



CODES OF ETHICS VERSUS EMPLOYEE MOTIVATION: THE RESULTS OF CASE STUDY RESEARCH

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Abstract: *The aim of this article is to indicate possible relations between codes of ethics adopted in companies and organizations and the values actually expected by employees. The implementation of codes does not necessarily mean observance of the declared norms. There is an opinion in the literature that ethical codes are mainly aimed at improving the perception of the company on the market and thus indirectly serve to increase profits. Following the ethical norms by employers is important to the employees' perception of the work environment as fair or not, which in turn influences, inter alia, the level of their motivation and commitment. The authors, using the free (unstructured) interview method, interviewed 100 respondents of three organizations (one from the public sector and two from the private financial sector). The purpose of the interviews was to determine what values are appreciated most by employees in their workplace. The values were divided into several categories: fair wages, fair duty burden sharing, equal development opportunities, equal treatment of sexes, equal treatment by the chief, clear employee evaluation procedures, equal promotion opportunities, fair distribution of prizes. The results of the survey indicated that over 60% of employees pointed that fair wages policy and a fair share of duties are the most important from their point of view. An important issue was also the equal treatment of the sexes (11%). The rest of the factors were mentioned as significant by 5% (and fewer) of the respondents.*

Keywords: *Codes of ethics, moral values, motivation of employees.*

Codes of ethics in organizations

It is popularly believed that if an organization shows concern for employees and follows with their needs, the workers will be more efficient in their job¹. Such a company can count on loyalty and devotion, which can be translated into an increase in productivity and quality that will offset the costs associated with the employer's concern for an employee. It is increasingly accepted that the key to a company success is the employee involved in its creation. Some large corporations try to mobilize employees for better quality and quantity of work by means of regulations and orders². Skillful motivating of employees brings lasting successes, just as inaccurate impact is a demotivating factor limiting commitment and enterprise of the individual.

In developed countries organizations are treated as „reliable fellow citizens“ that are required to comply with ethical principles. They operate within a self-regulatory

¹ G.D. Chryssides, J.H. Kaler, *Wprowadzenie do Etyki Biznesu*, Wydawnictwo Naukowe PWN, Warszawa 1999, p. 33.

² *Elementy Etyki Gospodarki Rynkowej*, (ed.) B. Pogonowska, Wydawnictwo PWE, Warszawa 2004, p. 139.

mechanism in which non-compliance with moral standards can seriously damage the company's reputation and bring economic losses. Therefore, investing in ethics becomes an important factor in the life of the organization, contributing to increase in competitiveness through prestige and the image they gain.

It should be noted that less and less production or service organizations functioning legally in the 21st century may ignore the principle of ethics. The reason is the growing importance of ethics in achieving economic success in the market. Marek Bugdol stated that every second functioning organization in the European Union had a formally written code of ethics³.

The company's code of ethics contains a list of moral standards defining the patterns of desirable behaviour. First of all, it cannot be harmful for staff. It is made for several reasons. The first includes creation of a positive company image. The second is the will to avoid legal consequences of unethical behaviour. Another reason for creating a code of ethics is the belief that it has a real impact on the behaviour of employees. The last reason is due to purely economic or prestigious reasons. Then, the written ethical principles are not observed. They are only written "on paper". The rules are not reflected in the functioning of the organization.

The reception of codes of ethics is divergent. Some researchers believe that they do not affect the „life“ of company, while the second part claims that they allow supervisors to control the discipline in workplace. They impose a sanction for failure to comply with their provisions. There is also a belief that the rules governing the desired ethical behaviour in the organization act as a deterrent and discouragement to possible unethical behaviours. At the same time, they contribute to the greater involvement of employees and also influence the behaviour of the management. Without the involvement of superiors, however, codes of ethics, can only remain a model view of the desired behaviours. Therefore, companies, while setting their own codes of ethics, must take into account such factors as effective communication and relations that stand between the values written in the code and the values professed by employees. Codes of ethics should not be created "for the principle" only, because they do not take into account the rules important for employees. In that situation unethical behaviour would be underestimated by subordinates⁴.

The question arises whether codes of ethics solve the issue of application of ethics in an organization. In the view of Grzegorz Szulczewski, they are not a sufficient source of knowledge about the application of ethical values and norms functioning in a given organization⁵. Numerous situations raise moral dilemmas that are difficult to match to the detailed provisions of the codes. Therefore, even the best code cannot replace the conscience. Sometimes only simple decency and the awareness that something cannot and should not be done can protect an employee from taking wrong decisions.

The aforementioned reservations led to numerous attempts at seeking and constructing of alternative management models. Two approaches may be pointed here. Managing by Values (MBV) by Kenneth Blanchard and Management for Profit and Common Good by

³ M. Bugdol, *Gry i zachowania nieetyczne w organizacji*, Wydawnictwo Difin sp. z o.o., Warszawa 2007, p. 160.

⁴ M. Bugdol, *Gry i zachowania nieetyczne w organizacji*, Wydawnictwo Difin sp. z o.o., Warszawa 2007, p. 163.

⁵ G. Szulczewski, *Etyka w biznesie. O możliwościach i barierach stosowania kategorii etycznych*, „Annales. Etyka w życiu gospodarczym”, 2002, vol. 5, p. 202.



Thomas Scappell⁶. They put a greater emphasis on the elements of ethical programs that allow for greater freedom of interpretation than on the formulation of detailed rules. This freedom is possible since the company's programs of ethics consist of ten elements: vision, values, principles, mission declarations, codes of conduct, company strategy, behavioral standards, procedures and management systems, ethical monitoring and ethical audit of the company. Companies that are called leaders of ethical management make their ethical programs available through the Internet, so they are accessible to everyone. The vision, values and mission of the organization are the welfare of all its members. In this way, ethics programs are not treated as strictly confidential tools of competitive struggle, and ethics is not treated in an instrumental way. In particular, attention is paid to linking moral demands with the requirements of the business world. Therefore, the values and declaration of mission by the given organization contain the statement that its actions are moral, responsible and profitable⁷.

Many studies conducted in Western companies have shown that ethical standards exert a positive impact on the economic performance of enterprises. In Poland, there is also an increasing demand for ethics in company management. Currently, the biggest challenges faced by the organization's managers are: introduction to the culture of the organization clear and transparent ethical principles, implementation of these principles to the management strategy, mission and vision of the company, formulating sanctions that threaten violation of ethical standards and their consistent enforcement⁸.

In order to introduce ethical principles, organizations should train their management, as effective and ethical leadership is still rare. T. Pawlus proposes the division of management into effective (utilitarian), which is considered especially in the field of praxeology, and for morally good actions regarding moral values, which is considered on the grounds of ethics⁹. Praxeology refers to rational, deliberate human actions from the point of view of their effectiveness, that is, to achieve the intended goal. Referring this principle to the management staff, we can say that it should be characterized by activity and constant concern for making the actions more efficient. Praxeological evaluations are completely independent of moral judgments. Therefore, the definitions of moral values based on ethics are different. We can define them as the object of positive and negative desires, sharing them at the same time as a) perceived, that is, accepted as our own and b) those owned by the social environment of the individual, so-called. recognized. One can also divide values into economic, socio-political, religious and ethical ones.

Ethical values and their influence on the activities of managers are understood in various ways. Research carried out by Wojciech Gasparski shows different answers to the question „what do you think is ethical?”¹⁰. The author has compared the responses of participants from one of the Polish seminars with the replies of respondents from American studies. The results show that Polish respondents claimed that ethical is something that brings the most good to the largest number of people. Fewer people pointed to the answer

⁶ K. Blanchard, M. O'Connor, J. Ballard, *Managing by Values. How to Put Your Values into Action for Extraordinary Results*, San Francisco 2003.

⁷ G. Szulczewski, *Etyka w biznesie...*, p. 202.

⁸ L. Zbiegień-Maciąg, *Etyka w zarządzaniu organizacją*, [in:] *Etyka biznesu*, (ed.) J. Dietl, W. Gasparski, PWN, Warszawa 1997, p. 229.

⁹ T. Pawlus, *Prakseologiczne i etyczne aspekty działalności kierownika*, „*Annales. Etyka w życiu gospodarczym*”, 2003, vol. 6, p. 212.

¹⁰ W. Gasparski, L.V. Ryan, *Human Action In Business: Praxiological and Ethical Dimension*, New Brunswick N.J. 1996.

saying „do not do anything that does not please you“. In contrast, in an American research, the respondents predominantly pointed for the answer – „what you feel is right“. Practically no one (0% – in Poland, 1% – in America) pointed to the answer – „what is in line with your interest“. The results of these studies indicate, among other things, that the values are the result of choosing alternatives for goals, aspirations and behaviours.

The choice of the employee's behaviour is determined by the values he professes. There is a relationship between the values recognized by employees and the effectiveness of their work. T. Pawlus states that there are utilitarian values that have no relation to moral values, and, at the same time, moral values permeating with utilitarian values are possible¹¹. One can therefore suppose that material and moral goods have common roots, which is of great importance for managing people. Taking into account the praxeological and ethical circumstances of the manager's activity, it is advised that he should consider and create opportunities for the employees' pursuit to satisfy psychological and social needs. The most important features of such an ethical and effective manager are: ability to create a common vision of the company, building teamwork and partnership and living in accordance with professed values. These features show that education and experience in managing people are not enough, and the integrity of character is important as well for an ethical and effective manager.

Areas of ethics in the work environment (An employee perspective)

This part of the study refers to the perception of ethics in the work environment by employees. The authors were mainly interested in examining and identifying areas that are the subject to ethical judgements. The basis of this analysis is the results of a survey conducted in two nationwide companies.

The survey conducted in 2018 took a form of questionnaire. Answers were given by employees of three organizations (One from the public sector, two from private: banking and insurance). The total sample of respondents was 100 people. The selection of the sample was non-stable – it took place on the basis of the availability of the surveyed units. Respondents were employees who did not hold managerial functions and came from the Lodz voivodship in Poland. The characteristics of the surveyed population was as follows: 1) Gender: 60% women, 40% men; 2) Age structure: from 18 to 25 years – 15%, from 26 to 35 years – 29%, from 36 to 45 years – 20%, over 46 years – 36%; 3) Education: master degree – 63%, bachelor degree – 17%, college – 11%, secondary – 9%.

The authors found that areas that may be perceived as ethical or unethical in the work environment in the perception of employees are: fair pay, fair distribution of bonuses, equal treatment by the chief, equal opportunities for promotion, equal treatment of sexes, clear and just employee evaluation procedures, fair duty, presence or not mobbing, good relations with colleagues (mutual assistance, support). Therefore, it was important to study and group the listed elements of ethics in terms of their importance and significance for employees of the surveyed companies.

The authors found that areas that may be perceived as ethical or unethical in the work environment are: fair pay, fair distribution of prizes, equal treatment by the management, equal opportunities for promotion, equal development opportunities, equal treatment of sexes, clear and just employee evaluation procedures, fair burden sharing, existence or non-existence of mobbing, good relations with colleagues (mutual assistance, support). Therefore, it became important to examine and group the listed elements of areas of ethics in terms of their importance and significance for the employees of the surveyed companies.

¹¹ T. Pawlus, *Prakseologiczne i etyczne...*, p. 210.



The results of the survey indicate (Table 1) an overwhelming importance of the „fair pay“ category as the most important element of ethics in the workplace. It turned out to be very important for over 60% of the respondents. This can be an important hint for the employer when formulating and running a remuneration policy. According to one of the modern concepts of motivation, namely the theory of justice, employees do not work in a vacuum but make constant comparisons¹². They measure what they bring to work (inputs) and what they gain from it (results). They then compare this ratio of inputs to results with the ratio of inputs to the results of other similar people. If they perceive this attitude as being equal to the ratio obtained by these other persons, they will recognize that there is a state of justice. If these relations are uneven, injustice arises, and employees strive to reduce it.

Table 1. The importance of areas of ethics according to employee evaluation.

Areas of ethics in workplace	Share
Fair pay	60%
Gender non-discrimination	11%
Equal treatment by management	5%
Fair burden sharing	5%
Just assessment rules	4%
Fair development policy	4%
Fair bonus policy	3%
Equal promotion opportunities	3%
Good relationship with coworkers	2%
No mobbing	1%

Source: Elaborations based on the survey.

An important variable of the theory of justice are benchmarks chosen by employees for comparison. There are three categories: 1) „self“ – comparison of own expenditures and results, 2) „system“ – includes the pay policy in organization and the manner of its implementation, 3) „other“ – includes other people in similar positions in a given organization but also employees outside the organization. This theory indicates that employees care not only about the absolute level of rewards they receive for their efforts but also about the ratio of the size of these prizes to the size of prizes received by others. When people see the state of injustice, then the tension arises. Analysis of the results of modern research systematically confirms the theory of justice: the motivation of employees is significantly influenced by both the relative and absolute value of the awards. When employees perceive injustice, they take action to improve the situation. This may result in higher or lower performance, better or worse quality of work done, increased absence rates or eventually giving up job¹³.

Creation and observance of a fair pay system thus becomes a very important element motivating employees. It should however also be stressed that the evaluation of the contribution and comparing it with the remuneration received is of a more personal, internal, subjective nature as it does not always bear the marks of an objective assessment.

¹² S.P. Robbins, *Zachowania w organizacji*, PWE, Warszawa 2004, pp. 106-109.

¹³ *Advances In Experimental Social Psychology*, (ed.) L. Berkowitz, Academic Press, New York 1965, pp. 267-300.; *Motivation and Work Behavior*, (ed.) R. Steers, L.W. Porter, McGraw Hill, New York 1964, pp. 111-131.

Another area of ethics that is important for members of the organization is gender equality. As can be seen in the case of the surveyed enterprises in Poland, it may still be a sensitive area requiring improvement. The remaining elements of ethics, apart from the „good relations with co-workers“ category, can be defined as being created mainly in the manager – subordinate relationship. Although their weight for employees varies from 1% to 5% (if taken separately), together it accounts for as many as 25%. This means that respondents considered it important. This the direct supervisor who personalizes the company to the employee. The manager becomes a kind of creator of ethical standards in the organization.

Summary

Controversy is still aroused by the answer to the question about the goal, for which companies adopt and implement codes of ethical behaviour. It is difficult to decide whether this is the result of a wider trend of business moralization, or it is only a tool for increasing profits. Despite various motives behind this, we are aware that the spread of ethics in business brings benefits to both the employer and the employee. An important issue is the reduction of the gap between the formal provisions of codes of ethics and the reality in a given organization. There is a general consent that is the manager who creates ethical behaviour in the workplace.

Our studies conducted in selected three organizations indicate that employees pay special attention to the broadly understood issues of „justice“ in the workplace. They mainly concern fair pay, fair treatment by the superior, and gender equality. The sample employed in the research does not entitle us to formulate unambiguous conclusions. The studies can nevertheless become a guide for the formulation of wage policy in organizations. They also point to the special role of the direct manager in recognition of justice in the work environment by employees.

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