This is the authors’ final peer reviewed (post print) version of the item published as:


Available from Deakin Research Online:
http://hdl.handle.net/10536/DRO/DU:30003295

Reproduced with the kind permission of the copyright owner.

Copyright : 2005, Emerald Publishing Group
The relevance to international mergers of the ethical perspectives of participants

Greg Wood, Senior Lecturer in Management and Marketing, Bowater School of Management and Marketing, Deakin University, Warrnambool, Australia.

Acknowledgements

An earlier version of this paper was presented at the 3rd International Conference on Cooperation and Competition at Växjö, Sweden in September 2002.

Abstract

**Purpose** – International mergers are becoming more widespread among medium-sized companies that for decades have held a prime position in their home country market, but who now feel threatened that they may not be of a significant size to continue to be viable in the international marketplace. The purpose of this paper is to examine the merger of one Australian company and one of its former competitors in the international marketplace from the perspective of the congruence between their espoused ethical cultures in business prior to the merger.

**Design/methodology/approach** – A questionnaire comprising 46 questions was sent to the public relations manager of each organisation prior to the merger. These managers were asked to fill in the questionnaire and to provide a copy of their code of ethics.

**Findings** – The research found that organisations need to not only have a code of ethics, but also need to focus especially on the area of code augmentation to ensure that they communicate the ethos of their code to their employees. The examination of the content of the code and the artefacts in place to communicate the ethos of each company’s code would enable one to compare for ethical congruence between the two companies. The examination of these ethical artefacts highlighted that the companies appeared to have been quite divergent in their commitment to business ethics when they entered the merger. If companies are to merge across country, and thus cultural boundaries, they need to examine the ethical standpoints of potential partners in order to alleviate any potential conflicts from an ethical, corporate culture perspective.

**Originality/value** – This paper provides useful information for those companies planning to merge across country, and thus cultural boundaries.

Introduction

The new millennium has ushered in the realisation that globalisation is impacting on the ability of medium sized international corporations to stay competitive in sectors of the market where “bigger may not be better” (Solomon, 1994, p. 81), but where bigger ensures one’s ability to at least be significant enough to merit consideration from not only one’s competition, but the marketplace (Applbaum, 1999).
In 1999, US$3.4 trillion was spent worldwide on mergers and acquisitions, which is an increase from US$464 million in 1990 (Hanson et al., 2002). “The Mitsubishi Corporation has total revenues that exceed South Korea’s gross domestic product; Microsoft is bigger than The Netherlands and of the world’s largest 100 economies, 51 of them are corporations” (Chang and Ha, 2001, p. 32). While those with the market power to capitalise on it, have hailed globalisation as a positive development, the concept may not be seen as so inviting by companies whose existence is challenged because of their lack of size. These medium-sized world players, who once ruled their own regional marketplaces, now find themselves at the risk of being marginalised. They face competition across national borders and geographic boundaries: areas of the world that once were their sole prerogative to control and even in some cases to monopolise (Hanson et al., 2002). Such medium-sized companies have a number of options that they may take or at worst may befall them. They may well pursue acquisition; or they can instigate a merger; or they can develop strategic alliances for particular projects with an array of partners; or they may well be themselves the target of acquisition. As corporations of this magnitude merge, they face issues that centre on the cultural and strategic fit of their previous entities, which are now to be subsumed into one.

Merging two entities of the size of the companies examined in this paper is a challenge that dictates that the cultures of each one come together, mix and then transform into the “new” culture of the consolidated corporation. This is a problem that medium-sized corporations around the world may face when they need to grow in order to be able to continue to participate in the world of globalised business.

**Organisational culture and business ethics**

All companies have their own organisational culture. Organisational culture can be defined as: “shared meaning held by members that distinguishes the organisation from other organisations” (Robbins et al., 2000, p. 90). This “shared meaning” is developed over time and transmitted through the use of customs, traditions, rituals, material symbols and language (Bartol and Martin, 1991).

Organisational culture shapes and guides the behaviour of employees (Wheelen and Hunger, 1995). It “serves to let employees know what beliefs and behaviors the company supports and those it will not tolerate” (Daft, 2000, p. 142). Organisational culture is not observable *per se*, unless we examine the “concrete manifestations” of culture in terms of organisational artefacts and exhibited behaviours (Bartol and Martin, 1991).

The type of culture that is possessed by an organisation is also vital to the success of the company (Hill and Jones, 1995; Johnson and Scholes, 1999). As Thompson and Strickland (1999, p. 343) contend: “A strong corporate culture founded on ethical business principles and moral values is a vital force behind continued strategic success”. Thus, “culture can be examined to see the kinds of ethical signals given to employees” (Daft, 2000, p. 142).

**The focus and the methodology of this paper**

One of the options adopted by one of Australia’s larger companies (top 100) was to merge with another similar medium-sized international player from a different geographic area. This merger has given both companies the size and the geographic spread to make their combined entity a more viable player, not only in their countries of origin, but also within
the sector of the international marketplace, in which they once competed against one another.

The focus of examination in this paper is on the ethical cultures and mores of the two companies and how similar or disparate they were when they entered the merger. Cultures and mores that were gleaned from each company's stated ethical standpoints in terms of ethical artefacts in place in each company prior to their merger. Each company provided a copy of their code of ethics and answered up to 46 questions on their business ethics practices in their organisations. Six areas were examined. First, did they have a code of ethics? Second, who was involved in the development of the code and why? Third, how was the ethos of their code implemented in the company? Fourth, did the company inform internal and external publics of the code? Fifth, what are the reasons for the code? Sixth, what were the prescribed benefits of their code?

The information provided to the researcher by the public relations manager of each company was done with the understanding of complete anonymity and hence, specific identifiers such as company revenue, employee numbers and country of origin for the international partner will not be used. They shall only be identified as Company A (Australian) and Company O (overseas partner).

This paper examines the codes of ethics of two companies and their responses to questions that focussed on the ways in which each corporation inculcated the ethos of their codes of ethics into the every day workings of their separate organisations. The fit between the two cultures from an ethical perspective is overlaid on the Partnership Model of Corporate Ethics (Wood, 2002) so as to determine the levels of congruence and divergence between the two companies as they entered the merger. Would these two cultural perspectives meld in a seamless manner, or would they be approaching this merger from philosophical viewpoints in respect to ethics that may have made the merger more difficult?

**Codes of ethics**

An initial indicator that a company is beginning to focus on ethical behaviour is that they have a code of ethics. It is one of the important artefacts that announces to all that the corporation has an interest in business ethics. Numerous writers have proposed the notion that a code of ethics should exist as a means of enhancing the ethical environment of an organisation (Adams *et al.*, 2001; Fraedrich, 1992; Gellerman, 1989; Harrington, 1991; Laczniaik and Murphy, 1991; Sims, 1991; Somers, 2001; Stoner, 1989).

Also, it has been suggested that companies implement codes because they perceive that they are important to the organisation and that they value them (Adams *et al.*, 2001; Somers, 2001; Wotruba *et al.*, 2001). If companies do have this view of their codes, then surely they should be committed to them and they should form the basis for company action.

Each company had a code of ethics prior to the merger. Company A developed its code in 1997 and Company O in 2000. Company A canvassed widely for input for its code. It examined international benchmark studies and sought the opinions of its chief executive officer (CEO), board of directors, senior managers, other staff, customers, government authorities and pressure groups. Company O was more insular in its consultation process. It
only considered the views of its CEO, senior managers and other staff. As both companies work in a “sensitive” area of commerce, Company A seems to have tried to cater for all opinions better than Company O.

Company A’s code was over 60 pages in length and comprehensive in its description of the requirements from staff. Company O had a code of only 12 pages which was much less prescriptive than Company A’s code. While Company O’s code went into much less description and detail its coverage was surprisingly broad. The emphasis of Company A’s code appeared to be to ensure that staff had some guidance on a vast range of issues that may confront them. Company O’s code was one whose purpose was “not to create a prescriptive set of rules of corporate behaviour”. It was more a guide to an overall philosophical perspective, than a manual of rules, what-if situations and the solutions to them.

Both companies cite the same reason for their code establishment. That reason is to articulate their principles of business that could then be used to guide their staff to attain the company’s goals, by using practices that the companies saw as ethically sustainable.

The codes were examined according to the measure proposed by Mathews (1987) and further refined by Lefebvre and Singh (1992). This measure has been used before to examine Australian codes (Wood, 2000a) and was seen as a reliable measure of code content. The measure was basically a census of mention within the code of 62 identified items.

**Analysis of the content of the codes**

In the research done by Mathews (1987) in the USA, Lefebvre and Singh (1992) in Canada and Wood (2000a) in Australia, the areas of “Conduct on behalf of the firm” and “Conduct against the firm” were the areas of code analysis in all three studies upon which companies focussed more emphasis. More companies were concerned that the employee would be an aggressor on behalf of the company or against the company than other areas of potential concern (Wood, 2000a). The foci of Companies A and O were no different to the above stated focus and also confirmed previous work by others (Chatov, 1980; Cresssey and Moore, 1983; David, 1988).

For “Conduct on behalf of the firm” (Table I), Companies A and O differed in mention for items 1, 5, 6, 8, 10, 11. On the remaining eight items they had similar positions.

The fact that the companies had different views on product safety (item 10) and product quality (item 11) immediately flags the potential for a major discrepancy between the two organisations. Product quality and safety should be integral to one’s belief in the products that one puts into the marketplace. To differ in these two areas raises the potential for discord and disharmony in the way that each company approaches such issues.

In “Conduct against the firm” (Table II) they were the same on only three items (19, 21 and 22) and dissimilar on five items.

The issues of conflict of interest (item 15), divulging trade secrets (item 16), insider trading information (item 17) and integrity of books and records (item 20) are fundamental to good
corporate practice. In light of recent dilemmas that have surfaced in the marketplace, in particular with respect to the “integrity of books and records”, it is of interest that the code that was so comprehensive should miss such an important issue and that the smaller of the two codes would have included it, while missing many of the other possibilities in this area.

In Tables I and II, it can be seen that the companies were similar on 11 items and dissimilar on 11 items. Thus, in the areas on which most firms concentrate in their codes, they had congruity on only 50 per cent of their categories.

Company O does not record any information on items 23-58 inclusive. Company A mentions laws against trade practice violations (item 23), bribery (item 29), personal integrity issues for reporting misconduct to the supervisor (item 41), employee integrity (item 46) and senior management as role models (item 47). Penalties for illegal behaviour are included in the code of Company A. These are a reprimand (item 52), a demotion (item 54), dismissal (item 55) and legal prosecution (item 57).

Both companies acknowledge in their codes that one needs to maintain the corporation's good reputation (item 59). A letter or introductory remarks from the CEO is included in both codes (item 60) and both codes mention that the code is specific to their world operations (item 61). Only Company A has also mentioned equal employment opportunity (item 62).

Company A had a much more comprehensive code than Company O. It covered a much wider range of issues and in much greater depth. Obviously, if the code is five times the content length, then this is to be expected. By their very nature, longer codes can be perceived as more regulatory, as they appear to leave little to chance or to the initiative of the staff. On the other hand, some shorter codes can be seen as more aspirational or even educational (Vinten, 1990) as they are not as descriptive and prescriptive as longer codes.

Vinten (1990) contends that the regulatory code is similar to the Ten Commandments. There are no shades of grey and statements about ethical imperatives are not open to debate. The aspirational code provides a standard to which one can aspire. However, this type of code does not believe that one will attain full compliance, or at best, that one will rarely attain it. The last code is the educational code. It does not prescribe rules or standards. It contends that the individual needs to decide for one's self and that conscience ought to dictate one's actions. The brevity of some codes can be an asset, as they leave ideas open to ambiguity and the need for staff to decide for themselves and thus, employees cannot just follow the rulebook. They need to engage more with the issue at hand.

The difference in the length of the codes of the two companies may well indicate a different philosophical approach to the role of codes of ethics and to the differing autonomy that is given to their respective employees to make their own ethical evaluations and judgements. In this case also, bigger may not necessarily be better.

**Code implementation**

One needs to look behind the fact that a company has a code of ethics. The existence of a code does not necessarily mean a high level of commitment to it. The document may well be there as a public relations exercise, rather than as an instrument to enhance the ethical
health of the organisation (Wood and Rimmer, 2003). For an organisation to obtain the full effect from implementing a code of ethics that organisation must communicate its value system and its document, the code of ethics, to the workplace (Benson, 1989; Stead et al., 1990; Townley, 1992). Companies cannot rely on an “osmotic effect” (Wood, 2000b) in relation to employees subsuming the ethos of the code into their daily working practices. It is at this level of support that companies highlight their commitment to a code, for it is at this level that the support measures in place communicate the significance of the code to the organisation (Wood and Rimmer, 2003).

The measures, that should be implemented to ensure that there is a link between code implementation and review of employee and company performance, are not activated as they could and should be (Fraedrich, 1992; Gellerman, 1989; Laczniak and Murphy, 1991; Sims, 1991; Stoner, 1989; Wood, 2002). Without support for such issues as employee ethics education committees (Center for Business Ethics, 1986; Harrington, 1991; Maclagan, 1992; McDonald and Zepp, 1989, 1990; Murphy, 1988; Sims, 1992; Weber, 1981), employee ethics education (Axline, 1990; Dean, 1992; Laczniak and Murphy, 1991; Maclagan, 1992; McDonald and Zepp, 1990; Harrington, 1991; Sims, 1992), the protection of whistleblowers (Grace and Cohen, 1998), an ombudsman (Gellerman, 1989; Labich, 1992; Stoner, 1989) then expectations of ethical behaviour may be unrealisable (Dean, 1992; Harrington, 1991; Maclagan, 1992; Murphy, 1988; Sims, 1991; Wood, 2002; Wood and Rimmer, 2003).

Table III is divided into three areas:

1. “Code implementation” is concerned with display, communication to staff and induction re the code.
2. “Code utilisation” is concerned with the way the code is utilised in the organisation.
3. “Code augmentation” is concerned with the support measures in place in the organisation to assist employees with the inculcation of the ethos of the code.

The companies are a match in the area of “Code implementation”, while in the area of “Code utilisation”, they differ only on the use of assessing the ethical performance of employees. The view that organisations should formalise the ethical performance of employees through the employee appraisal system is supported by a number of writers (Fraedrich, 1992; Harrington, 1991; Laczniak and Murphy, 1991).

The Australian company makes an assessment of an employee's ethical performance while the international company does not do so. Assessment of any employee performance, let alone an employee's ethical performance, can cause consternation in an organisation. Employees may see such an examination as intrusive. On the level of one's ethical performance, this level of discomfort may well be heightened due to the sensitive and possibly more subjective nature of the area under consideration. There is a potential here for a major philosophical difference between the two companies.

The major critical differences occur in the area of “Code augmentation”. The companies differ on all items except item 9 (ethics education committee). The real dilemma for these organisations is that, it is in the augmentation area where companies really show their depth of commitment to their code of ethics, by putting in place extra measures to ensure employee understanding and protection (Wood and Rimmer, 2003). This area is so important for staff members as it assists them in their ability to understand the ethos of the
company's code and to be supported and protected in terms of the existence of an ombudsman and whistleblower provisions (Wood, 2000b). The Australian company seems to consider this area in some detail, while the international company gives scant attention to this most important of areas.

The fact that the companies differ in these areas shows a definite difference in philosophical perspective as to the role of the company supporting its code. This obvious disparity could lead to cognitive dissonance between the perceptions of the employees of each company with the other. The employees of the organisation (Company A) with such procedures in place are the ones who may feel that they have more to lose, depending on the philosophy that is adopted post-merger. Philosophically, Company A has the more developed ethics program, but in its new post-merger form there is no guarantee as to which ethos the new entity will have. It would be a mix of both philosophies, but the degree of mix is impossible to determine. Yet, it should be acknowledged that, in terms of their approach to business ethics, these companies are coming from different perspectives, different degrees of involvement and it appears different levels of commitment.

The code and the community

A code of ethics should not just be a document for internal publics. It should be shared with external stakeholders as they are impacted upon by the policies of the corporation. Fraedrich (1992) believes that a code should have both an internal and an external focus. Benson (1989) also believes that outside publics should be considered when ethical issues are being discussed and policies are being framed. The use of the code in the community is considered in Table IV.

Again, it can be seen that these companies tend to differ more than they are in agreement. Both companies believed that their codes had assisted them to resolve ethical dilemmas in the marketplace and they both informed customers of the existence of their code. The Australian company informed suppliers, but the overseas company did not. No explanation was proffered by the overseas company for not informing suppliers of the code.

In Table IV, item 4 (code has an effect on the bottom line) and item 5 (effectiveness of the code) are extremely important to understanding the psyche of the organisation and its perception of its code of ethics and its ethics program per se. Company A, while acknowledging that its code may have impacted on the long-term financial success of the business, said that being ethical was “not a bottom line issue”. The company’s focus was on “improving the company reputation”, being able to “access desired markets” and in a moment of premonition, or forewarning, being “able to attract desired partnerships”. The focus of Company O was on the fact that they believed that their business goals could “best be attained through honesty, fairness and integrity”. Both companies appear to be displaying more altruistic motives, than just plain mercenary motives, which may auger well for their merger.

Item 5 is of particular interest because it highlights the opinion of each company as to the effectiveness of its code and the attendant business ethics artefacts that the company employs. The respondents were asked to rate their code on a seven-point Likert scale ranging from “No effect” to “Excellent”. It is of interest that Company A, which appears to have the better developed set of measures in place to support its code, rated the code as
“Good” where Company O rated its code effects as only “Positive”. These two companies
will enter the merger relationship with different views of the worth of their respective code
of ethics to their operations and this situation in itself may be a point of contention.

With such differences in attitude about the worth of business ethics to the organisation, it
invariably raises a philosophical conundrum in respect to the new entity. If one company
has a more positive view and the other company a less positive view, then a compromise
will need to be achieved in order to move forward as a combined entity. However, which
one of the two views will achieve supremacy and how will the party whose view is not now
the dominant one react to this new and reconstituted ethical landscape in the company?
These are issues that face all companies in all mergers where on a raft of business issues,
the perspectives between the two cultures that are coming together are not matched.
Ideally, a compromise should be reached, but invariably one or other of these company
philosophies does become dominant. Either way there will be a significant impact on the
employees of both companies in respect to the new company's future business ethics
perspectives and policies.

The Partnership Model of Corporate Ethics

The Partnership Model of Corporate Ethics (Wood, 2002) is predicated on the belief that
business in the new millennium can be done more cooperatively than it has been in the
past. This ideal is not an easy one to achieve, because in some senses it is contradictory to
the way that many corporations and employees of such corporations view the “ultra
competitive” world of business. The accumulation of assets and profit generation is how
businesses “keep score”, yet, by focussing on all of the stakeholders of a business and
endeavouring to ensure their acceptance of one's business practices, corporations should
enhance their overall wealth (Wood, 2002).

The society, its citizens, and corporations need to view business as a partnership. We all
benefit if this arrangement is viewed in terms that the success of the whole enhances us all
individually. Our business system is becoming more globally intertwined every day. This
global system needs to be a continually evolving one, in which “corporations strive to make
a better and more encompassing system that respects the views and perspectives of all
participants equally” (Wood, 2002, p. 72).

Hence, if one is about to embark on a merger as were Companies A and O, an audit of the
ethical perspectives of each business, using the partnership model (Figure 1) as a template
can highlight for them areas of compatibility and incompatibility: areas upon which they
may need to focus in order to facilitate a smoother transition, than may be expected
without such an examination.

The Partnership Model of Corporate Ethics is contained in Figure 1. The items in italics are
those items where the companies treat the issue in a similar manner; non-italics are where
the companies treat items differently; and the item in brackets was not surveyed and hence
a judgement could not be made.

Both companies appear to have a “Commitment to an ethical culture”, which is at the heart
of the model. They are both concerned with enhancing the reputation of the company and
interested in the ways that improved business ethics practices can contribute to this goal.
Each company CEO has written a letter to staff detailing the value to the company and themselves of the code and the measures in place to support the code. The value of having a code to each company tends to centre on the maintenance and enhancement of the company’s reputation. The companies also appear to be similar in their approaches to involving their “staff and shareholders” in the process. However, in the area of “Commitment to ethical organisational artefacts” the companies diverge markedly.

At the pragmatic level of engaging with the ethos of their codes and putting in place measures to assist their staff in particular to understand the code, to interact with it and to have in place procedures for staff protection, as stated earlier, they appear to be operating from different philosophical perspectives. It is at this level that employees will immediately recognise inconsistencies among the companies, because it is in this area that artefacts of ethics implementation are most easily seen. One either has or does not have in place a code of ethics, induction in the company’s ethics perspectives, whistleblower protection, ethics education, ethics audits, an ombudsman, and/or a strategic fit between one's espoused ethics and one's strategic plan. These issues are not attitudinal ones for staff to deduce whether they exist or do not exist. A company either manifests them or a company does not. The Australian company, as stated earlier, seems to have better developed processes in this area.

In “the marketplace” they are more dissimilar than similar. They agree on their approach to customers and competitors, but differ on their approaches to external stakeholders, suppliers and the government. It is just as important in their marketplace activities to establish congruence of attitude and of behaviour, as it is to establish congruence internally for their staff. The face that they put forward to the marketplace is integral to their continued success. They would both need to work on this area to ensure a consistency of focus and approach in this most vital of business areas.

The audit of the model in respect to Companies A and O shows that they are approaching this merger from different ethical philosophical perspectives. These differences in themselves may lead to concerns when trying to meld the two enterprises into one entity.

Conclusion

International mergers are becoming more widespread among medium-sized companies that for decades have had a prime position in their home country market, but whose sector of business is now moving towards one that is controlled by global forces and players: business for which each of them now realise that they are not of a significant size as an individual corporation to continue to be viable competition in the marketplace.

This paper has examined these two medium-sized international corporations from the perspective of their business ethics and found that their views appear to be divergent in many areas. The fact that they are divergent in these areas may not necessarily in and of itself mean a negative outcome for the merged entity. It may well mean that discussions on these issues are broad ranging and dynamic as each company rationalises its own perspectives and attempts to contemplate and understand the views and values of the other company.
The dilemma with the two companies studied here, is that they are extremely divergent in one of the most important areas of business ethics implementation: code augmentation. It is primarily in this area that corporations display their depth of commitment to the concept of business ethics, as companies have to institute new company procedures aimed at facilitating behaviour in line with their expected goals of business ethics (Wood and Rimmer, 2003). This increased commitment requires instituting new policies, new positions and new education initiatives, rather than just superimposing these new ideas on the old company structure. Company A seems to have taken this step with some thought and rigour, while Company O appears to have not done so.

While a merger may look extremely attractive on the balance sheet, one needs to be cognisant that organisations should examine their compatibility at a deeper level of philosophical and ethical perspectives. It is debateable whether a merger may stall or be abandoned based on an audit of the ethical processes and attitudes that reveal an incompatibility between the two companies. However, not to consider the ethical congruence of the two organisations is a lost opportunity to address issues that, if not faced, may appear and need to be dealt with post-merger.

All parties need to ensure a merger that is consummated not only at boardroom level, but also one that is compatible ideologically throughout the organisation. Not to do so leaves the merged entity in jeopardy as to the values that are at the foundation of their future business practices. If the staff members are confused, then the way that they portray themselves to the market may be disjointed and may lead to a dissonance amongst the employees of the merged entity. This situation may in turn see the attribution of these concerns on to prospective customers of the business, with the resultant dilemmas for the new company.
Figure 1A Partnership Model of Corporate Ethics
### Table I: Conduct on behalf of the firm

<table>
<thead>
<tr>
<th>Conduct on behalf of the firm</th>
<th>A</th>
<th>O</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Relations with home government</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>2. Relations with customers/suppliers</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>3. Relations with employees-health, safety</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>4. Relations with competitors</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>5. Relations with foreign governments</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>6. Relations with investors</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>7. Civic and community affairs</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>8. Relations with consumers</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>9. Environmental affairs</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>10. Product safety</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>11. Product quality</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Payments or political contributions to governments</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>12. Acceptance of bribes, kickbacks, gifts, entertainment</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>13. Giving of bribes, kickbacks, gifts, entertainment</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

### Table II: Conduct against the firm

<table>
<thead>
<tr>
<th>Conduct against the firm</th>
<th>A</th>
<th>O</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. Conflict of interest</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>16. Divulging trade secrets/proprietary information</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>17. Insider trading information</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>18. Personal character matters</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>19. Other conduct against the firm</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>20. Integrity of books and records</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>21. Legal responsibility</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>22. Ethical responsibility</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

### Table III: Code implementation, utilisation and augmentation

<table>
<thead>
<tr>
<th>Code implementation/utilisation and augmentation</th>
<th>A</th>
<th>O</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Physical display of code in organisation</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>2. Code communicated to organisation's staff</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>3. Code and company induction</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Code utilisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Consequences for a breach of the code</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>5. Employee ethical performance assessment</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>6. Code of ethics to guide strategic planning</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Code augmentation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Formal support of whistleblowers</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>8. Standing ethics committee</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>9. Ethics education committee</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>10. Ethics education for staff</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>11. Ethics ombudsman</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>12. Ethical audit of operations</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>
Table IV  Code and the community

<table>
<thead>
<tr>
<th>Code and the community</th>
<th>A</th>
<th>O</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customers informed of code existence</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Suppliers informed of code existence</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>3. Code assists in resolving marketplace dilemmas</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Code has an effect on the bottom line</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>5. Effectiveness of code</td>
<td>Good</td>
<td>Positive</td>
</tr>
</tbody>
</table>

References


