

Developing, Implementing, and Adhering to a Code of Ethics

By Tarun Kapoor

The American public will no longer tolerate unethical behavior (Lacey, 1987; Pocok, 1989). They are asking organizations about their business practices and demanding promises, frequently in writing. They are requiring organizations to share codes of ethics and policies with them. On this basis, Americans are developing trust in the quality of services provided by organizations and supporting those which live up to their expectations.

Thus, since the success of businesses is becoming more contingent on being ethical, it behooves companies to develop, implement and adhere to a code of ethics (Dresang, 1986). The purpose of this paper is to describe the procedure to that end.

Two definitions for ethics are (1) the study of the general nature of morals and the specific moral choices an individual makes in relating to others and (2) a system of morals or values (Webster's II, 1988).

There are several variables that must be considered when creating a code of ethics. They include employees, customers, competitors' policies, and owners' moral values. The code of ethics must also conform to the standards of the local community. Once established, the code must be implemented and adhered to as the gospel. These are the steps required for an organization to develop, implement and adhere to a code of ethics.

Step 1

Survey Both Employees and Custom-

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ers. When developing the policy, employees should be consulted first. They deal daily with situations that management may not be aware of. In a large organization, a random sample of employees should be interviewed. They should represent all levels of the hierarchy and, also, every department. In a small organization, all employees can be interviewed.

Employees should be interviewed regarding which areas in the operation they believe need improvement, and how the company's standard operating procedures could be revised to help them perform their respective jobs better. Scenarios could also be presented to employees which illustrate questionable business practices. Stephen Hall (1989) has found this survey technique can help define

what employees believe constitutes ethical behavior.

In addition to employees, customers should be surveyed. Many companies use comment cards to solicit ongoing customer feedback. Some companies conduct random phone surveys of regular customers. Others rely on customer focus groups. The success of a code of ethics is dependent on this research. It should serve as a basis for modifying existing standards and formulating new policies.

Step 2

Develop the Code with a Guarantee.

From the research findings, a framework for the company's code of ethics can be created. This framework should address the concerns of both customers and employees. Customer concerns generally focus on satisfaction with the company or the quality of the company's products or services or both. If the company

A Proposed Code of Ethics

- We shall obey all the laws of the community when conducting business.
- We shall guarantee complete satisfaction of both our products and service.
- We shall not refuse anyone our products or service on the basis of race, creed, color, sex or other personal traits.
- We shall empower all our employees to serve our customers as they deem appropriate within the parameters of their job descriptions.
- We shall offer all our employees equal working conditions and opportunities to advance within the organization.
- We shall continually strive to improve our products and services through employee and customer feedback.

Note: This code is not intended to be all encompassing. Rather, it is designed to serve as a model. Other organizations may refer to it when creating their own personalized codes.

can guarantee customer satisfaction, it will have addressed customer concerns. For example, Hampton Inn's 100 percent satisfaction guarantee program doesn't expect guests to pay if they are not completely satisfied (Ideas, 1990).

Meanwhile, employees are concerned with being able to do their jobs well. This means providing customers with both quality products and service. If the company can empower (allowing employees to act within their job descriptions) its employees to perform these functions, it will have addressed employee concerns.

Step 3

Communicate the Code of Ethics.

The success of a code of ethics is greatly dependent on how it is communicated and implemented. A code's effectiveness is less contingent on its content than on its ability to be understood. The code should be easy to read and comprehend. The educational level of all potential users should be considered when developing the code.

Once created, employees and customers

must be made aware of it. In the case of employees, it can be posted on an employee bulletin board, listed in the company handbook, discussed during training programs or at staff meetings, or all three.

The code can be shared with customers by posting it in a location they frequently visit or by printing it on company promotional materials, such as menus, table tents, or in-room collateral. A well-communicated policy will inform customers that the company is actually adhering to its code.

Over a period of time, a long code of ethics is easily forgotten. This can be avoided by promoting the "satisfaction guarantee" in the code. Creative acronyms can help both customers and employees remember the code, too. The successful operator of Kadie's Diner in Southern California implemented the acronym "KADYS" (Kadie Always Demands Your Satisfaction) in her establishment. It is listed on menus and table tents, and in the employee manual; it's also worn on buttons by servers.

Step 4

Provide Follow Up and Feedback.

Generally, new or innovative programs do not work immediately. They require patience and continuous revision. Often, both managers and employees are initially skeptical of the process. Employees are frequently convinced that they won't be allowed to make decisions and, if they are, their decisions won't be honored. At the same time, many managers are reluctant to relinquish control. They fear the consequences will be disastrous. As a result, they often sabotage the program. It is important for managers to understand that continuous and consistent support of the empowerment program is essential for it to succeed. The empowerment program is destined to fail without support.

Employees can be motivated to make decisions independently when appropriate through positive feedback. For example, Marriott Corporation recognizes employees with a monthly empowerment award called "empowered to be the best." Hilton Hotel Corporation has the "100% Club" and Sheraton Hotel Corporation is currently pilot testing a "gain sharing" program. Training can also help

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employees to build confidence in their ability to make sound decisions.

Conclusion

For a company to succeed today, it must be ethical. The development, implementation and adherence to a code of ethics by organizations can facilitate this process. These steps will eliminate unacceptable practices such as pouring short drinks and substituting inferior ingredients for those advertised.

As a result, customer satisfaction will increase. The final product will be an environment conducive to long-term success. In the words of Robert E. DeZinno (1989), the "Good guys will finish first."

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