

Chapter 78

Codes of Ethics, Ethical Behavior, and Organizational Culture from the Managerial Approach: A Case Study in the Colombian Banking Industry

Marta Villegas

Consultant and Researcher in Business Ethics and CSR, Colombia

Michael H. McGivern

Jones International University (JIU), USA

ABSTRACT

This qualitative case study explored managerial perceptions regarding codes of ethics, ethical behavior, and the relationship of these concepts to organizational culture in a Colombian bank ZOX (pseudonym), in a South-American environment. The data-collection phase contained a purposive sample of ten ZOX senior managers, by including four one-on-one interviews, a focus-group interview, and company documents. The findings include the facts that codes of ethics are mandatory and they demand that the individual has his/her own values; ethical behavior follows general principles and values as ethical guides of duty regardless of the consequences; and the organizational culture is influenced by the leaders' ethical behavior. The findings also serve to trace and describe empirically and theoretically the components of a multi-dimensional approach of an ethical organizational culture. A suggestion for further research might be the testing of this multi-dimensional approach in other settings and going deeper into the relationship among its components.

DOI: 10.4018/978-1-4666-9624-2.ch078

INTRODUCTION

With the collapse of large financial institutions and massive losses in the business- and personal-banking systems, the 2008 global financial crisis had an impact on people's mistrust, causing them to demand that corporations adopt mechanisms, such as codes of ethics, to conform to their stakeholders' expectations. For this reason, issues related to business ethics and corporate social responsibility (CSR) have had more relevance, which increasingly caused corporations to adopt codes of ethics as instruments to ensure their responsibilities (Haugh & Talwar, 2010; Singh, 2011; Trapp, 2011; Uccello, 2009; Von Der Embse, Desai, & Ofori-Brobby, 2010). Furthermore, according to Kaptein and Schwartz (2008), "as more and more companies develop their own code or are required to adopt a code, the more relevant it becomes to know what the effectiveness of a code is or could be" (p. 111), indicating the importance of this issue for companies' competitiveness and survival.

Although codes of ethics are necessary, they are not sufficient to influence ethical behavior, where leaders' beliefs and actions are among the factors that influence employees in attaining ethical standards. According to Paroby and White (2010), the organization's leadership must ensure that the unified ethical vision is well communicated and understood by all organization members. Even though there are several studies that have demonstrated the relationship between codes of ethics and employee behavior (Kaptein, 2011; Singh, 2011; Stevens, 2008), according to Fassin and Van Rosem (2009), there is ambiguity about how managers understand these concepts and their relationship among different contexts, evidencing a gap in the existing research.

Therefore, this study sought to have a better understanding of managers' perceptions regarding codes of ethics, ethical behavior, and the relationship of these concepts to organizational culture by giving common and new meanings for those

managers and policy makers who have the goal of building an ethical organizational culture (Villegas, 2014). For reasons of confidentiality, the bank is referred to throughout this study as "ZOX." Thus, understanding the meanings that managers have of these concepts in a new context, such as a Colombian banking organization, brings further explanations and approaches regarding building and reinforcing an ethical organizational culture by contributing to the stream of organizational knowledge and practice.

BACKGROUND

Even though business ethics has its roots in ancient disciplines, including philosophy, theology, and law, in the twenty-first century its significance has been triggered by corporate scandals and the financial crisis of 2008, in which the Colombian banking sector was not immune. According to Graafland and Ven (2011), the easy money policy and the lack of supervision by Governmental institutions, the focus on short-term results, and the asymmetric information that allowed hindering the risks to mortgage buyers are among the causes of the credit crisis. Furthermore, the relevance of the fields of business ethics and CSR increases through social pressure, which demands that businesses take greater responsibility toward social, political, and environmental concerns (Uccello, 2009). In this scenario, organizations establish norms and instruments, such as codes of ethics, in order to influence employee behavior as well as to recover stakeholder trust. However, according to Burnes (2009), it is important to know what these instruments, such as codes of ethics, mean for employees and what their attitude is toward this issue in order to enhance stakeholders' loyalty and trust.

Moreover, the classic model of direct governmental regulation has demonstrated its inability to cope with the demands and consequences

13 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/codes-of-ethics-ethical-behavior-and-organizational-culture-from-the-managerial-approach/146464

Related Content

Curriculum Development and Scientific Research

Lazarus Ndiku Makewa (2017). *Educational Leadership and Administration: Concepts, Methodologies, Tools, and Applications* (pp. 303-323).

www.irma-international.org/chapter/curriculum-development-and-scientific-research/169015

Enacting a Cycle of Inquiry Capstone Research Project in Doctoral-Level Leadership Preparation

Shelby Cosner, Steve Tozerand Paul Zavitkovsky (2017). *Educational Leadership and Administration: Concepts, Methodologies, Tools, and Applications* (pp. 1460-1481).

www.irma-international.org/chapter/enacting-a-cycle-of-inquiry-capstone-research-project-in-doctoral-level-leadership-preparation/169068

Role of Technology Startups in Africa's Digital Ecosystem

Benjamin Enahoro Assay (2021). *Encyclopedia of Organizational Knowledge, Administration, and Technology* (pp. 1580-1597).

www.irma-international.org/chapter/role-of-technology-startups-in-africas-digital-ecosystem/263637

Responsive Pedagogies: Capturing the "Moment"

Mary A. Burston (2023). *Youth Cultures, Responsive Education, and Learning* (pp. 208-221).

www.irma-international.org/chapter/responsive-pedagogies/330726

Institutional Transformation and Stakeholders Engagement for Quality Management Model in African Higher Education

Olugbemiga Samuel Afolabiand Felix Omal (2020). *Quality Management Implementation in Higher Education: Practices, Models, and Case Studies* (pp. 217-239).

www.irma-international.org/chapter/institutional-transformation-and-stakeholders-engagement-for-quality-management-model-in-african-higher-education/236037