



Original Article

## THE EFFECTIVENESS OF ETHICS IN THE WORKPLACE.

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### Article history:

*Received: 30 May 2019*

*Accepted: 30 Jun 2019*

*Published: 7 Aug 2019*

### Keywords:

*Ethics,  
Workplace,  
Organizational Culture.*

### ABSTRACT

Ethics is one of the very critical elements of any organization culture. A robust organizational culture nourished with strong ethics and spirituality is expected to perform better than one languishing in an unethical quagmire. The organizational culture is ever changing implicating on the human functioning. The functioning is a product of the learned from external adaptations and internal assimilation dealing with human relation issues, trust, time, space and reality. The values, attitudes, beliefs, assumptions, and norms perceived by a workforce implicated of their behavior and response to issues. Therefore, the organizational behavior is interdependent to the corporate culture, which is furnished with ethical culture and spirituality. This paper reviews literature on the impacts on ethics on workplace culture and employees.

## INTRODUCTION

Ethics is one of the very critical elements of any organization culture. According to Daniel (2010), a robust organizational culture nourished with strong ethics and spirituality is expected to perform better than one lavishing in an unethical quagmire. The organizational culture is ever changing implicating on the human functioning. The functioning is a product of the learned from external adaptations and internal assimilation dealing with human relation issues, trust, time, space and reality. The values, attitudes, beliefs, assumptions, and norms perceived by a

workforce implicated of their behavior and response to issues (Beeri et al., 2013; Martin, 2011). Therefore, the organizational behavior is interdependent to the corporate culture, which is furnished with ethical culture and spirituality.

Over the years, the private and the public services have been dominated by scandals and fraudulent behaviors, which have become part of the modern business, organizations, and institutions (Siriarphanont et al., 2015). It is undeniable that every system and corporate there must be elements of scandals and unethical behaviors practiced almost all

employees in an organization. The public and the private sectors are losing billions of money on lawsuits concerning unethical and fraudulent actions of their staff while others remain bankrupt as others struggle after the workers empty the organization's finances into their banks. Some other unethical behaviors like poor customer services, indiscipline, illegal, and irresponsible acts that breach the organization codes have spoilt the company's reputation and performance (Beeri et al., 2013). The unethical practices are debacles hence it is critical to consider how to create more consistent and viable ethical behaviors in an institution.

Unethical practices in any organization have a particular trend that Smith-Crowe and his colleagues (2015) indicated as a creation or involvement in a scandal or illegal behavior, after which the public outrage follows and lastly a big fix. Nevertheless, despite the trend, every organization has the incentives of keeping the company as honest as possible. Ethical strategies have been deployed by many corporations and institutions to enforce and maintain moral acts. Ethical and professional codes have been the most common approach towards creating an honest workplace environment. Trevino and Nelson (2010) argue that the relevance of the laws cannot be underestimated nor dismissed. However, they are not very efficient, the advocate for the creation of an ethical climate in the company which proves to be more effective than just the standards, an argument supported by Weaver (2014). They all agree that that organizational culture encouraging and strictly practicing ethical conduct and regulations ensures compliance with the law.

The prime objective of the paper is to evaluate the effectiveness of moral acts and codes in a workplace and its implications. The responsibility of fostering ethical behaviors are bestowed on the leaders, the employees, and the public at large thus the failure in the system is as a result of weakness in both the three entities Weaver (2014) explains in research findings. In his paper, Daniel (2010) states that creating of workplace spirituality and the development of a humanistic environment helps the employees achieve their full capacity fostering the company's performance and reputation. The recognition and nourishment of the inner life of employees reflect on their ability to resist engaging in illegal and unethical acts as principles and codes guide them so that they respect and abide by them. Daniel equates workplace spirituality and ethical codes to the divine power that guides them in making the right decisions helping them live a full outer life. Trevino and Nelson (2010) supports the argue stating that despite the selfish nature of man, he has some principles embed in his nature that drives them to comply and adhere to laws and codes. By harnessing the divinity and ethical nourishment by creating an ethical environment, they can adhere to the rules and policies promoting performance and good reputation.

In the Beeri et al. (2010) research on the effects of ethical programs on the employees' perceptions, they found out that ethics programs are very critical in influencing the employees' attitudes. The programs enhance their awareness of the code of ethics promoting their inclusion and involvement in the ethical decision-making hence improving their moral climate. The evaluation of moral leadership proved to be of paramount importance as it

escalated the employee's willingness and commitment to organizational policies and promoted the quality of the workplace life and behavior (Demmke & Moilanen, 2012). Ethical climate has the potential to eradicate the modern ills in governance and leadership (Siriaphanont et al., 2015). The codes being the focal point of the programs, they articulate the organization's ethical policy, which is more useful once the company creates an environment that every person is willing to comply with them (Stucke, 2014; Beerli et al., 2013).

Many scholars have emphasized the importance of ethical programs in the fostering of ethical values and norms in organizations testifying that they have very positive impacts on the organizations and significantly heighten attainment of their objectives and performance. The programs are vivacious tools of inculcating an ethical climate and culture worth encouraging stakeholder's participations in ethical discussions. Employees, who are aware of the programs and codes, cope better with the dilemmas in ethical issues and commit to supporting values that promote fairness, equity, and good governance among other ethical values (Sekerka, Comer & Godwin, 2014; Martin, 2011). Organizations are encouraged to develop and adopt strategies able to cultivate ethical conduct that shall promote ethical awareness and encourage ethical decision-making participation.

Promotion of ethical behaviors and programs provides the employees and the public with tools for evaluating the leader's ethics and help in the diagnosis of moral and non-ethical behaviors. With the increased ills, scandal, fraudulent, illegal, and unethical conducts, a

question that sparks in the minds of scholars and practitioners is how would have been if an organization lacked the ethical values and codes that govern their decision-making (Zgheib, 2015; Stucke, 2014). The ethical programs promote compliance in that it supports the commitment and the willingness of employees and the public to report unethical and illegal problems (Stucke, 2014). It is an essential incentive towards better management and leadership; it encourages honesty as every individual acknowledges that unethical behaviors are intolerable in the organization. They eliminate employees who egregiously violent the ethics and promote discipline among the workforce (Zgheib, 2015).

### **Ethical Awareness, Judgement, and Action**

Every program and system have its initiation point, as stated earlier, organizational culture and climate are bestowed with the ability of the employees and stakeholders to conform to the set ethical standards. The climate is commenced by building a code of ethics that must ensure it sufficiently communicates the organization's values and norms to all the stakeholders (May and Luth, 2013). This must be done keeping in mind that the codes shall be the fulcrum of the entire programs, questioning and putting in check the decisions undertaken by each party in the company or institution. The standards serve as the contract between the organization and its stakeholders, crosscutting the entire business and agency (Demmke and Moilanen, 2012). The management must ensure the entire workforce and the parties to be affected by the policies are aware of them and are incorporated in the decision-making process. This initiative promotes approval and willingness of the workforce to conform to

them. The ethical decision process is a three-step process comprising of ethical awareness, ethical judgment, and ethical actions; the process is dependent on each other (Trevino and Nelson, 2010).

The two primary elements of effective, ethical culture rest in the leadership and decision-making process. It is universally accepted that the workforce behavior reflects is leadership as the employees emulate the actions of their elders. Beeri and his colleagues (2013) argue that unethical leadership is the proponent of unethical practices, therefore; the senior management is to blame in case of failure on the system. Most companies and institutions, whether small or -large always have a person in charge of ethics which most refer as the compliance officer. The officers are trusted with the responsibility of the implementation and enforcement of the code of ethics. They integrate the standards into the organizational operations and maintain the ethical corporate culture as well (Demmke and Moilanen, 2012). Their work must be independent to ensure every person complies with the laid down rules. Once the officers and the senior leadership fail to conform to the ethical standards, the morality of the workforce consequently starts to decline apparently (Zgheib, 2015).

Sometimes many employees find themselves in crossroads on the decision the viable and apt decision to make. Sometimes the ethical standards overlap while sometimes as per the situation, a decision may be appropriate, but it violates the work ethics. The ethical decision making (EDM) process is instituted to help managers and employees effectively deal with ethical dilemmas and comply with the standards. It is the duty of the administrators to

educate employees on EDM by identifying moral dilemmas and using viable tools in dealing with the issues, development of critical and independent ethical thinking (Beeri et al., 2013). The EDMs demand that employees can recognize the ethical aspects of the dilemmas and should be equipped with the ability to determine alternative remedies to solutions as the practical problem may be as exact as discussed by the leaders (Daniel, 2010).

Studies on EDM and EL postulate that once the employees are involved in the preparation of the codes, a sense of willingness to commit to the decisions and accept the consequences of their actions are solicited (Beeri et al., 2013). By giving the employees an opportunity take part in the institution's ethical policies it enhances their ability to internalize the values and disseminating the policies down the line accelerating acceptance and compliance. By going so, it creates a community that understands and acknowledges the morality issues creating an atmosphere where the workforces respects and adheres to the rules promoting workforce effectiveness (Demmke and Moilanen, 2012).

According to Sekerka, Comer, & Godwin (2014) positive organizational ethics (POE), they suggest that the theme's virtues are viewable from both the corporate perspective and as an element of character. The experienced encountered by employees whether positive or negative during the handling of ethical dilemmas serve as levers for individual and collective ethical strengths. The challenging ethical circumstances influence the discrete characters of the workforce implicating on their strengths of moral courage, compassion, and empathy (Zgheib, 2015).

Awareness of the complexity of dealing with personal and institutional issues is a vital element in the generation of variations to the commitment of character, duty, and consequences. Other scholars argue that by understanding the forces that fuel our desires, willingness, and the ability to engage in morally accepted decision-making and actions with fortitude and resiliency in challenging moments helps in the continual cultivation of best humanism within organizations (May and Luth, 2013; Daniel, 2010).

### **Ethical Compliance**

Compliance is one of the recurring element under moral awareness, judgment, and compliance. A critical question that every employee asks is the actions being undertaken by organizations to create and communicate an effective, ethical organization culture. Trevino et al. (2014) define compliance as to the ability conform and adhere to the policies, regulations and rules governing an organization. In this context, the policies are the ethical codes that influence the workforce judgment and actions. To measure the magnitude at which a workforce understands and recognize the moral codes a follow-up exercise must be undertaken to validate the significance of the programs (Siriaphanont et al., 2015). The ethical compliance programs have the potential to contribute or revert unethical conducts.

The compliance mechanisms were initiated due to the increased concerns about organizational misconduct and elevated attentions to scandals and fraudulent behaviors in both the private and public organizations (Trevino & Nelson, 2010). The ethical codes were in place but with little impact on the workforce moral behavior. To keep the workforce out of trouble, the ethics

and compliance officers professionalism was revitalized. The primary objective of the programs is to ensure that the employees and all shareholders in the organization behave ethically and legally. Unethical conduct costs companies a lot of resources and time attending to lawsuits and fines due to illegal conducts, reputations being ruined as well (Martin, 2011). The ethics and compliance officers (ECOs) are mandated to create and maintain an organizational culture capable of producing law-abiding and ethical employees and leaders. They ensure the values are well inculcated and instill in the workforce and put in check management to make sure that always the values are adhered to in their decision-making process (Stucke, 2014; Zgheib, 2015).

To minimize and eliminate the convictions and fining of employees and leaders due to felony crimes resulting from unethical and illegal activities, there are guidelines to aid the executive and employees to respect the values (Martin, 2011; Daniel, 2010). The guidelines provide illustrations and sanctions over fraud issues, securities, bribery, tax evasions, discrimination, antitrust, whistleblowing, among other matters violating the government, institutional and professional code of ethics. The “carrot and stick” approach is used in managing of corporate crime. The approach advocates for organizations to develop a coherent internal control system mandated to detect and manage uncouth ethical behaviors (Trevino & Nelson, 2010). From the approach, the Due Diligence and an Effective compliance program demand that reasonable compliance standards worth preventing criminal actions be established, and high-level individuals (e.g. ECOs) oversee the administration of the standards. Cautions should be taken to ensure

the authority does not delegate the ECOs duties to persons with an illegal propensity, and the compliance guidelines should communicate and disseminated to the entire workforce (Stucke, 2014). Monitoring and reporting system should be in place, and the codes should be enforced through apt disciplinary mechanisms, and once felony conduct is depicted and disciplined, reasonable steps should be undertaken to prevent the occurrence of the similar demeanor in future. By doing so, the workforce respects the system, as they know illegal actions are intolerable and can never evade punishment (Trevino and Nelson, 2010; Stucke, 2014). It generally fosters the performance of employees, as they know law safeguards their rights.

Lastly, ethical behavior researchers advocate for the creation of legitimacy to help in the implementation of compliance programs. Trevino et al. (2014) define legitimacy as perceptions, attributes that particular actions are desirable, and sound within the socially developed system of values, definitions, beliefs, and norms. It is argued that people are likely to observe to legitimate policies and defer to authorities. Thus, the system should aim at creating a culture as a legitimate induces the capacity of employees to voluntarily to the authentic rules (Jones et al., 2013). It reduces the friction in implementing the rules hence reducing the resources, energies, and time that could have been directed to the handling of unethical issues. The resources are therefore directed into productive powers escalating employee and company performance and productivity (Stucke, 2014).

### **Ethics for Performance and Competitive Advantage**

Having discussed the relevance of ethical awareness, judgment, actions, and compliance, it is crystal-clear that ethical programs have the potential to promote workplace effectiveness and performance. The market forces and the judicial systems have put pressure on firms to exercise the due diligence to detect and prevent inappropriate and criminal conduct by promoting an ethical culture. Companies and government institutions can avoid a criminal indictment that can be a very detrimental to the firm's growth and operations (Weaver, 2014). They can evade the attendance and follow up of prosecutions and private litigations hence saving of costs and promoting the efficient running of daily operations. The resources and time that would have been used in courts in invested in activities that intensify the company's output and employee performance and efficacy (Sekerka et al., 2014).

Why should your business incur a lot of costs due to fines yet they can be evaded by promoting ethical standards and culture in the organization. Both employed and companies run risks of their licenses being terminated due to a breach of professional and market ethical codes. It unethical and illegal conducts lead to contracts being discarded and terminated leading to companies and employees incurring losses as well as company and employee reputation being shredded and damaged. All these uncertainties and harmful ordeals can be evaded creation and promotions of a healthy ethical culture and climate (Smith-Crowe et al., 2012).

Credible, ethical cultures engineering high employee performance and reputations, which a company can use as a strategic competitive advantage. People prefer associating with

systems and environments that are socially and morally accepted as the security their values, beliefs and investments are ascertained (Weaver, 2014; Martin, 2011). The culture also promotes employee turnover improving their task significance and wellbeing. Compliance also enables firms to detect illegalities on time hence reporting the misconduct and taking relevant corrective measures increasing workforce performance and viability (Jones et al., 2013). Employees well acquitted with ethical knowledge and compliance is advantaged as they can easily identify colleagues, customers, and suppliers having a criminal propensity (Sekerka et al., 2014). By doing so, they are bale to safeguard and sustain their work.

An empirical study conducted by Stucke (2014) indicates that an ethical organizational culture is inversely proportional to the frequency of unethical behaviors. The findings of the research show that in an environment where there is an evasive ethical code, the rates of unethical cases are pervasive indicating increased the rate of employee involvement in illegal conduct. Smith-Crowe et al. (2012) research findings support the Stucke findings; they did research to predict whether the formal system (urge to do right) promotes ethical conduct or informal system (pressure to do wrong) encourages unethical behavior. The results indicated that system where informal forces are high the informal systems were efficacious and insignificant in where the informal pressure is was perceived to be low. An analysis of the results argues that the pressure to do wrong promotes ethical misconduct hence, the need for the formal measures to quench the system. It is undeniable that unethical conduct has extreme adverse

impacts on the workplace performance and efficacy (Smith-Crowe et al., 2012).

### **Ethical Performance among Generations**

As the world changes so is the behavior of the populations. There is a very distinct behavior among the four generations, the attitudes, values, and traits vary among the generations affecting their decisions and life. There is no an exceptional market set for particular generations thus the traditionalists, the baby boomers, generation X and generations Y (Millennials) interact and work under the same environments. Ethics Resource Center conducted research to validate the relationship and the respond to ethical standards and compliance among four generations (Verschoor, 2013). The results indicated that the younger generation moral conduct substantially differs from the other generations. The likelihood of the millennials engaging in workplace misconduct is 49% recording the highest among the generation. However, 67% managed to report unethical conduct they witnessed (Verschoor, 2013). The variability in the compliance to ethical codes affects the performance of the workforce affecting the recruitment decisions of the human resource departments. The disparity calls for very coherent and intensive mechanisms to ensure the younger generation conform to ethical codes and keep pace with the older generations.

Veschoor (2013) advises companies to concentrate more on ethical culture issues during the orientation of new recruits to enable the younger generations to acquaint and understand values and attitudes and ethical procedures in their new environment. Organizations should also provide the millennials with appropriate platforms that

would help them learn, comply, and report unethical issues. A robust ethical culture should also be established promoting lesser pressure in compromising codes and fewer misconducts, and retaliation against reporters (Jones et al., 2013). The system will help all the generations to conform to the standards motivating the generation Y workers to be more proactive in ethical conduct. To enhance the general workforce performance, the gap between the younger and older generations should be bridged (Zgheib, 2015).

## CONCLUSION

Ethics are the backbone of every organization, to ensure the company values and beliefs are followed, a set of rules should be put in place to put in check the decisions and actions of the workforce. Creation of ethical cultures enables the employees to respect each other and the organizations policies accelerating their performance and efficaciousness. It builds trust, integrity, trust, self-esteem, respect and boosts individual, communal, and organizational values and principles. The virtues integrated into the daily operations of the employees translate into the exemplary performance of the company. Ethics can either earn a good reputation or be an ingredient that leads to the end of a business or an employee. It is like a double-edged sword; the executive has the responsibility of ensuring they respect the codes before expecting the employees to as legitimacy is greater than authority as far as ethical compliance is concerned. The laws stimulate employee interconnectedness and trust that lead to collective creations of a high organizational culture. Such a culture is often epitomized by solidarity and reciprocity

translating to enhanced performance and organization excellence.

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