatory component that deals with the meanings of the code. This means that the code has an explanatory component.

I am trying to find answers to questions about how a code of ethics can be not only meaningless, but also harmful in some cases. This may also be related to another issue, to what extent the existence of codes of ethics makes sense, or in what cases,

under what conditions, codes of ethics are necessary. A very interesting insight into discourse and ethical codes comes from Spieltenner, who talks about the obvious reasons for following ethical codes and the real reasons for following them (Spieltenner, 2015).

Codes of corporate ethics are assigned to a specific organization. Therefore, it is difficult to transfer them to another organization. The specificity of the organization is associated with a fundamentally different organizational culture. Therefore, the corporate code of ethics is specific to a particular organization. They must be clearly defined within the company so that they can be presented to employees and met with acceptance and understanding. In the case of larger enterprises, they are prepared with a large sample of workers' representatives. In this case, training can be carried out mainly in two ways: with and without the participation of external experts. In any case, a company's code of ethics should not be developed only by external experts, since they simply do not know the basic situation in the company. The participation of internal employees is also required, or, in the case of a medium or large company, with the participation of a significant sample of representatives of these employees. I think there are two possible errors here. The first is that if the code of corporate ethics is developed only by external experts, they do not see the specifics of the organization and develop a code of corporate ethics at a high professional level, but without knowledge of the organizational culture. The second mistake occurs if the corporate code of ethics is developed without ethics experts, it lacks the necessary professional quality. I consider it optimal to coordinate the development of such a code with the involvement of employees of the organization or their representatives, together with ethical experts.

So how do we institutionalize codes of ethics? I believe that it is not necessary to have a detailed knowledge of philosophical ethics in order to create corporate codes of ethics. Its knowledge is necessary if I plan to engage in applied ethics at the scientific level. A code of corporate ethics can be created even without knowledge of philosophical ethics and metaethics. Knowledge of applied ethics will be more than enough. What applies to corporate codes of ethics may not apply to industry and professional codes of ethics. Of course, the existence of ethical codes does not guarantee either the practice of ethical behavior or the absence of ethical excesses. Ethical violations occur for two reasons. In the first case, on the basis of inaccurate knowledge, ignorance of ethical standards. Another reason is some situational pressure. One of the factors is the non-intervention of managers in the event of a serious violation of ethical principles. Another factor may be the company's weak organizational culture. Most often, this is an action motivated by a vision of some personal gain. Potentially negative factors should be eliminated by the organizational culture of the company.

The actual effectiveness of a code of ethics also depends on several factors. The effectiveness of a code of ethics is primarily ensured by the following three

conditions: 1.) it must be precisely defined, with a clearly defined sanction for a specific action, 2.) the code must be clear and comprehensive so that it is impossible to classify ethically significant behavior as not subject to code. And finally 3.) it should be written in a way that is clear and understandable. The target group of any code of ethics is not a professionally trained ethicist, but an ordinary employee of the organization. The regulatory code should clarify the penalties for unethical behaviour. There are several good reasons for this: a) the code must be clearly explained. It should not contain ambiguities, the possibility of different interpretations, b) it should have a wide range of tools to determine the size of the sanction, c) the code should be really effective.

The purpose of a code of ethics should be solely an effort to improve the organizational culture from an ethical standpoint. Any other target is not allowed. The Code of Ethics is better accepted in practice under certain conditions. It is acceptance by the level of management more familiar to the organization or organized component. This means that in decentralized organizations, this should be provided by the lower and middle levels of management. In centralized organizations, a higher level of acceptance is guaranteed by the authorization of higher management. The involvement of the management of the organization, as well as representatives of employees, significantly increases the effectiveness of the code. An important condition for the adoption of an ethical code is also the need for its regular revision. The immutability of the code of ethics for a relatively long time, as well as the exclusion of employee representatives from its creation and modification, significantly reduces its acceptability and effectiveness. Some authors say that codes of ethics are specific to specific groups and should be adapted. „For women, a negatively written code works much better than a positively written one“ (Kotzian et al., 2020, p. 125).

Unethical behavior constantly threatens the integrity of the organization itself. It is also a threat to his relationships with other stakeholders. Corruption is a particularly serious ethical issue in organizations. “In terms of the breadth of activities that this definition of corruption includes, at one end of the spectrum is the definition of corruption defined by law, i.e. corruption in the opinion of the public. We are talking about a narrower and broader understanding of corruption” (Beblavý, 2007, p. 699). Corruption makes poorer not only the organization, but ultimately the state. Unethical behavior is a constant threat to an organization. That's why it's good to institutionalize ethics. In fact, it is the prevention of unethical behavior and the elimination of its consequences. Property protection is also a priority. „A clear cut code of ethics must be practiced in such a way that employee theft can be deterred“ (Gallena, 2016, p. 91). The concept of the institutionalization of ethics can be understood relatively broadly in business ethics. It is possible to single out modern and traditional tools of business and management ethics. The ethical codes we deal with can be classified as traditional tools.

If the ethical principles that we seek to apply in an organization conflict with practice, then we are probably talking about a failure to comply with the stated principles. If there is already a prepared code of ethics, it is necessary to propose a strategy for its implementation in the organization. First of all, the management of the company must identify with him. Employees of the organization should receive the text of the code of ethics, written in understandable language. Employees of the company should be able to react to the code, as well as update it. Above all, managers must be able to innovate and add to the code of ethics. Therefore, they must confirm that this is understood. The management of the organization must decide whether the code of ethics will be of a regulatory nature. It is individual depending on the direction, problems and long-term organizational culture of the company.

The worst possible situation is a violation of the code of ethics by one person, especially if he does not have the proper ethical education. Combined with various ulterior motives that are not really ethical intent, sometimes strange content elements can make their way into the code. It is dangerous if these points get into the code of ethics through some pleonectic person who is not only the author or inhibitor of the code of ethics, but can also apply sanctions in the normative code for those points that he can implement in the code. If these were standard ethical imperatives, this would not create any problems. The problem is the ideas contained in the code and their origin or purpose is unethical. Usually the thought maker follows some hidden, hidden cause. It can be really different, sometimes it can cause serious problems (Ryziński, 2021).

The octroi of a corporate code of ethics may pose an increased risk if it is a governing corporate code of ethics. Then it really can be an arbitrary implementation of content, the essence of which is other than ethical. Many situations can arise, which in some cases have bizarre consequences.

Fabricated Examples of Inappropriate Implementation in the Code of Ethics

The first example can be given by the example of scientific institutions. Imagine an ordinary scientific institution with interesting scientific results. At a certain time, a code of ethics is adopted, which prohibits its employees from publishing in one group of scientific journals. Here you need to take a tour. Scientific journals are mainly divided into two groups. The first is one that basically doesn't charge royalties to authors. Its source of income is mainly fees for physical prints or paid electronic access. Notably, it does not charge for publication. Another group of scientific journals chooses them. In our fictitious example, the code of ethics would be implemented with a command that directs authors to publish only in free scientific journals. In other words, he will publish what is forbidden in a paid magazine. This violates the right to publish in any journal of the author's choice.

Another example would be an unreasonable ban on employment in another company in a similar industry, if the law allows and permits it. This prohibition can apply to both full-time and part-time employment. It doesn't matter if the worker is physically doing two (or even more) jobs or not. Appeal to any ethical consideration in this case is completely inappropriate. The real reason may be quite different, but we assume that the person who imposes this paragraph in the code of ethics may try to clothe the justification in an ethical lexicon. However, the real reason may be different. Other organizations operating in the same or closely related sector may be viewed by the person concerned as competing or even hostile. This may be the real reason. Instead, this worker may create an indirect cause disguised as an ethical cause. However, the reality is different, and the real reason is the negative attitude towards other organizations working in the same field. If you continue to fantasize, you can come up with another real reason for this step. Let us imagine a situation where the initiator of the implementation of the specified paragraph of the code of ethics tried to establish repeated parallel labor relations in the past, but for certain reasons his intention was not successful. This may be the root of his interest in the ban, because he will not allow others to do so either. Dressing this directive in ethical terms can occur by declaring such activities as a conflict of interest. At the same time, the inadequacy of this prohibition is obvious, since there is clearly no conflict of interest. It is about compensating for one's own disappointment at having failed at a previous job interview when there was no contract that would allow the person to have a parallel employment relationship. The stumbling block is the translation of the order into a normative code. In this case, this is direct discrimination of employees through the code of ethics. Pressure from the leader to comply with this clause can even be seen as a form of command. It is especially surprising if the violation of this clause, which has no real basis in ethical imperatives, values, habitual patterns of behavior, etc., will lead to serious forms of sanctions, and in extreme cases, to dismissal from a particular organization. In this case, this would be a prime example of the harmful use of a code of ethics in practice.

The third legendary example can be the situation in the sphere of special services. Imagine a security service working somewhere in a hypermarket or a large department store. This is a company with high employee turnover. This company's code of ethics is, of course, corporate and regulatory. The management of the company will simply determine the final form of the regulatory code. It will contain both desirable and undesirable employee behavior. In the case of negative behavior patterns, the company's management pushes one specific moment into the company. This moment is sanctioned by a fine. The advantage of the business is the tasting of trial products offered to customers by hostesses. These ladies offer groceries to security staff as well. If the security officer could not resist such a temptation and tried it, in the case of a certificate, he would be punished with a fine. In essence, it would be a sanction for ethically irrelevant and factually innocent activity. While this is a limited part of the code of ethics, we consider it a harmful

and counterproductive part of the code of ethics. Indeed, this paragraph contains a norm, the essence of which goes beyond the scope of ethics.

Discussion

Not in all cases, when, in our opinion, the code of ethics does not make sense, it is its harmful content caused by the forcible introduction of some influential party. In some cases, we believe that a mere corporate code of ethics does not matter in a given organization. This may have several reasons. The main reason may be that it is a micro-enterprise with up to 10 employees. There is not the slightest point in introducing any corporate code in such a company, because any competent leader should be able to manage such a small group of employees. This tool for the implementation of ethics, we consider redundant in this case. We consider it meaningless. We can certainly find many similar examples. For example, it could be an office with a specified number of employees, a small school, etc. There is no way such a tool can speed up decision-making processes in such a small company.

Sometimes a company code of ethics can be introduced as a specific way to show interest in ethics in a company. In this case, this code of ethics does not change the absolute behavior in the organization, and its creation is only a matter of showing support for ethics in the organization. In this case, the native code is intended only for the image, in the sense of supporting the corporate identity. Ultimately, its purpose is to increase PR, so it is completely useless in terms of improving workplace ethics. It is also possible to show stakeholders that ethics is important in an organization using other tools than the self-serving introduction of a corporate code of ethics. This tool is really not needed to create an image for the public. If this is the case in the organization, we believe that such a corporate code of ethics is not needed. „A code in isolation is only a veneer for being ethical and in essence is misleading to all that come in contact with the company that purports to possess one“ (Wood and Rimmer, 2003, p. 192).

We have presented selected situations in which a code of ethics may be considered unnecessary, as well as situations where a corporate code of ethics has even been introduced, which is partially or completely harmful. A harmful code of ethics introduces unethical standards of behavior that we cannot justify with any ethical theories or values. Basically it is a fixed notion that someone in the leadership of an organization can pursue goals other than ethical ones. In particularly serious cases, it may even be a covert form of command or chairmanship. There may be unknown, suspicious reasons for introducing very subjective norms of behavior into a corporate code of ethics. Most likely, such a subjective opinion was not discussed in the code of ethics, was not discussed with representatives of employers or with a team of employees. Even the author of the code with an ethical education would not have approved it if he himself was not a member of the company's management and did not pursue some selfish motives. It can be very difficult for the employees of an organization to accept a non-negotiable corporate code of ethics. If the corporate

code of ethics, which is normative despite this inconsistency, is approved by the company's management (often only the top manager), then this is a hackneyed code of ethics. A code of ethics introduced in this way can very easily become a source of latent conflicts. Attempts to implement a code of conduct from a management position against the will of employees are usually accompanied by tension, which can lead to labor conflicts. Enforcement of a corporate code of ethics can be considered a form of command. It can also be covert measures by which the leadership of the organization wants to help keep themselves in leadership positions. In that case, it could be the chairmanship.

Conclusion

We have presented selected situations in which a code of ethics may be considered unnecessary, as well as situations where a corporate code of ethics has even been introduced, which is partially or completely harmful. A harmful code of ethics introduces unethical standards of behavior that we cannot justify with any ethical theories or values. Basically it is a fixed notion that someone in the leadership of an organization can pursue goals other than ethical ones. In particularly serious cases, it may even be a covert form of command or chairmanship. There may be unknown, suspicious reasons for introducing very subjective norms of behavior into a corporate code of ethics. Most likely, such a subjective opinion was not discussed in the code of ethics, was not discussed with representatives of employers or with a team of employees. Even the author of the code with an ethical education would not have approved it if he himself was not a member of the company's management and did not pursue some selfish motives. It can be very difficult for the employees of an organization to accept a non-negotiable corporate code of ethics. If the corporate code of ethics, which is normative despite this inconsistency, is approved by the company's management (often only the top manager), then this is a hackneyed code of ethics. A code of ethics introduced in this way can very easily become a source of latent conflicts. Attempts to implement a code of conduct from a management position against the will of employees are usually accompanied by tension, which can lead to labor conflicts. Enforcement of a corporate code of ethics can be considered a form of command. It can also be covert measures by which the leadership of the organization wants to help keep themselves in leadership positions. In that case, it could be the chairmanship.

Acknowledgement

This paper was supported by the grant IG-KSV-03/2022-12-33/IP The application level of applying an interdisciplinary approach in the investigation of current phenomena in selected areas of research.

References

- [1] Beblavý, M. (2007). Ekonomický pohľad na škodlivosť korupcie a jej možné riešenia. *Ekonomický časopis* 55(7), 697-711

- [2] Gallena, J. T. (2016). Internal Control, Ethics and Hiring Process Towards Employee Theft Prevention for Cash. *Journal of International Scholars Conference - Business and Governance* 1(3), 85-93
- [3] Jones, N. L. (2007). A code of ethics for the life sciences. *Science and Engineering Ethics* 13(1), 25-43
- [4] Keller, A. C. (2007). Smith versus Friedman: Markets and ethics. *Critical Perspectives on Accounting* 18(2), 159-188
- [5] Kotzian, P. et al. (2020). Effective, but not all the time: Experimental evidence on the effectiveness of a code of ethics' design. *Business and Society Review* 126(2), 107-134
- [6] Leys, W.A.R. (1961). Attempting to Reduce Confused Nonsense of Business Ethics, *Business and Society* 1(2), 5-10
- [7] Rzyziński, R. (2021). Unnecessary and pointless introduction of a corporate aspiration code of ethics in some cases. *Scientific Bulletin of Odessa National Economic University* 11-12(288-289), 154-159
- [8] Spielthener, G. (2015). Why comply with a code of ethics?. *Medicine, Health Care and Philosophy* 18(2), 195-202
- [9] Wood, G. & Rimmer, M. (2003). Codes of Ethics: What Are They Really and What Should They Be?. *International Journal of Value-Based Management* 16(2), 181-195
- [10] Zemanovičová, D. et al. (2003). *Podnikanie verzus korupcia na Slovensku*. Bratislava, Slovakia: Transparency International Slovensko