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Codes of Ethics in Sweden’s Largest Public Sector Organizations: Communicating the Intent of the 
Code within the Organization

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Abstract

The aim of the study was to examine the ways that public sector organizations in Sweden communicated the intent of their codes of ethics to their employees. Primary data was obtained via a self-administered mail questionnaire distributed to a census of the top 100 organizations.

The study identified a range of methods used by organizations to integrate the ethos of codes into corporate culture. These methods included communication of the code, company induction of new staff, consequences for a breach of the code, ethical performance, an ethics ombudsman, the support of whistleblowers, a standing ethics committee, ethics education, and an ethics education committee.

Whilst many organizations have instituted ethical behaviour initiatives, activities specifically targeted at exposure, education and support for staff to perform ethically were found to be underdeveloped.

Key words: Ethics Codes, Commitment, Public Sector, Sweden
Introduction

Business ethics has been the subject of extensive research and debate in the USA since the early 1960s (Baumhart, 1961; Benson, 1989). It is not a new phenomenon, but one that comes to prominence periodically as corporate practices that are out of alignment with the acceptable current societal mores expected of business are revealed. When companies of the prominence of Enron and Arthur Andersen are thrust into the headlines for their alleged malpractices, then the repercussions of such notoriety reverberate around the world. Organizations become introspective and wonder if they could suffer a similar fate, while consumers and society become more cautious and overtly belligerent in their dealings with the corporate world. All large businesses are tainted by the vague association that they too are large entities that may well have embedded within them the endemic ethical corruption that has surfaced in a few renegade corporations. These sharp practices bring all corporate sector entities in all industrialized countries around the world into their society’s spotlight. Companies are tainted by association in the global system of business that we are now subjected to on a daily and on an ongoing basis. Organizations tend to feel the need to declare their innocence for activities that they may not have perpetrated, but in order to restore consumer and societal confidence they need to be perceived as being proactive in this area of business ethics and corporate governance. This desire is not limited to just organizations operating in the private sectors of an economy, but there is also a flow on effect to those organizations operating in the public sector. These organizations also need to develop business ethics programs, as much to reassure themselves as their consumers that their operations are always well intentioned.

Numerous writers have proposed the notion that a code of ethics should exist as a means of enhancing the ethical environment of an organization. The establishment of a code of ethics is seen as one of the initial indicators that a company is beginning to focus on ethical behavior. It is the artefact that announces to all, an interest by an organization in business ethics (Adams et al., 2001; Fraedrich, 1992; Gellerman, 1989; Harrington, 1991; Lacziak and Murphy, 1991; Sims, 1991; Somers, 2001; Stoner, 1989).

Since the early 1960s in the USA, there has been a range of codes of ethics in many companies (Baumhart, 1961; Benson, 1989; De George, 1987). Yet, codes of conduct were in evidence around 1900 (Wiley, 1995). Companies such as JC Penney have a code that predates World War One (Adams et al., 2001). In Britain, the development of codes occurred later in the last century, more as a response to the stock market crashes of the late 1980s than anything else (Donaldson and Davis, 1990; Maclagan, 1992; Mahoney, 1990; Schelgelmilch, 1989). It has been suggested that organizations implement codes because they value them and perceive that they are important to the organization (Adams et al., 2001; Somers, 2001; Wotruba, Chonko and Loe, 2001). If
organizations do have this view of their codes, then surely they should be committed to them.

In Sweden, the use of codes of ethics is still problematic as previous research had not been conducted in this area prior to this study. One study has been published in the wider area of private sector business ethics (Brytting, 1997), but it appears that there has been nothing specifically done on codes of ethics in the public sector of Sweden. Therefore, the objective of this research is to describe the commitment to business ethics of the organizations in the public sector in Sweden.

The development of a code of ethics can be viewed as one of the ways that an organization displays its commitment to an ethical organizational culture (Adams Taschian and Stone, 2001; Fraedrich 1992; Lacznia k and Murphy, 1991; Somers 2001; Wotruba Chonko and Loe, 2001). Yet, a code by itself is not enough to ensure that the employees of organizations will actually manifest ethical behaviour. The benefit of having a code can only be derived if the code of ethics is brought to life by an organization that genuinely wishes to pursue a better ethical culture (Davis, 1988; Townley, 1992). This ideal requires more than just a code. This ideal requires supporting procedures in place to ensure that the ethos of the code is entrenched in all that the company does.

The research interest inherent in this study was centred on the need to examine the commitment to the principles of their codes of ethics that Sweden’s top 100 companies operating in the private sector appeared to have. This was done by examining the means by which organizations tried to integrate the ethos of their codes into the every day working lives of their employees.

**Methodology and Response Rates**

At the end of 2002, a three-stage research procedure was used and conducted in order to evaluate the use of codes of ethics in the public sector of Sweden. The public sector in Sweden is divided into three categories of public sector units: entities of government, county councils, and municipalities. First, a questionnaire was sent to the principal human resource manager of the top 100 Swedish public sector units (based on revenue) operating in the public sector (SCB, 2002): units that, for several reasons such as size of turnover, employee numbers and profile, are more probable to have developed a formal code of ethics (Brytting, 1997).

The aim of the questionnaire was also to obtain from the participants a copy of their code of ethics artefact, if they had one. These public sector units were asked to answer up to twenty-nine questions about the methods used by their organizations to inculcate an ethical ethos into the daily operations of the organization, its
leadership and its employees. The second stage involved content analyses of the codes of ethics artefacts supplied by the survey participants. The third stage involved a more detailed follow-up of a smaller group of public sector units that appeared to be close to or to represent the best practice of codes of ethics in the public sector in Sweden. Findings for Stage 1 of the research are reported in this article.

The package sent to each of the public sector units contained a covering letter and a questionnaire. The package was sent to the principal human resource manager in each public sector unit rather than the top leadership. This was done in the hope that human resource professionals are focused on ethical concerns and that they may have been more knowledgeable and committed to the task at hand than other organizational functionaries. Each respondent was assured of complete anonymity as the results were to be aggregated.

A substantial amount of work was performed in the preparation, implementation, control and conclusion of the mail survey. Each respondent at each public sector unit was initially contacted by phone in order to confirm their appropriateness to respond to the questionnaire, and eventually to promote the importance of the survey. Each respondent was also briefly introduced to the research project to stimulate his or her interest and willingness to participate in the survey. Those human resource managers who initially did not answer the questionnaire were contacted again by telephone in order to stimulate their interest to fill in the required answers. The close attention to this part of the research led to the achievement of a high response rate of 83% to the survey. The respondents upon which this paper focuses comprise those 27 organizations with a code of ethics.

**Communication of the Code to Employees**

For an organization to obtain the full effect from implementing a code of ethics that organization must communicate its value system and its document to the workplace (Benson, 1989; Stead Worrell and Stead, 1990; Townley, 1992; Wotruba Chonko and Loé, 2001).

The fact that 96% of public sector units communicate their codes to employees is as one would hope. Induction (55.6%), Training in it (44.4%) and a Booklet (48.1%) are the major methods of code communication to employees. Other areas of significance are Electronic Communication (37%) and Internal Publications (37%). The concern is that many organizations may just hand out a booklet and that there is then minimal follow up and discussion of the principles contained within it. Booklets also have a tendency to be either ignored, filed, or even discarded. This phenomenon in itself can lead to employees not fully appreciating the significance of the ethics document.
Company Induction of New Staff in Respect to the Code

The major way of inducting new staff is ‘training and discussion’ (51.9%) and ‘to issue a copy of the booklet’ containing the code (44.4%). The use of training and discussion is a preferred option to just distributing a booklet containing the code. Training and discussion enables the staff to engage with the ethos of the code in an interactive and proactive manner. They can discuss the code with their peers and others and subsequently develop opinions grounded on their own experiences. The impact that the public sector unit wants the code to make upon the employee may be lost if the attention required is not given at the time of induction. How is the employee meant to know that the code is important if it is not discussed or education given in its nuances?

Consequences for a Breach of the Code

A number of authors (Fraedrich, 1992; Sims, 1991; Stoner, 1989) suggest that within a code of ethics one should outline enforcement provisions for those individuals who may not uphold the code. The organization, by having procedures for a breach of the code, signals to employees the necessity to abide by the code for the sake of both themselves and the organization. The concern here is that consequences for a breach, one hopes, are not just placed in the code as a public relations exercise, but are implemented in all good faith as a measure of commitment to the ethos of the code and the betterment of the organization. The public sector unit, by having procedures for a breach of the code, signals to employees the significance of the need to abide by the code for both themselves and the organization.

Almost half (44.4%) of the public sector units do have consequences for a breach of the code and just over half do not have consequences for a breach. The second part of this question asked the public sector units to clarify the nature of the consequences of the breach. One gets a ‘verbal warning’ (100%) and ‘formal reprimand’ (66.7%) as the preferred public sector choices of disapproval at the employee’s actions. The ultimate weapons against the employee are ‘cessation of employment’ (33.3%) and ‘legal action’ (33.3%). It would appear that these courses of action are ones that are not as acceptable in Swedish public sector units as the other options available.

The Swedish management style is more one of participatory management, where employees are coached and coaxed into doing the ‘right thing’. The leader is not seen as the all powerful disciplinarian as may be the case in other cultures, but the cultural management focus is more upon playing the role of a mentor to lead and guide the staff members to their own enlightenment and self-correction in the areas where their performance may be lacking. This approach to management may in itself account for the fact that less than 50% of public
sector units have consequences for a breach.

**Ethical Performance as a Criterion for Employee Appraisal**

The view that organizations should formalize the ethical performance of employees through the employee appraisal system is supported by Freidrich (1992); Harrington (1991); and Lacznia and Murphy (1991). The major response is that an employee’s ethical performance is not assessed (51.9%). It would appear that in Sweden some public sector units do want to be controlling of their employees by subjecting them to a level of scrutiny in this area, but many others do not. This is an interesting finding in that if a public sector unit sets a goal in most areas of its operations, it would usually check to see that the employee is adhering to public sector unit standards. One would assume that ethical behaviour should be no different.

**An Ethics Ombudsman or its Equivalent**

In a situation of recognizing unethical practices and taking steps to expose them, the dilemma that many employees face, is in knowing to whom one can take an issue, so as to ensure its integrity; the integrity of the person against whom the complaint is made and usually, most importantly, for the person making the complaint, the guarantee of their own freedom from reprisals (Gellerman 1989; Labich 1992; Stoner 1989).

This area of inquiry has a definite relationship with the issue of whistleblowing. If a public sector unit has a person designated as a confidante to whom staff can go with ethical concerns then, hopefully, it will foster employees to volunteer information about unethical practices that they perceive are detrimental to the organization.

If the role of an ombudsman was set up with the specific purpose of protecting whistleblowers and resolving the concerns that they raise, then the public sector unit may not only have ethical guidelines, but they may be able to see the actual implementation of these guidelines come to fruition.

The fact that 88.9% of public sector units do not have such a person is disturbing. To whom do staff members go with their concerns? The obvious answer is the person’s supervisor, but research shows that it is often the supervisor who is the centre of the ethical conflict that the staff member wishes to resolve (Baumhart 1961; Brenner and Molander 1977). This lack of a designated person leaves the staff and the organization vulnerable.
Formal Guidelines for the Support of Whistleblowers

The researchers were interested in this area, because if public sector units are going to expect ethical behaviour from their employees then whistleblowing (someone who reports wrongdoing by the organization) should be considered by the organization (Grace and Cohen 1998; Wood 2002). It should be considered, because if standards are to be set, one needs ways to ensure that violations or breaches can be reported, reviewed and corrected.

In Sweden, this construct appears not to be considered by virtually any of the public sector units (7.4%). This figure is a concern. Employees should feel secure in the knowledge that they can report what they perceive as wrongdoing by their public sector unit or others within the public sector unit. To not have such safeguards in place for staff, leaves genuine individuals exposed and does not promote a confidence in them to report their concerns.

A Standing Ethics Committee or its Equivalent

If organizations in the new millennium in Sweden are beginning to realise the need for ethical practices in their organizations, then an ethics committee should be an idea that organizations should contemplate and an area in which they should initiate action (Center for Business Ethics 1986; McDonald and Zepp 1989; Weber 1981).

In Sweden, 85.2% of public sector units do not have a standing ethics committee. Only 14.8% have one. If ethics is important, then surely public sector units should communicate this fact by having designated ethics committees that are seen by all. Not to have a committee, signals to the organization and other stakeholders that the public sector unit does not see ethics as an important enough area to warrant such attention.

Ethics Training

A number of writers have advocated the use of training programmes as a means of institutionalising ethics within the organization, (Axline 1990; Dean 1992; Laczniaik and Murphy 1991; Maclagan 1992; McDonald and Zepp 1990; Harrington 1991; Sims 1992). Without education, one could contend, that the desire to incorporate an ethical perspective into the business practices of employees will only be a hope that cannot be translated into reality.

Just over 50% of the public sector units have ethics training, which means that nearly half of the public sector
units do not have ethics training. The inculcation of ethical values in an organization is not an easy process. The staff have to be given the opportunity to engage with the ethics document and to discuss, to examine and to question the values of the public sector unit that are placed before them. Each person approaches the organization with different values and perspectives on the world and what they may perceive as acceptable and unacceptable conduct. Training in ethics at the time of induction is not enough. At induction time, the employee is usually bombarded with many new ideas, philosophies and rules and regulations and as such they are often overwhelmed. Osmotic transfer of the public sector unit’s ethical values does not just occur. Staff cannot be left to their own devices in this area (Wood 2002). Training needs to be ongoing as ethics and people’s perceptions of acceptable and unacceptable conduct evolve over time.

**Ethics Education Committee**

Aligned with the need to have ethics education is also the need to have a designated ethics education committee or its equivalent set up to oversee such training and education. An ethics education committee would hopefully provide the focus and initiative to expose employees to discussion and education in business situations involving ethical dilemmas that they might face whilst in the company’s employ.

It is a concern that only 1/27 (3.7%) of respondents in the public sector in Sweden has an Ethics Training Committee. This figure is very low if public sector units are serious about inculcating ethics into the work force. A designated committee set up for the specific purpose of ethics training and the discussion of relevant issues, the researchers contend, flags to employees of the public sector units the sincerity of the public sector unit to pursue ethical principles. Not to have one also makes it quite clear to employees and other stakeholders that the public sector unit may not see this area as one of importance.

**Conclusion**

Within the public sector in Sweden, the interest in public sector ethics has begun to evolve slowly and the commitment to it is less than well developed at this stage. It does appear that this process is being seen as a way that organizations feel that they need to conduct operations in this society. The process of introduction and change varies from unit to unit, yet the results of this study, tend one to conclude that at this time only a minority of public sector units are addressing the issues inherent in ethical practice.

Evidence is now available to show that codes of ethics are underdeveloped in many of Sweden’s largest public sector units. Generally, public sector units are just beginning to implement a code of ethics. Other complementary initiatives that reinforce the need for the culture of the organization to be more ethical than it
has been until recently are missing.

The researchers have concerns with the lack of use of the range of support measures that one could invoke to inculcate the ethos of the code into the public sector units and that are indicative of a high commitment to being ethical. There is an obvious lack of staff training, ethics committees, whistleblowing procedures, and ombudsman, that in themselves indicate a lower level of commitment than for which one may have hoped (Wood 2002). It is not enough to have the artefacts of an ethical culture, such as codes, without ensuring that all employees are assisted to understand what is required of them. This organization-staff relationship should be one of cooperation towards a mutual goal and not be one that could be construed as window dressing for the external stakeholders of the public sector unit. One would expect and hope that this process of trying to evolve to a higher level of ethical commitment will continue and that public sector units will utilize the supporting measures available to them: measures that should enhance the ability of the staff of their public sector units to better fulfil the public sector unit’s desired public ethical ethos.

References


