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## Code implementation and code embeddedness: perceptions of employees by ethical ideologies

Martinus Parnawa Putranta\*

*Universitas Atma Jaya Yogyakarta. Jl. Babarsari No. 43, Yogyakarta, Indonesia, 55281*

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### Abstract

The purpose of this research is to investigate relationships between perceived code embeddedness and perceived code implementation with employees' ethical ideologies, namely idealism and relativism, in a denominational higher education institution in Indonesia. A sample of 103 employees involved in the research. Findings of the research indicate that the promotion of a code of ethics is somewhat problematic when the ethical ideologies of employees are taken into account. As such, this research has a number of limitations. Some recommendations for further research in this area are also discussed.

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**Keywords:** codes of ethics; denominational higher education institution; idealism; relativism; Indonesia

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### 1. Introduction

In 2003 Indonesian education reform entered a new era. It was in that year that the Indonesian government introduced the Higher Education Long-Term Strategy 2003-2010 (HELTS). The HELTS is aimed at improving the national competitiveness, the autonomy of higher education institutions and the internal health of the institutions. A healthy institution provides its members with the tools to adapt to complex and difficult situation (Nizam & Nurdin, 2014). A code of ethics, among others, is the tool that may facilitate to meet that purpose, especially when the members of the institution are involved in cases of misconduct or in the face of pressures and uncertainties (Alahmad, 2013, Bray, Molina & Swecker, 2012). The reform, hence, also sends a call to all Indonesian higher education institutions to devise or reassess, if any, their codes of ethics. Codes of ethics in higher education institutions in Indonesia are now

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\* Corresponding author. Tel.: +62 274 487 711; fax: +62 274 487 748.

E-mail address: [parnawa@staff.uajy.ac.id](mailto:parnawa@staff.uajy.ac.id)

also required by law (Decree of the Minister of Education of Indonesia, 2000).

The presence of a code of ethics is clearly important if an organisation is concerned about ethical conduct (Alahmad, 2013; Couch & Dodd, 2005; Fleischmann, 2006.). However, the mere existence of the code is not a reflection of actual ethical practices of the organisation because institutionalising ethics requires behavioural influence and even behavioural change in people in the organisation (Weber, 1993). To be effective, several factors need to be taken into account in the implementation of a code of ethics (Couch & Dodd, 2005, Moore, 2006). Furthermore, Trevino, Butterfield & McCabe (1998) believe that the effectiveness of codes is influenced by a combination of personal and organisational factors. Although from a practical perspective contextual factors are more controllable, an understanding of employee personal characteristics cannot be overlooked since different characteristics may lead to the employees to have different views (Robbins & Judge, 2015) of ethical practices.

With this in mind, this research aims to examine possible relationships between personal-characteristics related factor called ethical ideology and the effectiveness of a code of ethics. This research is part of a wider study investigating ethics in denominational higher education institutions in Indonesia. The initial intent of the research was to include nine denominational higher education institutions in seven cities on the island of Java, Indonesia. By the time the research was conducted, however, only one of the institutions had a code of ethics. Therefore, the scope of this research was limited to this institution.

Recent studies have addressed various issues on codes of ethics in higher education settings (see, for example, Couch & Dodd, 2005; De Angelis, W., 2014; Dix, Emery & Le, 2010; Ely, Henderson & Wachsman, 2013; McKay, Kidwell & Kling, 2007). While these studies have contributed significantly to the important issues on the implementation of codes of ethics in higher educational contexts, none specifically tapped the roles of personal characteristics in such implementation. Furthermore, little is known as to whether the studies have relevance in the Indonesian higher education context. This research is aimed at fulfilling the gap. In particular, the main purpose of this research is to examine whether there are any relationships between employees' ethical ideologies with their perceptions towards the embeddedness and the implementation strength of their institutional code of ethics in an Indonesian denominational higher education institution. Thus, this research imparts the leaders of the institution with the understandings of how employees' personal ethics may impact on the implementation of the code.

## 2. Theory and hypothesis

A code of ethics has been defined in several ways. It is a written, distinct, and formal document, which consists of moral standards used to guide employee or corporate behaviour (Schwartz, 2001). Weber (1993) defines a code of ethics as a written expression of organisational values and beliefs whereas Cleek & Leonard (1998) describe it as a formal document that states an organisation's primary values and the ethical rules it expects its employees to follow. The various definitions point to certain common characteristics that a code of ethics must be clear, concerned with expected and prohibited behaviour, be enforceable, and contain specific descriptions of punishment regarding violations of the code (Nijhoff, Cludts, Fisscher, & Laan, 2003; Rayborn & Payne 1990; Rezaee, Elmore & Szendi, 2001; Wood & Rimmer, 2003).

There are several reasons for organisations to adopt codes of ethics. McDonald (2008), classifies the reasons into seven main categories, namely, (1) ensuring legal compliance and other statutory requirements; (2) providing a guide for behaviour and formalised expectations; (3) protecting and enhancing organisational reputation; (4) ensuring employee, management and supplier compliance and minimising risk; (5) ensuring consistency across global networks; (6) creating and maintaining trust and confidence with stakeholders; and (7) communicating principles and commitments to stakeholders.

Research into the effectiveness of codes of ethics in promoting desired or ethical behaviour have been conducted, however, the results of the research are inconsistent. Dix et al., (2014) showed that satisfaction with the honour code significantly predict student and employee commitment. McCabe et al., (1996) found that students who attend a university that has an established honour code become more honest employees. However, McKay et al., (2007) demonstrated that the presence of a code of ethics is helpful in creating greater awareness of the implications of behaviour but does not impact on the frequency of such behaviour. Or, it impacts on perception then on behaviour. Furthermore, Doost (1997) reported that the existence of a code will not lead employees to become moral persons. These findings indicate an understanding the determinants of code effectiveness is important.

McCabe et al., (1996) point the cultural embeddedness of the codes as the key to their effectiveness. Nijhof, et al., (2003) note that a code should be embedded in the web of organizational processes and routines in order to make it

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