A Moral Debate

The Responsibility of Human Resource Professionals in the Implementation of a Code of Ethics

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Abstract

The overarching idea of this thesis is that human resource professionals have a responsibility to oversee a code of ethics that governs employee behavior within an organization. Although the development and implementation of such a code is a collaborative effort between stakeholders, human resource managers bring value to a code through factors such as training and communication. Initially, one must define ethics and a code of ethics, in order to better understand the creation, management, and implementation of the code. Recent ethical situations in the world today, such as Enron and TI Instruments, establish and exemplify the purpose and overall effect of a code of ethics. A final look at the role of human resource management within an ethical framework establishes its position as a strategic business partner in the ultimate implementation of a code of ethics.

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Introduction

If a company has a formal written code of ethics, is it safe to assume that the firm will automatically behave ethically? The mere presence of a code of ethics does not necessarily guarantee causation of ethical behavior within a company, unless it is integrated into all aspects of an organization. A code of ethics is needed to provide a guideline for ethical behavior of employees (Mathis & Jackson, 2011). Employees behave ethically for reasons such as it is simply the right thing to do or because the consequences of unethical action are clearly understood (Stevenson, 2012). Ethical behavior is not absolute within an organization; so one of the roles of human resource professionals in any given company is to contribute to the development and implementation of a code of ethics. While other stakeholders such as a board of directors have significant ethical responsibility, human resource management is a strategic partner in the ultimate implementation of a code of ethics ("Defining and Developing," 2007). When a code is effectively implemented, employees and employers have greater potential for an outcome of ethical decision making. An ethical decision allows an individual to make a difficult choice when there is not a distinct right or wrong solution (McShane & Glinow, 2013). For example, if a whistleblowing incident should occur, a code should direct an employee on how to deal with the issue of truth versus loyalty. Ethical decisions should contribute to employee effectiveness, which is the ultimate goal of human resource management. Implementation of a code of ethics falls to an obligation of human resource professionals because of the correlation to employee efficacy (Mathis & Jackson). It is impossible to ensure that a code of ethics will be followed due to the facets of human nature; even so company executives and human resource managers must take every possible measure to boost the usefulness of a code of ethics in order to increase overall business performance.

In order to examine the specific measures that human resource leaders must take, it is important to understand the various facets of American business ethics, as well as how a code of ethics operates in the workplace. The function of human resource professionals, hereon also designated as HR, has the responsibility to help create, manage, and implement a code of ethics for the company involved (Rae & Wong, 2012). Current examples of business ethics demonstrate the application of a formal code and explore the accountability that HR and company officials have to enforce ethical standards. One must understand a simple concept of ethics in order to recognize the overall positive effect on behavior of a business and further evaluate the responsibility of which human resource professionals have to appropriately implement a code of ethics.

Ethics

Ethics Defined

Within societal context, ethics help to determine a foundation for conduct. Ethics are universally understood as the principles that dictate morally proper behavior, simply revered as the desire to do the right thing. The etymology of this word suggests a Greek origin with a meaning of “character, [or a] custom set of moral behavior that is accepted extensively” (Jalil, Azam, & Rahman, 2012, p. 146). Essentially, ethics stem from what is generally considered moral and then become central to how an individual acts.

Types of Ethics

Fundamentally, the source of one's ethics can vary. It is difficult to pinpoint the idea of what is universally considered moral, because the basis of ethics is unique to each individual. One's personal ethics are formed by his or her moral compass, which means that ethics are different to different people (Rae & Wong, 2012). Ethics can originate from concepts such as religion, culture, law, science, or even raw emotion. For example, if a person has a Judeo-Christian ethical origin, then his or her ethics are based off of biblical principles. If an American individual establishes personal ethics based on law, then his or her ethics are most likely based off of the Constitution. The sources of ethics can also be understood through several different theories. General ethical approaches or theories can be seen through a lens of six different qualities, which then contribute to a better grasp of ethical conduct. Ethics can be seen as a product of utility or the attempt to capitalize on welfare of the whole (Budd, 2013). Ethics can also broadly stem from liberty or duty. Liberty focuses on freedom, while duty is based on a particular action (Budd). Ethics can also be evaluated through fairness, virtue, or care, all of which are self-explanatory in terms of basis (Budd). Ethical theories provide an overarching framework for understanding the basis of ethics and the outcomes of taking ethical action. Regardless of the particular source, ethics directly control behavior of an individual.

Business Ethics Defined

In the workplace, ethics are integral in most American business transactions. These principles become essential in business relations because a person refers back to his or her personal ethical construct in order to make any kind of decision. In regard to the business world, business ethics can be understood as "the interaction of ethics and business" (Joyner & Payne, 2002, p. 299). In its simplest form, business ethics are the principles of conduct that govern moral behavior within the confines of a business organization. Business ethics are exemplified through the proper response in a variety of situations, ranging from taking undue credit to embezzling. If a company accountant is funneling funds into a personal bank account while falsifying the books, this is a breach of business ethics because it involves theft and deception. The result is a personal gain on behalf of the employee at the expense of the employer. An ethical mindset would prevent the employee from making a decision of such nature. Since business ethics anchor the behavior of an employee in the workplace, they become important in the daily routine of a business.

Undoubtedly, business ethics should pervade organizational culture. Organizational or company culture is defined as "the values and assumptions shared within an organization" (McShane & Von Glinow, 2013, p. 406). These collective beliefs contribute to a common identity within a business of which all employees are a part. Ethics are a facet of the shared values and norms, so they influence business function by encouraging similar ethical conduct amongst the labor force. Heneman, Judge, and Kammeyer-Mueller insist that ethics bond a company through the ability to "raise ethical expectations, legitimize dialogue about ethical issues, encourage ethical decision making, prevent misconduct and provide a basis for enforcement" (2012, p. 31). Ethics raise the standard of expectation in an organization. In order to operate efficiently and effectively, a business should attempt to maximize profit and increase the bottom line while still practicing the business ethics supported by organizational culture. The goal is to add value to a company while maintaining ethical constructs. If ethics permeate company culture, then business should naturally operate under ethical standards.

Benefits. In the context of business, a strong presence of ethics can lead to numerous benefits, such as the ability to provide a level of awareness and comfort in handling tough situations. Budd adds that this comfort is crucial to business ethics because it directly affects the worker by helping to identify and evaluate the implications of alternate decisions within an ethical dilemma (2013). Ethical situations that demand immediate action are inevitable, thus it is beneficial to be cognizant of such. If a manager shows favoritism toward a particular employee through promotions and rewards, then this may decrease performance and motivation of the other workers. An awareness of ethics has the capability to avoid this situation entirely, which is a significant advantage because it would circumvent the negative impact on the other employees. Another benefit of business ethics is that they maintain credibility and commitment on behalf of employees (Rae & Wong, 2012). On a daily basis, employees are faced with choices such as stealing company time for personal business, showing favoritism, or harassment of another coworker. A deeper understanding of operational ethics prepares a person to evaluate instances such as these. When employees behave ethically, they naturally bolster their credibility and commitment because they are acting according to what is considered proper (McShane & Glinow, 2013). Credibility and commitment are usually earned by demonstrating trustworthiness, integrity, and honesty, all of which are considered ethical behaviors. Thus, there is a cause and effect relationship between ethical behavior and beneficial qualities such as credibility and commitment. Good ethics can be seen as an indication of good business. A company has the capability to potentially increase value by remaining ethical, which is advantageous to the bottom line. Thus, the concept of ethics becomes extremely powerful because ethics offer numerous benefits for an organization.

Potential risks. Conversely, ethics can create tension in the workplace as well. Ethics can quickly become controversial in the realm of business due to its subjectivity. Different employees have the potential to have different ethics. For example, ethical subjectivity can be seen when one employee is completely opposed to lying, while another may lie when he or she sees fit. Controversy may create difficulty in the ability to integrate ethics into company culture, mostly because moral standards vary depending on personal perspective and consequently change the way business is accomplished. The ethical beliefs themselves can differ between employees, but how an employee views ethics can also fluctuate (Joyner & Payne, 2002). For instance, one employee may find workplace romance between coworkers to be completely unacceptable while another employee believes it to be entirely normal. Employees may view ethics differently in the sense that one strictly abides by absolute morals, while another member of staff may think ethical decisions should operate relatively to the situation. For example, in reference to personal business on company time, some employees may believe that is entirely unethical no matter what the case. However, one may feel differently about personal time if the employee consistently puts in overtime and the quality of work is not diminished. There is potential for a genuine level of subjectivity pertaining to ethics, which can cause possible obstacles within a business.

Ethics also have potential to create tension for external stakeholders. In a public survey, results showed that seventy percent of consumers would avoid using a company that was not considered ethically responsible, regardless of cost (Joyner & Payne, 2002). Consumers define ethically responsible behavior as action that accomplishes good rather than attaining a greater profit by doing whatever is necessary (Joyner & Payne). For example, a common unethical practice is the concept of foreign sweatshops. Although such poor working conditions are legal in other countries, the question of morality still remains. If a company outsources labor to a sweatshop in an attempt to minimize cost, this could cause serious ramifications. Consumers may not want to patronize a business that is known for exploiting labor. Many consumers are willing to pay a slight price increase if that means that the company avoids sweatshop labor in order to ensure that working conditions are satisfactory (Rae & Wong, 2012). This proves that perception and reputation alone can significantly impact business, which then has potential to limit the return to stakeholders. Therefore, it is crucial that a company carefully consider ethics due to the strong possibility of tension for external stakeholders.

Unquestionably, ethics encompass a wide range of implications on a business. This is due to the primary role, potential benefits, and pressures of ethics. Thus, ethics must be systemized in order to create ethical behavior within an organization. A systemization of ethics helps by clarifying how the company operates, how it portrays core values, and how it handles stakeholders (“Defining and Developing,” 2007). By undertaking a deeper expansion into the area of ethics, it becomes considerably more useful to understand how business within a company is done.

Code of Ethics

Code of Ethics Defined

In the business world, the necessity of systematic ethics is accomplished through a code of ethics. A code of ethics is commonly known as a strategic plan that governs the behavior of employees (Knouse, Hill, & Hamilton, 2007). A company preference determines how the code is expressed to employees, whether written in tangible form or digitized. If handled correctly, it is a standard that can hold meaning and legitimately bring value to a company and its personnel. This is due to the fact that it offers uniform behavior expectations that support a desirable organizational culture (Knouse, Hill, & Hamilton). A code of ethics depicts acceptable behavior by clearly displaying main priorities and values of a company. Universal guidelines encourage employees to act in similar ethical manner, based on the core values of the organization. A code of ethics systematically integrates ethics into a set of behaviors that employees can then follow.

Purpose and Effect

Unquestionably, a code of ethics has an effect and purpose within an organization. In simplest form, a code of ethics is intended to "reduce harmful behavior or promote good behavior of employees" (Schwartz, 2002, p. 28). Although multifaceted, the ultimate purpose of a code of ethics is to stimulate a virtuous company culture, which accordingly has a positive overall effect on the company. The purpose of a code of ethics then demonstrates its worth to the company. Schwartz states that a legitimate code of ethics needs to either reduce harmful behavior or promote desired behavior in order to be effective. If it is not worthwhile to the company, then a code of ethics may become obsolete. Since a code of ethics influences the employee as well as the business, this causes a purpose and a need for it within a business.

Obviously, a code of ethics profoundly impacts the employee due to its demand upon behavior. Maon, Lindgreen, and Swaen declare, “As the organization’s human face, employees can act as ambassadors, advocates, and sources of new ideas and information; if not properly engaged, they can also be a source of problems” (2009, p. 81). A code of ethics must be central to the employee realm in order to make the effect of a code of ethics successful. A code of ethics becomes significantly more successful as more individual employees choose to act ethically. Stevenson (2012) concedes that even the best intentions can breed mistakes, but employees need to responsibly correct the mistakes as soon as possible while appropriately handling any negative consequences. A code of ethics does not demand perfection on behalf of the employee, but instead sets the standard of behavior. Such a code of ethics impacts the individual, mostly due to its large demand on behavior.

Since a code of ethics directly impacts the individual employee behavior of a company, it also profoundly affects the firm as a whole. Jalil, Azam, and Rahman assert that if an employee that bears responsibility becomes unethical, then the whole corporate system is affected (2010). A business is an integrated, complex entity that easily relates to a well-oiled machine. If all parts of a machine are functioning at the best level possible, then it operates at optimum capacity. If one of the parts fails, then the entire machine weakens in one way or another. The machine becomes significantly less efficient. In the same way, if even one employee fails to follow ethical guidelines then the company has the potential to operate less effectively (Joyner & Payne, 2002). Poor ethical conduct, found in a breach of moral code, has the capability to damage even the most remotely involved person. This proves the importance of how employees need to understand and apply the code of ethics in the work place without any question, due to the fact that it can harm an entire organization as a whole.

While ethics have a strong impact on the internal environment of a company, there is also a significant external influence on the business. Huberman-Arnold and Arnold claim that ethical codes have an internal obligation to professional ethics as well as an external obligation of consumer, collective, and public elements (2003, p. 79). Internally, employees benefit from ethical decision-making. As an illustration, an employee within an internal ethical environment is more likely to avoid problems such as sexual harassment, privacy breach, or discrimination. Externally, the company is able to build reputation and potential economic growth from moral acts. Joyner and Payne (2002) expound that there is a fundamnetal relationship in which society and business depend on one another to survive, so thus business must be aware of societal demand for "more ethically responsible business practice" (p. 298). Society and business are reliant upon one another. This relationship requires business to function ethically in order to run smoothly in the external world. Simply stated, the purpose of a code of ethics is to mandate behavior that satisfies societal demand. The company, as well as human resource management, should favor this because it brings value to the organization by pleasing the community. Internal and external forces alike shape how ethics function in any given company. As seen, the purpose of a code of ethics elucidates how human resource professionals have an onus to enact it within the company.

Ethical Examples

Within the present business world, most companies function within an ethical framework. Different companies emphasize varying levels of ethics. Real examples of ethical situations in modern companies demonstrate how a code of ethics actually functions. Infamous in the business world, the Enron debacle is notorious for its ethical dilemma. Corruption, greed, and unethical decisions led to the demise of this extremely large and powerful energy company. After filing for bankruptcy, authorities launched an investigation that uncovered evidence of several criminal actions (Kolb, 2008). The once successful company quickly collapsed in the face of tremendously bad publicity. Kolb observes that the Enron culture was one of hubris, exploitation, voracity, and brutality that left a fissure between what was said and what actually happened. At one time, Enron was revered for its exceptionally interactive ethics program. However, the overarching ethical environment was not supported by the leadership of the company. Although Enron is an extreme case, this disengagement from top management caused severe consequences.With a slight modification to the attitude of Enron executives, the company would have avoided making its mark in history as one of the largest ethical scandals in the world.

Due to what catches public interest, it is much more common to see media posting about ethical scandals. Scandals can deliver insight into proper behavior to other companies, almost in terms of learning from the mistakes of another. However, it is beneficial to recognize the companies that implement exemplary HR practices. Cisco Systems, for example, is a technology company that employs over 60,000 employees (Mathis & Jackson, 2011). In addition to the normal ethics training and enforcement, Cisco Human Resources created what is called *Ethics Idol*. Very similar to the popular television show, this program presents an ethical circumstance and a panel of cartoon judges gives opinions on the situation at hand (Mathis & Jackson). The employee is then required to choose which judge has the best solution. Essentially, the employees at Cisco voluntarily elect to participate in this activity. Mathis and Jackson explain that code of ethics "is updated regularly, and more than 90% of Cisco employees are certified in reviewing the code of the firm. Merging ethics issues, technology, and regular interactive training has led to ethical understanding and behavior by employees" (p. 14). Due to the creative nature of this particular HR department, Cisco was able to entice their employees into actively participating in ethics practice. As the employee continues to learn proper ethical behavior, the greater the likelihood that he or she will perform ethically. Through implementing a program that could be deemed as enjoyable, HR caused a transition to a culture where almost all of the employees partake in the corporate code of ethics. People are going to be more willing to abide by a code with which he or she is familiar. This company-wide ethics awareness substantially impacts how Cisco does business. Although scandals easily catch public interest, effective ethics strategies from other human resource departments can offer respectable models.

As another example, Texas Instruments also focuses on solid ethical practices. This company is rated as one of the most ethical firms in the world. Every employee receives a *TI Ethics Booklet* that includes the official code and ethical tips (McShane & Von Glinow, 2013). In the company code of ethics, there is a quick test to resolve an ethical dilemma. In the event of a problem, it is clearly noted as:

> The Cornerstone Ethics Quick Test follows: 1. Is the action legal? 2. Does it comply with our values? 3. If you do it, will you feel bad? 4. How will it look in the newspaper? 5. If you know its wrong, don't do it! 6. If you're not sure, ask. 7. Keep asking until you get an answer. (Knouse, Hill, & Hamilton, 2007, p. 96)

This renowned company specifically instructs its employees on how to solve an ethical issue. It appears that such clarity in the code of ethics leaves little room for confusion or misinterpretation. The company also mandates ethics training modules and offers a confidential hotline for reporting issues (McShane & Von Glinow). These activities all support the code of ethics which is handled through the human resource department. Formal codes should strive for meticulousness and lucidity, as seen in the Texas Instruments Quick Test. Texas Instruments is just one of many companies that offer insight into respecatble ethics policies.

In addition to a myriad of businesses that implement exceptional ethical practices, the federal government enforces a code of ethical conduct as well. For instance, federal regulations require that government contractors have a written code of ethics and conduct, in addition to employee compliance training programs (Slocum et al., 2009). When working within the government sector, employees are required to abide by a stringent law of business ethics. Disciplinary action can involve suspension or disbarment, and some unethical practices may be a violation of federal criminal law. Demanding such an expectation of ethics attempts to institute an ethical environment. Thus, this is another example of how a code of ethics is a priority in modern society.

Human Resource Management Responsibility

Creation of a Code of Ethics

Upon creation, human resource managers and company executives have the ability to specify what a code of ethics entails. The content and basis of a code of ethics is tailored to the particular company. In terms of subject matter, Farrell, Cobbin, and Farrell articulate that a code is to have substance rather than simply list a myriad of corporate desires (2002). A code needs to enforce genuine ethical behavior that can be readily applied in the workplace, rather than just carelessly listing ideas that sound respectable in regard to morals. Thus, HR and executive management have a partnered responsibility to create a code of ethics with meaningful content in order to promote ethical behavior.

In addition to meaningful content, clarity is another factor that company and human resource leaders need to include in a code of ethics. Gaumnitz and Lere (2004) assert that concise, quantitative statements contribute to the overall efficiency and precision of the code (p. 334). Precision and specificity are important for a code of ethics because it increases the probability that an employee will understand and use the ethical guidelines. In some cases, there may be a written code of ethics but it is ambiguous in nature. Results from a recent study found that codes usually asked more than ordinary, controlled actions difficult to supervise, and worked in the long term only if employees complied without direct regulation (Farrell, Cobbin, & Farrell, 2002). Flawed codes of ethics such as these are not conducive to an ethical environment. Employees can relate to the code of ethics on a deeper level if it is possible to perceive a clear personal application. Logical and relevant ethical statements such as *avoid bribes* within a code of ethics act as a more powerful guidance of behavior. Clarity within a code of ethics is beneficial because it makes a code much more applicable to employees.

However, the task of avoiding a superficial code of ethics is easier said than accomplished. Within American business, there is a significant presence of ethical codes yet there is no consensus as to what is expected of a code of ethics. It is understood that codes can include anything from an extensive list of specific behaviors to a general statement promoting a broad sense of ethical action (Knouse, Hill, & Hamilton, 2007). Such vast subjectivity makes creating meaningful ethical expectations and then implementing a code of ethics much more difficult because there is not a universal standard for a code.

Despite the obstacle, human resource professionals are fully qualified to assist in the creation of a code of ethics. In cooperation with top management and company leadership, human resource managers can write the formal code of ethics utilized by employees. A recent study observed common ethical code content, more specifically listing “the most frequently occurring [as] the misuse of funds and improper accounting (two-thirds of codes examined), conflicts of interest, political contributions, and confidential information” (Farrell, Cobbin, & Farrell, 2002, p. 153). These topics in particular indicate topics such as legality issues that human resource representatives handle regularly. The HR department is familiar with the need to remain compliant as well as impartial to all employees. Human resource professionals have the interests of both employer and employees in mind, because this particular business discipline strives to capitalize on workers as a valuable resource for a company. Thus, HR can offer valuable insight when creating a code of ethics. All human resource responsibilities such as training and compensation require qualities such as measurability, consistency, reasonability, clarity, and communication in order to be successful. These same characteristics need to be applied during the creation of a code of ethics, and HR can offer an expert perspective. Human resource leaders have a strong obligation to make sure that ethics are clearly understood and achievable by employees, or else a code of ethics will very quickly become rendered useless. If human resource managers are a part of the design process, then it is more likely for a smooth transition to the management of such.

Management of a Code of Ethics

Upon creation of ethical guidelines, subsequent enactment of such a code requires robust support from multiple stakeholders such as a board of directors, managers, and employees. Shum and Yam accurately explain that business management is “always under constant tension to balance different types of obligations” (2010, p. 550). To manage a code of ethics means to appropriately integrate it into routine business procedures while harmonizing obligations such as financial maximization and ethical action. The key is to manage but not manipulate ethics within an organization (Milkovich, Newman, & Gerhart, 2014). A code of ethics can be managed by ensuring that all actions align with company ethical standards at all times, as opposed to manipulating ethics and only following the code when it is convenient. The human resource management sector of a company in partnership with top management must make a code of ethics a priority in order to successfully manage it within organizational culture.

Notably, HR has a responsibiltity involving the ethical process, and part of that obligation is to collaborate with management. It is critical to understand that managing a code of ethics is a joint effort on behalf of HR as well as mid-level and executive management. Direct management will have more immediate exposure to the general employee population than human resource representatives, which greatly impacts how the workforce accepts the code of ethics. There is a potential for positive or negative influence, depending on the managerial approach. An international survey of managers and human resource managers attributes extreme pressure from top management and executive boards to meet unrealistic expectations as the main cause of unethical behavior (McShane & Von Glinow, 2013). This suggests the amount of influence that human resource professionals and general management have over the ethical character of an employee. Since management and HR have such influential power, unanimous support for a code of ethics can help assimilate ethical behavior into normal business practices of the company. Unfortunately, statistics show that “sixty percent of those violating ethical standards in business are not reprimanded, punished or sanctioned. Nearly ten percent are actually rewarded or promoted by their companies for their acts” (Huberman-Arnold & Arnold, 2003, p. 74). This behavior from management reinforces unethical action that opposes the code of ethics. It communicates to employees that a code of ethics does not necessarily have to govern behavior. If HR concentrates on ensuring that management is in support of a code of ethics, then that disposition can trickle down to employees as well. Hence, if human resource representatives and company management cooperate with each other in support of a code of ethics, management will be much more efficacious.

However, ethical responsibility is not always the first priority for business leaders. Joyner and Payne (2002) claim that business success is mostly measured by financial performance, so to show a connection between ethical behavior and improved financial results may motivate serious change in several organizations. It is common for there to be a trade off between short term financial gain and ethical responsibility, in which unethical behavior is the means for immediate fiscal gain (David, 2014). Cost and benefit are two elements to be measured in order to establish reason to prioritize an ethical code. Human resource leaders must be able to draw a correlation between ethical behavior and profit in attempt to gain management support. Although the ultimate goal of ethical behavior should not be based on personal gain, there are some meaningful benefits that can result. Benefits, such as increased financial performance, may create ample rationale for managers to consider ethical behavior as a top priority.

Additionally, a code of ethics can include strategic management on behalf of human resource representatives and company directors. A code of ethics can create a strategic competitive advantage for a company that utilizes it properly (David, 2014). For instance, if Company A partakes in actively polluting the environment, this is seen as unethical. On the other hand, Company B promotes environmental awareness as an ethical standard which is more responsible and thus more appealing to the average consumer. Proper ethics on behalf of Company B is a strategic advantage because it encourages the consumer to invest in them rather than Company A (Shum & Yam, 2011). Although strategic benefit is just one aspect to communicate, human resource professionals and company executives need to portray a code of ethics positvely from many angles in order to gain employee support.

Specifically, HR can manage ethics within the functions of its department. As one of the key requirements of human resource management, recruiting can be used as an ethical tool. HR can strive to hire applicants that have ethical tendencies. The point can be made that corporate culture should set a high ethical standard which can be used as a job requirement to hire candidates that will then apply the same corporate values into daily practice (Huberman-Arnold & Arnold, 2003). Hiring individuals that support ethics makes ethical management much simpler. An ethical code will weave into company culture because there was support for it originally. As long as hiring techniques are not discriminatory, hiring can contribute to the responsibility that HR has to a code of ethics. In addition to recruitment, onboarding is another function of human resource management that can be used to manage a code of ethics. Upon hire date, it is important for human resource professionals to communicate ethics to the employee. In regard to communication of ethics, human resource representatives has a duty to keep employees informed. Employees that are aware are more likely to choose ethical behavior. Thus, making a code of ethics a priority in the recruiting and onboarding processes can ensure successful management of that code.

Among the primary duties of the human resource sector is the employee training process. To further the management of ethics, human resource managers can offer ethics training as well as promotion of the company's ethics. Thus, ethics training would fall under the supervision of HR. Such a program would greatly benefit a code of ethics by acclimating employees to the idea of ethical expectations. Schwartz (2002) lists a table that illustrates an example of what employees should be told during a training session (See Table I). This table clearly explains the standards understood of the employee. HR needs to provide a clear distinction of the ethical principles during training. It is also advantageous to display the sections of a code of ethics into real examples of behavior, such as *Do not engage in sexual harassment*. These examples would assist in the transfer of training and solidifies the ethical information even further. Training is definitely another example of how human resource management can use its tasks to manage a code of ethics and successfully manage that code.

Table I
Values, Principles, and Examples of Expected Behavior

Values	Principles	Examples of Expected Behavior
1) Trustworthiness Honesty Integrity Reliability Loyalty	Be honest to stakeholders. Stick to values despite financial loss. Fulfill commitments. Avoid conflicts of interest.	Avoid misleading advertising. Avoid bribery even if the contract lost. Fulfill all contractual obligations. Don't accept gifts.
2) Respect	Respect the rights of others.	Do not engage in sexual harassment.
3) Responsibility	Take responsibility for actions.	When misconduct takes place, take steps to ensure it is not repeated.
4) Fairness	Treat stakeholders fairly.	Avoid anti-competitive activities.
5) Caring	Avoid unnecessary harm. Act benevolently.	Downsize in responsible manner. Employee community involvement.
6) Citizenship	Obey the law. Protect the environment.	Follow the law. Recycle materials.

Moreover, common HR issues correlate back to the management of a code of ethics. Jalil, Azam, and Rahman (2010) note the correlation between weak ethics and employee frustration, which then leads to the observation that, "employee dissatisfaction leads to employee turnover, absenteeism, and affects employee motivation which in turn affects the quality of work" (p. 149). These consequences of a poor code of ethics relate back to common issues that are inherently considered to be an HR responsibility. If the outcome definitely concerns the human resource function, then HR needs to manage the cause of that concern.

Additionally, organizational culture is significantly influenced by the management of a code of ethics because a code contributes to the shared values of company. If a code of ethics is not put into effect, then company culture is bound to adjust in one way or another. McShane and Von Glinow speculate that an ethical culture is necessary because controls and compliance regulations alone will not necessarily inhibit misconduct (2013). Human resource management and the business leadership should understand that company culture must accept a code of ethics in order to behave in accordance to such. As users of the code, employees have an obligation to respect it in order to create an ethical environment. This further stresses the idea that HR has a responsibility to partner with the executive board to manage a code of ethics, because company culture is deeply influenced by ethical conduct.

Implementation of a Code

Initially, HR and the board of directors (or its equivalent) collaborate to develop and put into effect a code of ethics ("Defining and Developing," 2007). Employees must buy in to the code of ethics in order for it to be properly implemented. With executive management support, human resource professionals must communicate, train, and model a code of ethics to promote implementation. Communication is key in business because it makes employees aware of expectations, especially in terms of ethical standards (Mathis & Jackson, 2011). If an employee does not know what the company code of ethics requires, then it becomes much more difficult to follow. Ethical training builds on the idea of communication by equipping employees with the skills necessary to behave ethically. Training on a code of ethics creates a framework within a specific job context while enabling the employee to practice ethical behavior (Schwartz, 2002). This enhances employee performance because it focuses on achievement of organizational goals in terms of implementing ethics. Modeling is another method in which a code of ethics can be implemented. One of the best ways HR and company management can implement ethics is to demonstrate it, especially since values can even be taught through silence (Rae & Wong, 2012). Modeling further develops an employee's understanding of how a code of ethics functions in the workplace. Thus, communication, training, and modeling contribute to the implementation of ethics because each method concentrates on improving employee ethical performance.

Due to the fact that every business is different, the code of ethics governing the particular company must be customized to fit. Thus, human resource management combined with management has an obligation to implement a code through the control and maintenance of ethical culture within the particular work place. Mathis and Jackson claim that human resource management is integral as the "keeper and voice" of corporate ethics because employees make ethical decisions on a daily basis (2011, p. 15). Human resource management is primarily interested in the human capital of its own company, and ethics is closely integrated into every employee situation. By default, HR is interested in all aspects of human action in the business sector. At every corner, human activity interacts with ethics. If HR has a responsibility to the employees, then it also has a commitment to the ethics involved, as determined by company standards.

As a catalyst for development, ethics promotes change towards a better environment. However, these ethics need to be legitimately accepted by a company and its employees in order to have a genuine effect. In some cases, "A code of ethics can be viewed as a public relations gimmick, a set of platitudes, or window dressing" (David, 2014, p. 306). A code of ethics must be operational within a company, not just a smoke screen to please the general public. Human resource managers and top management need to have the tenacity to make sure employees are actually using the code of ethics published by the company. A code can only become obsolete if company leaders, including HR, allow it to do so. If human resource and management officials market the constant implementation of the code, this strengthens the use of a code of ethics into the regular routine of the company while improving the work environment.

One of the challenges that HR and executive management faces with a code of ethics involves the sustainability after implementation. A formal code may sound good in theory which then leads to strength upon its implementation, however it is necessary to sustain the fervor. A code of ethics is only valuable if it endures among employees. Maon, Lindgreen, and Swaen affirm that an intiative with a robust beginning may not last in an organization, especially during an economic decline which would leave the company open to significant risk (2009). Good intentions need follow through. If the code of ethics is institutionalized into company culture, it may not be abandoned at the first sign of trouble. A code of ethics can be established as a common practice if human resource representatives join with top management and commit to it. Schwartz (2002) notes, "The truly ethical company emerges when corporate code penetration has taken place, meaning that the policies, processes, programs, structures, systems, and objectives all reflect the company's code of ethics" (p. 40). Penetration of ethics is the goal that HR and company directors should strive for in terms of ethical standards.

The relationship of human resource managers and company administration can greatly benefit the company by making the code of ethics second nature in all business actions. A code of ethics needs to be at the forefront of business. Rae and Wong address the idea by saying that if ethical decision making is seen only in the dilemma stage, then it becomes a strictly reactive and typically negative occurrence (2012). If a code of ethics is assimilated into organzational behavior, then it becomes proactive. At this point, an employee may choose to act ethically based on the simple fact that it is normal. The partnership of company and human resource management has the ability to present a code of ethics in such a way that it quickly becomes customary for an employee. The goal is to ingrain ethics into natural behavior, which will create an overall affirmative experience and make ethics a main concern for the business. Therefore, the role of HR and executive board considerably impacts the long term impact of a code of ethics by establishing ethical behavior as a norm.

Furthermore, the business world is constantly changing and evolving. This leaves an implication for the ethical framework to adapt to the current times. Human resource professionals need to be able to reevaluate and adjust the ethical environment as societal pressures transform. Through proper performance evaluation, management and HR can discern how well employees reflect a code of ethics in daily practice (Mathis & Jackson, 2011). Regular revisions to a code of ethics may be necessary in order to keep relevance and efficacy. Rae and Wong acknowledge that business, compared to any other institution, is the most sensitive to constituent demand (2012). If business quickly responds, that puts pressure on HR and executives to react swiftly as well. Monumental events may dramatically influence a code in a short span of time, and a code of ethics is impractical if it is antiquated. Important ethical questions can arise, especially as business moves toward a global economy. Budd comments that globalization has significant benefits, but has also created consequences such as U.S. factory shutdowns, sweatshops, and environmental strains (2013). Such issues are current struggles in the world today, thus HR and company administration need to be prepared to handle them ethically and in turn, direct other employees to behave in the same manner. A code of ethics is a constant responsibility, to which human resource leadership as a strategic business partner must be accountable through reevaluation and adjustment.

Poor Implementation of a Code

On the other hand, it is also important to be aware of poor implementation of a code of ethics. A lack of ethical structure within any given company suggests a possible deficiency of responsibility within top management or HR department. The observation can be made that unethical issues not immediately detrimental to company survival will still cause severe long term damage if not resolved (Huberman-Arnold & Arnold, 2003). Disciplinary action plans that result from performance evaluations have the capability to resolve issues by correcting poor employee behavior (Mathis & Jackson, 2011). However, unethical behavior can be a slippery slope with harmful results, some of which cannot be treated. For example, if a company has an issue with insider trading, this could lead to a class-action lawsuit that results in a large payout from the company. Depending on the severity of the lawsuit, a company may be required to file for bankruptcy which proves that unethical behavior can have disparaging consequences. By the same token, even perceived unethical action can result in severe public disgust, where company trust and reputation vanish. In the example of insider trading, a company can lose significant ground in the midst of a lawsuit even if the verdict returns as not guilty. With the impending destruction caused by a lack of ethical code, it is important that a company avoids this at all cost.

Due to previous improper implementation of ethics, federal legislation has been passed to safeguard against such issues. For example, the Sarbanes-Oxley Act (SOX) came as a response to several substantial ethical scandals. The piece of legislation requires “full disclosure, accuracy, and transparency” in accounting measures, which improves market fairness and confidence for investors (Lisa, O’Sullivan, & Shannon, 2007, p. 46). Sarbanes-Oxley establishes guidelines for ethical codes, communication and training of ethics, and boards to implement compliance structures. The significance of ethics is made clearer due to the fact that federal legislation attempts to improve it. If it did not have value, society would most likely not pursue it. Federal legislation promoting ethical standards such as Sarbanes-Oxley focuses on streamlining ethical implantation.

However, federal legislation cannot be solely responsible for mandating ethical behavior. It is implicit that due to poor definitions, laws can form ambiguity between what is obviously expected and what is obviously prohibited (Shum & Yam, 2011, p. 555). What is considered unethical is not always a matter of illegality. Human resource and executive managers have the responsibility of analysis and then subsequent application of ethics to address this suggested gray area between blatantly right and unashamedly wrong. There is substantial value in the fact that HR provides clear communication and training to fill in the gray area because it keeps the company out of unethical danger. Employees may flounder if given this task of interpretation, thus HR and company administration must take the initiative. A valuable assertion is that

> [b]usiness, however, may find itself lagging behind societal values, if it focuses its code of ethics after the fact on compliance with the law. In a number of areas, business procedures are actually leading government legislation, such as dealing with the problems of technology. At times, [a code of ethics] should even lead the law, particularly in areas where business has greater expertise than government. (Knouse, Hill, & Hamilton, 2007, p. 105)

To lead the law means that the HR and management partnership needs to independently take preemptive measures within the context of ethics. A business cannot rely on outside factors to appropriately determine ethics, because the results of that could be unpredictable. Human resource professionals and company leadership have a responsibility to comply with legal law, but then utilize that to focus on a tailored ethical environment that pervades company culture.

Significance

Ultimately, human resource professionals have a responsibility to help develop and implement a code of ethics because it benefits the company. In simplest form, a code of ethics is meant to cause an increase in ethical behavior of employees (McShane & VonGlinow, 2013). A code of ethics serves as a guide in situations where the ethical choice is not immediately apparent, while simultaneously reinforcing company values. The code works to improve company culture, as evidenced through enhanced facets such as employee morale, pride, and loyalty. Human resource management has a responsibility to ethics because its main role is to capitalize on company personnel as a significant asset (Mathis & Jackson, 2011). However, the presence of a code alone does not guarantee ethical action. Thus, human resource managers must strategically partner with top management to implement the code in order to increase the likelihood of ethical behavior. An implemented code of ethics institutes ethical behavior among staff which then aligns performance to company standards, and streamlines performance to potentially make the entire organization more effective. Ethical behavior enhances an employee as a resource within a company, which explains why HR has a responsibility to properly assist in the implementation of a code of ethics. Due to blatant interest in employee performance, human resource professionals have a responsibility to help implement a code of ethics because of the possible benefits from ethical employee behavior.

Conclusion

Without a doubt, it is crucial to investigate the significance of a code of ethics to see how HR and executive management have a shared accountability to which it is created and subsequently incorporated. Along with company directors, human resource management is a strategic partner in the development and implementation of a code of ethics. After taking a critical approach to the general concept of ethics, one must observe a code of ethics with an analytical approach. Managing a code of ethics can be a daunting task, but human resource representatives must collaborate with company directors in order to implement and communicate the proper ethical expectations. There are significant consequences caused by a lack of ethical code implementation. Insight to the controversy and effectiveness of a code of ethics can be extremely beneficial. The purpose of a code of ethics is to promote a particular company culture, which has an overall effect on the company and its employees. Current example of companies help to apply this concept, as well as demonstrate the obligation that HR specifically has to support a formal code. Fundamentally, narrow focus pertaining to a code of ethics is advantageous because it demonstrates the results and consequences of actual code application. The presence of a code of ethics alone does not constitute actual ethical behavior on behalf of the company in question. Ethics must be implemented in order to properly function. One must understand a brief concept of ethics while simultaneously observing the impact of behavior on an organization, in an attempt to examine the responsibility that which human resource professionals have to aptly help in the implementation of a code of ethics.

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