**Establishment of Corporate Culture through Ethical Values**

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**CHAPTER 1**

**THE PROBLEM AND ITS BACKGROUND**

1. **Conceptual framework**

Business ethics is a form of applied ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole. Applied ethics is a field of ethics that deals with ethical questions in many fields such as medical, technical, legal and business ethics.

The enterprise ethics is the enterprise in dealing with employees, business and society, business and customer relationship between the sums of a code of conduct. The main activities in accordance with the ethics of different organizations, enterprises can be divided into personal morality and professional ethics. Corporate ethics and social morality is not only an important component of the system, but also social and moral principles in a concrete manifestation of the enterprise. It is the personification of the enterprises in the production and operation activities, in the natural search. Social interactions, to be followed by the enterprise and the State seek to regulate. Enterprises and other enterprises, enterprises and competition, the enterprise and the object of service object and internal various aspects of the relationship between total behaviour.

Business ethics can be both a normative and a descriptive discipline. As a corporate practice and a career specialization, the field is primarily normative. In academia descriptive approaches are also taken. The range and quantity of business ethical issues reflects the degree to which business is perceived to be at odds with non-economic social values. Historically, interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within academia. For example, today most major corporate websites lay emphasis on commitment to promoting non-economic social values under a variety of headings. In some cases, corporations have redefined their core values in the light of business ethical consideration.

**2. Background of the study**

Business Ethics is a concept put forward by the United States in the 1970s. Some people think that enterprises’ the main target is the money that ethics is a pursuit of ethics, the business objectives and corporate social responsibility not necessarily linked, even fire, so that the incompatibility of enterprise management objectives and business ethics is contradictory. Actually it is pursuing profits for surface phenomenon; the only goal of the way of thinking is the new era behind. In modern times, if the enterprises only pursue profit without considering the enterprise ethics, the operation of the business has become more and more for the society will not be. That is to say, if not in the business activities of enterprises, business ethics to guide itself will not succeed. Setting up the enterprise ethics embodies the value concept of enterprise management, human and social activities of the elements.

In the increasingly conscience-focused marketplaces of the 21st century, the demand for more ethical business processes and actions (known as ethicism) is increasing. Simultaneously, pressure is applied on industry to improve business ethics through new public initiatives and laws. Businesses can often attain short-term gains by acting in an unethical fashion; however, such behaviors tend to undermine the economy over time.

**3. Statement of the Problem**

Based on the characteristics of the enterprise, the enterprise and the social relations, this paper probes into the problems of business ethics for the management and the moral problems, based on the analysis of the enterprise ethics construction, and puts forward the ways and how to turn ethic advantage into competitive advantage.

This paper shows how to establish corporate culture through ethical values. At the end of this article there are some given recommendations on how to implement ethics in business. Specifically, it sought answers to the following subsidiary questions:

1. What is the profile of the respondent in terms of?

1.1 ages,

1.2 gender, and

1.3 Name of company?

2. What kind of role the ethical play in enterprise management?

3. What is function of the enterprise ethics is in the modern enterprise system and management?

4. What are the errors of enterprise ethics construction?

5. How to supervise and construct enterprise ethics?

**CHAPTER II**

**LITERATURE REVIEW**

George, Richard T. de (1999). Business Ethics：This interesting, comprehensive book about business ethics argues tht ethics is the 'glue' that makes successful business possible. It allows the reader to see the whole range of issues in business ethics rather than just selected topics. Its focus on internationalization and globalization is important, as it relates facts about this dynamic, growing aspect of corporate business. This book not only covers ethics, it also includes such topics as: management, production, marketing, finance, workers' rights, and environmental issues; it enables readers to see how all of the issues presented are interrelated. An excellent resource and reference work for international corporate employees, marketing administrators, and human resource managers and employees.

Knights & O’Leary, 2006; Meyers, 2004. Ethics in organizations is not a result of individual virtue alone, but a function of both individual virtue and contextual factors.

Hartman, 1996. “corporate culture is important to business ethics because it is a vehicle for imparting and maintaining the moral principles and the values, good and bad, that animate life in the organization" (p. 150).

Briscoe & Schuler, 2009. “Corporate culture is a unique way of thinking and implementing actions that are manifested by the vision, symbols, rituals, activities, and mind-sets of the organization’s members”.

Aronson (2001). ‘‘Ethical behavior on the part of the leader would appear to be a necessary condition for the establishment of an ethical organization… CEOs are obliged to set a moral example for organizational members.’’ (p. 245).

Thomas et al. (2004). Ethical mindfulness is "enriched awareness among organizational members regarding the potential for catastrophe and resulting in an ever-present conscious engagement of personal responsibility to prevent its occurrence.” (p. 60).

Mendonca (2001). Ethical leadership is achieved through personal moral self-transformation of leaders.

(Schminke et al., 2007). “Creation and enforcement of procedural frameworks for regulating business behavior, and creation of codes of ethics and training programs, aimed at increasing moral awareness among employees of the organization are insufficient”.

Russ-Eft (2003). HRD scholars need to research the role of learning and development in creating ethical business cultures, and the role and effectiveness of HRD interventions aimed at developing ethical cultures.

Nakano, 1997. Company policies on business ethics are the most important determinant of ethical decision making by managers .

**CHAPTER 3**

**RESEARCH METHODOLOGY**

This chapter provides information on research methodology details that will be used in this study. It will describe the methodology itself, sources of data, research instruments and procedures to be used in data gathering as well as the tools and processes that will be used in processing and analysing the data.

**Methods of the study**

The purpose of this study is aimed at identifying general characteristics attributed to ethical business culture that can be engage to influence operational practices in creating and sustaining an ethical business culture. This article presents the quantitative and qualitative research to be used.

**Sources of qualitative and quantities data**

The internet and questionnaires were the primary nature of data necessary for this study. Qualitative researchers data major rely on gathering information from the internet; Quantitative researchers’ data gathering through issuance and collect of questionnaires, according to the purpose of investigation to study the needs, the issuance of questionnaires in the manila area of small and medium-sized companies. The surveys were distributed and 12 questionnaires, 10 were returned, of which 10 valid questionnaires efficient recovery rate of **80%** of valid questionnaires collected by data analysis. Through statistics and analysis of relevant information collected during the survey, validate and enrich the research contents.

**Specific approaches of the study**

1. Research using quantitative analysis method – questionnaire  
In order to analyze the ethical values of participating companies, questionnaire design into three parts:

Part I: The profile of the respondents.  
Name (optional), age, gender, name of company.

Part II: Evaluation of corporate culture and ethical values

Part III: Situations on how business ethics is implemented

**Data gathering procedures**

Initially, the researcher seek the permission of 12 designated companies to use the premises of the firms for purposes of gathering data through a consent letter which was made by the researcher. The selected employees of each company were very helpful in this process.

The consent letter, together with a copy of research questionnaire, was then communicated to the proper authorities of the companies and the researchers proceed to the next step.

Determined with the research sample, the research questionnaire was then reproduced for distribution to the selected respondents. Extra copies of research questionnaire were produced as allowance.

After the researcher assured that everything was set, he administered his questionnaire. Survey was performed on the 3rd week of November 2014. Each one of the respondents was given a copy and some personal instructions as to what to be done to the questionnaire that was provided by the researcher.

On-the-spot retrieval of the questionnaire was performed in order for the researcher to start immediately with his tabulation of results.

**Sampling technique**

The researcher used the Stratified Random Sampling (SRS) to gather information about Establishment of corporate culture through ethical values.

**EQUIVALENT**

|  |  |  |
| --- | --- | --- |
| **Symbol** | **Descriptive Equivalent** | **Percentage Mean** |
| **3** | **Agree** | **2.30 – 3.0** |
| **2** | **Neutral** | **1.65 – 2.29** |
| **1** | **Disagree** | **1.0 – 1.64** |

The data from the collected questionnaires were tallied, tabulated and analyzed. After analysing the results, the researcher explained and discussed the answers further.

**CHAPTER IV**

**PRESENTATION, ANALYSIS, AND INTERPRETATION OF DATA**

In this chapter, the researcher showed the results and interpretation on the results of the study. Specifically it presents the organization on the problem stated in the first chapter.

**Survey analysis**

**Socio-Demographic**

1. What is the profile of respondent in terms of: Gender and Age.

**Table 1**

**Respondents according to Age**

|  |  |  |
| --- | --- | --- |
| AGE | Representatives of participating Companies | |
|  | Frequency | Percentage |
| 21-25 | 2 | 20 |
| 26-30 | 3 | 30 |
| 31 & above | 5 | 50 |
| TOTAL | 10 | 100 |

Table 1 shows the profile of respondents according to their age. The age bracket of 31 and above has 5 respondents with a percentage of 50% ranking at no.1, followed by 3 respondents at the age of 26-30 years old with a percentage of 30% and the 2 to the age bracket of 21-25 years old, which has the percentage of 20%.

**Table 2**

**Respondents according to Gender**

|  |  |  |
| --- | --- | --- |
| Gender | Representatives of participating Companies | |
|  | Frequency | Percentage |
| Male | 4 | 40 |
| Female | 6 | 60 |
| Total | 10 | 100 |

As shown in Table 2 majority of the respondents are female which is composed of 6 individuals or in the percentage of 60 %, compare to the male that has only 4 respondents with a percentage of 40 %.

**PART II: EVALUATION OF CORPORATE CULTURE AND ETHICAL VALUES**

**Table 3**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | YES | % | NO | % |
| 1. Do you think it is important to have business ethics? | 10 | 100 | 0 | 0 |
| 1. Is the culture in your company healthy and does it mirror the management’s vision of how the organization should function? | 8 | 80 | 2 | 20 |
| 1. Do you think your company does enough to regulate ethics in your business environment? | 8 | 80 | 2 | 20 |
| 1. Does the company have an implemented code of conduct? | 10 | 100 | 0 | 0 |
| 1. Does the company conduct training programs related to ethical values? | 9 | 90 | 1 | 10 |
| 1. Would you contact human resources for compliance help if you saw a co-worker doing something dishonest? | 7 | 70 | 3 | 30 |
| 1. If your manager asked you to do something unethical, would you do it | 0 | 0 | 10 | 100 |
| 1. Are you allowed to access social networking sites like Facebook, Twitter and Instagram during working hours? | 0 | 0 | 10 | 100 |

**PART III: SITUATIONS ON HOW BUSINESS ETHICS IS IMPLEMENTED**

**Table 4**

|  |  |  |
| --- | --- | --- |
|  | Mean | Interpretation |
| 1. Employees are expected to meet all deadlines on time | 3.00 | A |
| 1. People here are held accountable for their actions | 2.80 | A |
| 1. If I need additional training, it is easy to get it. | 2.40 | A |
| 1. Work-life balance is supported | 2.40 | A |
| 1. I can trust what management tells me | 2.80 | A |
| 1. The people at your company always behave in an ethical manner | 2.20 | N |
| 1. You occasionally take home small supply items from the office like pencils and staples. | 1.60 | D |
| 1. You surf the Internet for non-work related matters during work time. | 1.70 | D |
| 1. When your chatty co-worker gossips about everyone and anyone in the office, you simply say nothing. | 2.40 | A |
| 1. You go to the restroom and find a $50-dollar bill. Finder’s keepers, loser’s weepers. | 1.90 | N |

Table 4 shows the response of the employees of the participating companies. Among the 10 questions mention the top 1 most agreed question that the respondents chose is question no. 1, 3.00 or 10 respondents agrees that employees are expected to meet all deadlines on time. Then, the top 1 most disagreed question is no. 7, 1.60 or 7 respondents disagree that they occasionally take home small supply items from the office like pencils and staples. And lastly the top 1question which the respondents answered neutrally is question no. 8, 1.70 or 3 respondents say that they neither agree nor disagree that they surf the internet for non-work related matters during work time.

**CHAPTER V**

**SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATION**

In this chapter, the researcher will be giving the summary of the findings of his study. The conclusions on the different problems that arose and to the recommendations on the kinds of improvement their readers can do in the near future.

**Summary of Findings**

The study made use of survey questionnaires with a three-part test that was given to selected companies as the respondents to fill up the socio-demographic profile for part 1,

Majority respondents are female which is composed of 6 individuals. The rest 4 respondents are automatically belonging to the males.

The socio-demographic profile it was evident that most of the respondents are 31 and above years of age or 5 respondents.

In part 2, consists of 10 questions which evaluate corporate culture and ethical values in the participating companies.

Part 3 shows the response of the employees of the participating companies. The top 1 most agreed question is question no. 1, 3.00 or 10 respondents agreed. Then, the top 1 most disagreed question is no. 7, 1.60 or 7 respondents disagreed. And lastly the top 1question which the respondents answered neutrally is question no. 8, 1.70 or 3 respondents say that they neither agree nor disagree.

**Conclusion**

Based from the findings of the study, the following conclusions were drawn:

1. Majority of the respondents is female which is composed of 6 individuals or there are 60 % out of 100 percent. The rest 4 respondents are automatically belong to the males with the percentage of 40 %.
2. The socio-demographic profile it was evident that most of the respondents are 31 and above years of age or 5 respondents out of 10.

3.Ethical business cultures are based on an alignment between formal structures, processes, policies, related training and development programs, consistent value-based ethical behavior of top leadership, informal recognition of heroes and the use of rituals, metaphors and language that inspire organizational members to behave in highly ethical manner.

**Recommendation**

Having the basis from the findings and conclusion, the researchers offer the following recommendations that can be taken into considerations:

1.To play a leading role in establishing ethical business cultures, HRD will need to engage in a system of interrelated activities, including:

1.1 the creation of a **dynamic** and **constantly evolving** program of ethical education and training for employees on all levels of the organization,

1.2 the incorporation of ethics in leadership development programs,

1.3 creation of mentoring, career development, and succession planning programs that foster ethical culture,

1.4 development and strengthening of ethical decision-making skills,

1.5 participation in the creation and review of codes of ethics focused on sustaining the ethical culture

2. When developing ethical culture programs, business organizations need to address not only formal compliance requirements, but focus on a set of corporate values and the alignment of those values with all other elements of the culture including day-to-day operations of the organization.

3. Company should implement codes of conduct and training programs in able to sustain ethical business culture.

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**APPENDIX**

**QUESTIONNAIRE**

***DIRECTIONS:*** PLEASE WRITE YOUR ANSWER OR PUT A CHECK ON THE SPACE PROVIDED IN EACH ITEM.

**PART 1: Socio-Demographic**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name (Optional):** | | | |
| **Age** | | | |
| 21- 25 ( ) | 26-30 ( ) | | 31 and above ( ) | |
| **Gender** | | | |
| Male ( ) | | Female ( ) | |
| **Name of Company (Optional):** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |

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**PART II: EVALUATION OF CORPORATE CULTURE AND ETHICAL VALUES**

Instructions: Fill in the space provided with a check (**√**) that you feel most accurately describes your reaction to the statement. Please share your frank, honest, and sincere answers.

|  |  |  |
| --- | --- | --- |
|  | **YES** | **NO** |
| 1. Do you think it is important to have business ethics? |  |  |
| 2. Is the culture in your company healthy and does it mirror the management’s vision of how the organization should function? |  |  |
| 3. Do you think your company does enough to regulate ethics in your business environment? |  |  |
| 4. Does the company have an implemented code of conduct? |  |  |
| 5. Does the company conduct training programs related to ethical values? |  |  |
| 6. Would you contact human resources for compliance help if you saw a co-worker doing something dishonest? |  |  |
| 7. If your manager asked you to do something unethical, would you do it? |  |  |
| 8. Are you allowed to access social networking sites like Facebook, Twitter, and Instagram during working hours? |  |  |

**Part III: SITUATIONS ON HOW BUSINESS ETHICS IS IMPLEMENTED**

Read the following and use it to provide feedback about the status of Ethical values in business corporations that you received or currently undergoing. Fill in the space provided with a check (**√**) that you feel most accurately describes your reaction to the statement. Please share your frank, honest, and sincere answers.

|  |  |  |
| --- | --- | --- |
| **USE THE FOLLOWING DESCRIPTIVE SCALE:** | | |
| **3 –Agree** | **2 –Neutral** | **1 – Disagree** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **3** | **2** | **1** |
| Employees are expected to meet all deadlines on time |  |  |  |
| People here are held accountable for their actions |  |  |  |
| If I need additional training, it is easy to get it. |  |  |  |
| Work-life balance is supported |  |  |  |
| I can trust what the management tells me |  |  |  |
| The people at your company always behave in an ethical manner |  |  |  |
| You occasionally take home small supply items from the office like pencils and staples. |  |  |  |
| You surf the Internet for non-work related matters during work time. |  |  |  |
| When your chatty coworker gossips about everyone and anyone in the office, you simply say nothing. |  |  |  |
| You go to the restroom and find a $50-dollar bill. Finders keepers, loser’s weepers. |  |  |  |

***Thank you very much for your cooperation. I express my appreciation and thanks for lending your valuable time and assistance in gathering the necessary data valuable to my research***