



Ethical Codes of Conduct: Theory and Application in
Small and Medium Businesses

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Abbreviations

BVRLA	British Vehicle Rental and Leasing Association
CHAS	Contractors Health and Safety Assessment Scheme
CSR	Corporate Social Responsibility
EBP	Ethical Business Practices
EC	European Commission
ERC	Ethics Resource Center
EMAS	Eco-Management Audit Scheme
EMS	Environmental Management Systems
EVA	Economic Value Added
IBE	Institute of Business Ethics
IPIA	Independent Print Industries Association
MD	Managing Director
MNC	Multi National Corporations
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium Enterprise
UK	United Kingdom
USA	United States of America

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Abstract

Ethical Codes of Conduct: Theory and Application in Small and Medium Businesses

Organisational ethical codes of conduct have come into prominence since the millennium. However, the literature has focused predominantly on these codes in the setting of large organisations. This thesis explores ethical codes of conduct in the context of small and medium enterprises (SMEs), in the UK. The aim of the research investigation was to explore and examine the way in which SMEs adopt ethical codes of conduct and how these are created, implemented and realised throughout the organisation.

This research adopted a Grounded Theory approach in order to develop a conceptual framework whereby eleven themes were identified from the literature and previous research. These themes are the nucleus of a conceptual framework and include a number of associated factors leading to the formulation of five research questions. In order to investigate the research questions a mixed-methods approach was adopted thereby providing an explanatory sequential data collection and analysis.

The data collection process involved eighty-four SME owner-managers taking part in a survey, which was of a quantitative nature, covering topics related to the prevalence and engagement of ethical codes of conduct. Vignette questions featured as part of the survey for the purpose of response validity and reliability. The analysis and interpretation of the survey findings led to the development of a series of semi-structured interview questions with the view that a qualitative approach would provide far richer information and scope to cover the eleven themes. Five SMEs agreed to participate in the interview investigation, which included individuals at Managing Director, Middle Management and employee levels. In total, fifteen interviews were undertaken, providing valuable data.

The final analysis identified that the prevalence of codes of conduct in SMEs is far higher than indicated in the literature. However, areas of measurement, monitoring and effectiveness of codes of conduct were somewhat lacking. This enabled the researcher to develop and construct a framework, which SMEs can use to assess their level of engagement in ethical codes of conduct. A further contribution was the development and evaluation of twenty-two emerging outcomes based on the eleven themes.

Chapter 1.0 – Introduction

1.1 Background to Research

This research investigation is specifically concerned with 'Ethical Codes of Conduct' within Small and Medium Enterprises (SMEs) and is closely associated with two main management themes, namely, Business Ethics and Corporate Social Responsibility.

In the early 2000's a number of well-known organisational ethical scandals were brought to the attention of the public, for example, Enron and WorldCom. Both of these organisations inflated their financial records resulting in fraud, questionable accounting transactions, eventually leading to job losses, investor's shares becoming worthless and in some instances executives been given jail sentences (Praveen and Cullen, 2013). Scandals have continued into the 2000's and are worldwide, being prevalent in both large and small organisations. The integrity of business leaders has been questioned, regarding allegations of moral misconduct, deception, dubious decision-making and other unethical behaviours (Huberts et al., 2007). In recent years, public opinion and media attention have had a considerable influence in broadcasting inappropriate organisational behaviour. This has impacted on their competitiveness and according to Kaler (2009), their financial well being. A way forward in order to assist organisations to become more ethical, is for them to introduce 'Codes of Conduct' which need to be suitably designed and implemented with organisational leadership ensuring adherence to ethical practices at all levels within the organisation. The adoption of ethical codes of conduct is further supported by the concept of stakeholder theory. According to Spence (2014) the reasons why SMEs might introduce ethical codes of conduct into their organisations is strongly based on four factors, namely 1) responsibility to self and family, 2) responsibility to employees, 3) responsibility to the local community and 4) responsibility to business partners (suppliers, customers, competitors). Other reasons why SMEs adopt ethical codes of conduct, according to Chua and Rahman (2011) include, the recent increasing attention given to ethical issues in business

and the continuous growth of ethical consciousness in society. According to Vitez (2014) many SMEs use ethical codes of conduct as a compass to guide the organisation and its employees to dictate how the business goes about handling, for example, contract negotiations, customer's queries and feedback and any negative business situations that may arise.

1.2 Focus of the Research

Codes of conduct have come into prominence over the last fifteen years; van Tulder et al. (2009) have indicated that there has been a substantial increase in the usage of ethical codes of conduct in organisations. According to Crane and Matten (2010:192):

Whilst studies have differed in their findings (usually due to different definitions of what constitutes a code of ethics), it is reasonable to conclude that around two-thirds of large UK firms now have some kind of formal ethical code. Evidence of their prevalence in SMEs is fairly scant, but the general indication is of a much lower figure.

There are a series of codes of conduct that can be adopted, with some organisations having one major code while others have multiple smaller codes, relevant to specific functions, departments or processes. van Tulder and Kolk (2001:268) ascertained that organisations are now faced with a "Cascade of Codes". Additionally, Preuss (2009) indicates that codes of conduct have proliferated not only at company level, but also at supra- and suborganisational levels producing an intergration of ethical documentation, cascading throughout the various hierarchical levels within the organisational structure. Valentine and Barnett (2002), researching mainly medium sized organisations, twelve years ago, reported that the uptake of codes of conduct was at 37%. It can be argued that the introduction of ethical codes of conduct has risen due to public influence and social awareness, thereby leading to a change in company strategy in order to respond to these pressures (Ursey, 2007).

Empirical studies indicate that small organisations often feel their size does not warrant a code of conduct (Moore and Spence, 2006). In small organisations the owner-manager, very often, communicates his/her values and norms directly to employees without the need for formal or documented codes of conduct (Kaptein, 2008; Crane and Matten, 2010). However, the smaller the organisation, the more readily a code of conduct can be developed and embedded (Kaptein, 2008:46). Kaptein (2008) goes on to say, that as organisations grow, more resources may be attributed to establishing and implementing a code of conduct. There are several reasons for this phenomenon; whilst an organisation is small it can be argued there are less reasons for the existence of a code of conduct, as communication is simplified and therefore more manageable. However, as the organisation becomes larger and more complex it cannot be assumed that all employees share the same preconceptions about how a business should behave (Murray, 1997). It is therefore useful for small organisations to establish their code of conduct early in the life of the organisation to best illustrate their values and implement their code of conduct whilst they are still relatively small, thus managing ethics from the outset and adapting through transitional growth to ensure consistency of behaviour.

1.3 Definition of Terms

It is important to define the key terms associated with this study. Although a much more critical analysis of these terms is presented in Chapter 2.0 – Literature Review, it is crucial to offer general explanations to these concepts. Therefore, what constitutes a ‘Small and Medium Enterprise’ (SME) will be evaluated. Following this, definitions of both ‘Business Ethics’ and ‘Corporate Social Responsibility’ (CSR) will be included. Finally, this section will conclude by briefly defining ‘Ethical Codes of Conduct’ and thereby setting the context of this thesis with the crucial definitions evaluated.

1.3.1 Small and Medium Enterprises (SMEs)

There are various characteristics used to define SMEs, for the purpose of this research investigation the definition according to the Government's Department for Business Innovation and Skills will be adopted. This indicates that a small organisation has a number of employees ranging from 1 to 49, (this includes micro-businesses, which have 1 to 10 employees). They identify medium organisations as between 50 to 250 employees and large organisations as being over 250 (BIS, 2010). The SME sector is vast; its importance in the United Kingdom is immense as 99.8% of all enterprises fall into this sector. Worldwide, this is a similar figure as in Europe 99% of enterprises are SMEs and this figure is similar around the world (European Commission, 2014). In relation to employment, SMEs are said to generate approximately 66% of all jobs (MacGregor and Fontrodona, 2011).

1.3.2 Business Ethics

Crane and Matten (2007:52) define business ethics as "the study of business situations, activities and decisions where the issues of right and wrong are addressed". According to Ferrell, Fraedrich, and Ferrell (2012), business ethics evaluates whether practices of employees, leaders, and organisations, as a whole, can be considered morally acceptable. Other authors argue that this definition offers a prescriptive approach to ethics as it focuses on what people should do, to act as a morally responsible actor (Jones, 1991; Messick and Tenbrunsel, 1996; Treviño and Weaver, 1994). It has been said that ethics begins where legislation ends, often leading to potential grey areas in the business context, which may require attention (Crane and Matten, 2004). Therefore, business ethics embraces the study of ethics 'for and in' business, which Wines (2008) purports should go beyond a concern with moral philosophy, ethical dilemmas and CSR to examine corporate culture and contemporary interactions between society, business and the law.

1.3.3 Corporate Social Responsibility

CSR can be defined as “strategies and actions that can be seen to be in the best interests of society in general and the environment” (Thompson, 2001:1129). Various other definitions refer to business processes that provide win/win scenarios in situations for all stakeholders involved (Lussier, 2005:64). McWilliams et al. (2006) argues that there is no common consensus for a definition of CSR. Therefore, CSR remains essentially a ‘contested concept’ (Moon et al., 2005).

From an historical point of view, Carroll (1979) has defined Corporate Social Responsibility to include the conduct of a business so that it is economically profitable, law abiding, ethical and philanthropic. Overall, these definitions suggest that CSR is connected to the actions that a company undertakes in relation to the needs of their various stakeholders. Finally, this approach is in direct contrast to the seminal work of Milton Friedman (1970) who contended that the social responsibility of the firm is only to increase its profits. Lockett et al. (2006:133) concluded from a study of CSR literature, over a ten-year period, that “CSR knowledge can best be described as in a continuing state of emergence” and while the field is well established it is not characterised by a particular theoretical approach or assumptions.

1.3.4 Ethical Codes of Conduct

An instrument that can be considered to demonstrate business ethical behaviour and CSR is an ‘ethical code of conduct’. However, there are many definitions as to what constitutes an ethical code of conduct with a commonly accepted definition being presented by Kaptein and Schwartz (2001:48), who define it as:

A written, distinct and formal document which consists of moral standards used to guide employee or corporate behaviour.

Conversely, it is generally accepted that there is not one overarching definition concerning the purpose, content, development, implementation, or the use and impact of ethical codes of conduct (Frankel, 1989; Kaptein, 2004; Stevens, 2008; Messikomer and Cirka, 2010). However, many authors agree that an ethical code of conduct should be a formal and written document (Schwartz, 2001; Pater and Van Gils, 2003). The ethical code of conduct is usually 'values' led and consists of morally orientated policies which acts as a guiding hand to ensure employees and the organisation behave ethically.

Fischer and Lovell (2009) have identified distinct differences between codes of conduct and codes of ethics. They proclaim that codes of conduct tend to be instructions concerning behaviour. As a result, codes of conduct are likely to be prescriptive concerning particular aspects of employee behaviour. Conversely, codes of ethics tend to be 'general' in their meaning, encouraging employees to display particular characteristics such as loyalty, honesty, objectivity, probity and integrity. This opinion is supported by Weaver (2001), who argues that codes of ethics are moral guidelines issued by management. A study by Farrell and Cobbin (1996) cited in Fischer and Lovell (2009) discusses variations between codes of conduct and codes of ethics. They concluded that a much higher level of prescription was found in the codes of conduct studies, with an average of 31 rules. This was compared with an average number of 17 rules contained in the codes of ethics (Fischer and Lovell 2009). Although such distinctions and various terminologies exist, in both the literature and in organisations, these terms are often used interchangeably (see Chapter 2.0 – Literature Review). Therefore, for the purpose of this research investigation, the terminology used will be ethical codes of conduct and in some instances, its shorter version, codes of conduct.

1.4 Rationale for Research

The rationale for this research investigation is based upon several distinct areas that emerged from the literature. Previous studies of ethical codes of conduct have focused on the following four areas:

1. Content (Vrieling and van Montfort, 2009)
2. Effectiveness (Egels-Zanden, 2014)
3. Multinational Organisations (Kaptein, 2008)
4. Research based mainly in the USA (Webley and Werner, 2008)
5. In specific industries (Sirgy et al., 2006)

Messikomer and Cirka (2010) argue that the process of ethical code of conduct development remains underdeveloped in contrast to the multiple empirical studies that examine content and their effectiveness. Kaptein and Schwartz (2008) support this argument by concluding that there is a lack of research in the general area of understanding the development process of ethical codes of conduct. According to Vrieling and van Montfort (2009), one topic that has received a great deal of research attention concerns the content of ethical codes of conduct with empirical studies mainly producing inventories or content analyses of existing codes. Effectiveness is a second line of inquiry, which has gained much attention; this deals with the effects of a code of conduct on employee, organisational or professional behaviour. According to Stevens (1994) by the mid-1990's, most studies of ethical codes of conduct suffered from an absence of information on how the codes were communicated in the organisation and whether or not they were effective. Helin and Sandstrom (2007) have indicated that this knowledge gap has continued to exist in the literature on ethical codes of conduct. To this day, most studies focus on the content of codes, often without explicit use of theory, but an equal or greater interest is taken in the behavioural effects of a code of conduct (Vrieling and van Montfort, 2009).

The literature suggests that ethical codes of conduct are a device mostly used by large organisations (Kaptein, 2008; Crane and Matten, 2010). According to Graafland, van de Ven and Stoffele (2003) this is due to three reasons:

- 1) The company's actions and behavior is visible to the public through the media.
- 2) Generally, larger organisations have the financial resources to support ethical business activity.

- 3) Larger organisations develop formal communication routes to spread their ethical values.

Although a large body of literature has emerged concerning codes of conduct, (e.g. Cleek and Leonard, 1998; Schwartz, 2001; Kaptein, 2004; Stevens, 2008; Webley and Werner, 2008; Preuss 2009) the majority of the research is USA based. Schlegelmilch (1989) points to cultural differences, suggesting that British companies view codes of conduct as another round of 'Americanisation'. Relatedly, European countries often view codes of conduct as too general to be of any benefit (Langois and Schlegelmilch, 1990). This notion is supported by Weaver (2001:2), who argues, "Americans tend to codify social relations in organisations, while other cultures lean towards more implicit forms of guidance". Similarly, Enderle (1996) and La Cross and Bernardi (2006), believe that the USA is more concerned with micro-issues compared to the European legislation that mainly focuses on macro-issues.

LaCross and Bernardi (2006) researched the adoption of ethical codes of conduct both internationally and more specifically within the USA, concluding that the Sarbanes Oxley Act was the main contributor to the rise of the implementation of codes of conduct and the subsequent research studies that resulted from the legislation. They argued, via a longitudinal study that while American companies increased the use of codes, in Europe adoption rates actually decreased in the early 2000's. It can be argued that history indicates that businesses in other countries have lagged behind USA companies in formalising ethical practices (Schlegelmilch, 1989).

According to Sirgy et al. (2006) research has focused on specific industries when analysing ethical codes of conduct. Examples include, publishing (Borkowski and Welsh, 2000), education (Sirgy et al., 2006), accountancy (Preston et al., 1995), sales professionals (Valentine and Barnett, 2002) and consultancy (Pater and Van Gils, 2003). However, as stated above the majority of studies have not focused on specific industries, rather selecting general multinational organisations. These studies are often conducted by using FTSE 100 or companies that appear on the 'Most Admired' lists as subjects, irrespective of their specific nature or industry.

However, little research has been conducted which compares organisations across different industries.

In summary, ethical codes of conduct literature and research has concentrated on larger organisations and indicates limited research in relation to SMEs. Current research on ethical codes of conduct has tended to focus on content and effectiveness in multinational USA enterprises. The research previously undertaken has therefore negated the importance of SMEs and their role in the economy and within local communities (Demuijnck and Hgnodjom, 2013; Spence, 1999; Enderle, 1996). A line of inquiry, which is still in its infancy, takes an interest in what mechanisms an organisation can adopt to ensure an ethical code is realised (Vrieling and van Montfort, 2009). Therefore, the major contribution of this research is to evaluate the way in which SMEs engage with ethical codes of conduct in the UK.

1.5 Aim and Objectives of the Research

The overall aim of this research investigation is:

To explore and examine the way in which SMEs adopt ethical codes of conduct and how these are created, implemented and realised throughout the organisational context.

Based on the preliminary literature review and the overall aim, the following research objectives were identified:

- a) To establish what constitutes an ethical code of conduct, according to the interpretation of SME owner-managers via surveys and in-depth interviews.
- b) To investigate the use and prevalence of ethical codes of conduct in SMEs and to establish the feasibility of categorising organisations based on their approach to ethics.

- c) To explore the motives that underpin the introduction of ethical codes of conduct in SMEs and how they are perceived at the different levels of the organisation.
- d) To evaluate the communication strategies adopted by SMEs and the way in which ethical codes of conduct are implemented into the day-to-day operations of the organisation.
- e) To research the impact, influence and role of the organisational leader in the adoption of codes of conduct.
- f) To investigate the use of any forms of measurement of ethical business practices initiated by SMEs.

1.6 Overview of the Research Questions and Strategy

A number of research questions were developed based on the aim and objectives above and the literature search. The research questions are as follows, however their creation is further discussed in Chapter 3.0 – Research Philosophy and Methodological Design:

1. To what extent are ethical codes of conduct prevalent in SMEs and what has shaped their initiation?
2. What approaches do SMEs adopt in order to develop and incorporate ethical codes of conduct throughout the hierarchical levels of their organisations?
3. To what degree do SMEs monitor the effectiveness of their ethical codes of conduct?

4. How is it feasible to identify the level of engagement of ethical codes of conduct in SMEs?

5. Based on the literature review themes and the research investigation, are there emergent outcomes that are specifically related to ethical codes of conduct in the SME context?

Due to the explorative nature of this subject, the rationale and the gaps in the literature, the data collection consisted of two distinct strands, within the framework of a mixed method approach (See Chapter 3.0 – Research Philosophy and Methodological Design). Firstly, a quantitative strand consisted of a survey, which was completed by a total 84 SME companies. The main purpose of this approach was to identify if SMEs engaged in CSR and more specially in ethical codes of conduct. This survey was preceded by a pilot study. The survey was designed to further establish the way in which SME leaders employ ethics within their organisations, focusing on how codes are created, implemented, communicated and measured. A series of vignettes were included in conjunction with the main questions of the survey. The purpose of this was to reduce participant bias and to ensure the validity and reliability of the results (Poulou, 2001). The information gathered from the survey in the first strand led to the development of an interview strategy, involving five ‘typical’ SME organisations as participants, which formed the second strand of data collection process.

The overall research strategy is presented in Figure 1.1. The strategy illustrates the mixed method approach adopted and the relationships between the different strands of the research. The research philosophy and methodological design is fully discussed in Chapter 3.0.

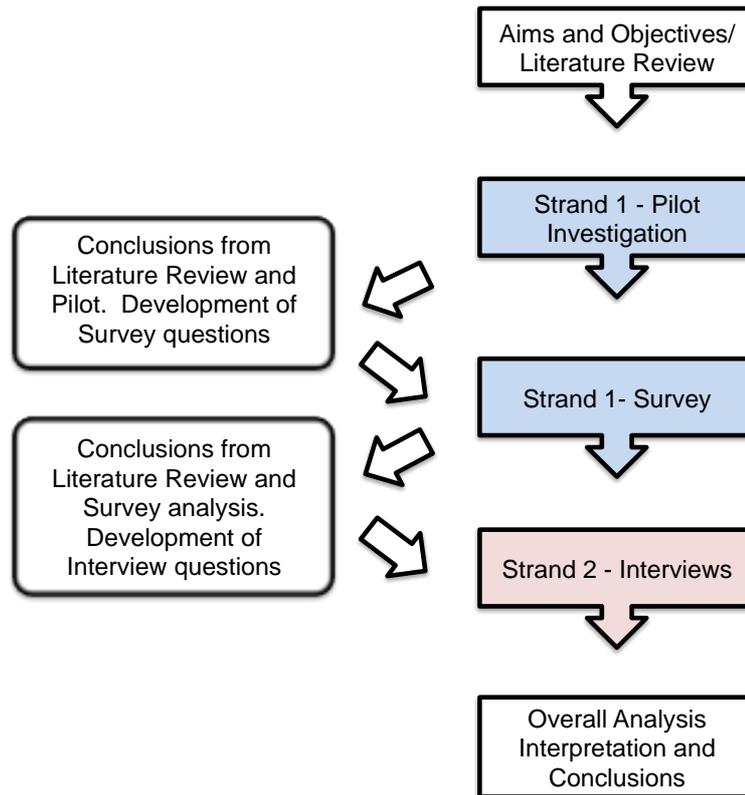


Figure 1.1: Overall Research Strategy

1.7 Outline of Thesis

The following outline is a presentation of the journey through the research process for this thesis:

Chapter 1.0 – Introduction

This chapter introduces the topics of Business Ethics, Corporate Social Responsibility and specifically Ethical Codes of Conduct together with fundamental definitions. Gaps in academic research are identified leading to the development of the aims and objectives of this research investigation. Finally, an overview is provided of the research questions and the adopted research strategy.

Chapter 2.0 – Literature Review

The purpose of this chapter is to critically explore the available literature and previous studies concerning the instruments used within CSR and particularly the adoption of ethical codes of conduct in SMEs. The literature review led to the development of a conceptual framework, which identified eleven key themes related to ethical codes of conduct, forming the basis of this research investigation.

Chapter 3.0 – Research Philosophy and Methodological

A review of research philosophy and the research paradigms are presented in order to provide guidance as to the most appropriate strategy and design for this research investigation. The research questions are explored and developed, followed by an analysis of the most applicable research design and data collection methods. Finally, issues relating to validity and reliability together with research ethics are examined.

Chapter 4.0 – Pilot Investigation

This chapter describes the pilot investigation, including stages of design, development, administration and the analysis of results. A design reflection of the outcome of the pilot is discussed in order to assist in the formulation of the main survey investigation.

Chapter 5.0 – Survey Investigation

This chapter presents the final design and administration of the main survey. The survey questions are analysed and interpreted on the basis of the eleven themes previously developed. As part of the survey investigation, results from vignettes are used to assess participant bias. Finally, the survey results are considered in relation to the research questions, with the appropriate conclusions made.

Chapter 6.0 – Interview Investigation

The interview design is confirmed prior to the presentation of the results and analysis of the fifteen interviews conducted in the five organisations. Findings are evaluated using a thematic analysis technique, forming conclusions within each of the eleven themes. A ranking analysis of the five organisations is developed

against criteria developed from the literature in order to examine code of conduct best practice.

Chapter 7.0 – Research Questions Analysis and Overall Conclusions

This chapter examines and concludes from the overall results of the two strands of data collection (survey and interviews). Conclusions are presented for each of the research questions. The aim and objectives of the research are re-visited with reference to the eleven themes and a review of the research methodology adopted in the study is undertaken. Overall, contributions to the field are explored; the limitations of the investigation are discussed and potential future research work identified.

Chapter 2.0 – Literature Review

Chapter 2.0 – Literature Review

2.1 Introduction

Having introduced the subject of ethical business practices and specifically, ethical codes of conduct in small and medium enterprises (SMEs) in Chapter 1.0, a critical assessment of the literature is presented. The aim of the review was to assess the available literature in the discipline of ethical business practices and to evaluate these in the specific context of SMEs. Finally, the literature review aimed to explore ethical codes of conduct from their inception, through content and implementation, to future potential developments. In this way, the whole code of conduct 'life cycle' was considered and reviewed. The purpose of adopting this approach was to confirm that all relevant areas and variables were considered, leading to the development of research questions for investigation.

This chapter is therefore structured in the following manner: firstly, the setting of the SME business ethics context is explored in order to ascertain the broader context before focusing specifically on ethical codes of conduct. Therefore, characteristics of SMEs are explored, including the owner-manager relationship, together with the barriers and pressures for SMEs to engage in 'Ethical Business Practices' (EBP), in particular, 'Corporate Social Responsibility' (CSR) and ethical codes of conduct. The section ends with a discussion of the various CSR instruments available to SMEs.

Following this critical review, ethical codes of conduct are evaluated in depth, with history, purpose and the role of leadership all being considered. The review then explores the literature on the creation, content and implementation of ethical codes of conduct, followed by communication, measurement, auditing and effectiveness. Future potential developments and a critique of codes of conduct are also presented.

2.2 Setting the SME Business Ethics Context

According to Santos (2011) research undertaken in SME's involvement in CSR has been incomplete at best, thus demonstrating the need for further study in this area. However, early research of CSR was based on the assumption that large companies were the norm for this area of activity (Jenkins, 2004). Another assumption has been that SMEs are 'little big firms' and can adopt larger company policies and apply them in a smaller context (Tilley, 2000). It can be argued that SME engagement in CSR is more important than that of Multi-National Corporations (MNCs) as, although SMEs generally do not attract national media attention like MNCs they account for approximately 99% of all businesses (Spence and Rutherford, 2003).

CSR is said to be a different entity when applied to SMEs, based on the intrinsic differences between large companies and SMEs (Russo and Perrini, 2010). Cultural differences between large and small companies have an impact on the way in which they operate and conduct business (Gibb, 2000). CSR has traditionally been associated with large companies, however recognition of the growing significance of CSR in SMEs is becoming apparent (Fuller, 2003; UNIDO, 2002).

Thompson and Smith (1991) indicate that there are major differences when comparing business ethics in SMEs and MNCs, suggesting that small firms lack sufficient resources. Thompson and Smith (1991) also acknowledge that research methodologies created for large companies are not readily adaptable to small firms and that they have a much smaller public profile than their larger counterparts. A key difference in CSR activity between SMEs and MNCs is in the scale of implementation. A study by Jenkins (2006) investigated twenty-five SMEs and concluded that SMEs should focus less on specific policies, procedures and external elements and focus more on internal factors. Some companies believe they are being socially responsible simply by supporting the local community, by bringing wealth to the area and providing local jobs (Jenkins, 2006).

The requirement for further research on SMEs' relationship with CSR and EBP is based on the premise that theory generated for large firms cannot be applied to small firms (Tilley, 2000). The one-size fits all approach does not work due to fundamental differences between SMEs and MNCs. Compared to MNCs, SMEs are more likely to fail, experience stunted growth, suffer financial problems, lack human resources and have an inability to adapt and tackle pressures such as environmental pressures (Hillary, 2000).

There are a series of characteristics specific to SMEs, for example, they have a more direct connection within the community in which they operate. Vyakarnam et al. (1997) argue that SMEs benefit from being recognised as an embedded part of the community in which they do business and they have to improve and maintain their reputation in the community. It can be considered a paradox that traditionally SMEs have not implemented CSR initiatives even though they hold key characteristics to do so, such as trust, informal relationship building and openness (MacGregor and Fontrodona, 2011). Therefore, SMEs need to take advantage of these characteristics in the future to improve their CSR (Russo and Perrini, 2010).

SMEs are characterised by having a higher degree of involvement and engagement with all employees throughout their companies (Jenkins, 2004). This is due to the 'flat' company structure and a smaller scale, meaning communication and decision-making can flow rapidly and changes in strategy can be quickly implemented (Russo and Perrini, 2010), this being a major difference to formally structured MNCs. An additional characteristic of SMEs in relation to CSR includes their ability to quickly adapt and take advantage of new opportunities and innovations. SMEs are also able to take advantage of new niche markets for products and services that incorporate social and environmental elements (Goffee and Scase, 1995). Jenkins (2004; 2006) argues that typically, SMEs are perceived as informal, un-bureaucratic, ambiguous and spontaneous when compared to their larger counterparts.

There is a school of thought that supports the notion that responsible business practices are prevalent in small organisations. However, these practices are not easily identifiable due to the difficulty in relating business ethics theory and

practices, which are usually applied to larger businesses. (Jenkins, 2004; Spence and Lozano, 2000; Moore and Spence, 2004). Russo and Tencati (2009) argue that there is a growing trend of a re-orientation for SMEs to move away from benchmarking CSR management activities of larger organisations. Some researchers believe that theoretical models of the relationship between large firms and CSR are inadequate at explaining the CSR-SME relationship (Russo and Tencati, 2009; Spence and Rutherford, 2003; Thompson and Smith, 1991).

A framework for research, in the context of SMEs and responsible business practices, has been developed by Spence (1999). This framework divides previous research as issues that can be categorised in three broad areas: macro-level, meso-level and micro-level. At macro-level, issues are related to responsible business practice among SMEs and its impact on competitiveness, sustainable growth, innovation and skills development (Moore and Spence, 2006). Meso-level issues concern responsible business practice such as fostering relationships with stakeholders, customers, communities and supply chains. Finally, micro-level relates to issues concerning the entrepreneur, their management style and also how they treat employees throughout everyday practices (Spence, 1999). This framework is suitable for analysing the SME context as it demonstrates the need to consider all three levels and the various areas that are related to ethical SME businesses.

In summary, it can be argued that, due to the various idiosyncrasies, SMEs and larger companies must be considered as two distinct entities in relation to CSR and EBP (Spence, 1999; Post et al., 2002; Russo and Perrini, 2010). SMEs have their own characteristics, which shapes their relationship with CSR and how they engage with such processes. The key differences explored in this section indicate that SMEs are small (in terms of the number of employees and assets), independent, internally financed, cash-limited, flexible, innovative, local and quick to seize new opportunities (Post et al., 2002).

2.3 The Influence of the Owner-Manager

According to Banerjee (2002) SME owner-managers typically define CSR in terms of their own values and norms, which have been shown to influence strategic decisions within their companies. Tilley (1999) argues that there is a direct link between the owner-manager of SMEs and the companies' environmental behaviour. However, previous studies have indicated that, regardless of the owner-manager's values, SMEs have great difficulty in translating CSR rhetoric into reality (Roxas and Coetzer, 2012).

SMEs often act as a reflection or image of the owner-manager; this is supported by Spence and Lozano (2000) who identified that SMEs have a personalised style of leadership and a lack of formal management structure and procedures. The major characteristic of SMEs is the level of control that the owner-manager has, where the ownership of the company, and the control lies with the same person (Jenkins, 2006). Therefore, in relation to CSR development, the locus of control and support emanates from the owner-manager. Jenkins (2006) argues further that in order for CSR to work in a company, top-level management commitment is crucial to its success. According to Soppe (2002), owner-managers behave according to their personal moral responsibility as they act voluntarily and therefore independent owners are able to personalise the relations between their business and society (Russo and Tencati, 2009).

According to Crane and Matten (2007) owner-managers often develop very different ways of thinking and evaluating business ethics, mainly due to their strong relationships within their local communities. However, previous research has indicated that owner-managers have a poor understanding and a lack of knowledge or the skills required for business ethics management and are skeptical in using external support (Spence et al., 2012).

2.4 CSR Terminology in SMEs

In a study of twenty-four SMEs, Jenkins (2006) established that 'CSR' was a term his subjects did not understand and was not in common use in-house by SMEs. The study concluded that the term 'CSR' was considered 'jargon' and that it did not apply to SMEs (Jenkins, 2006). Similarly, some researchers believe that the term 'CSR' itself is inappropriate for SMEs as they see it as a big business response to social pressure and one which introduces more formality and bureaucracy than is necessary (Jenkins, 2004, 2006; Murillo and Lozano, 2006).

There is a general acceptance that CSR is not the ideal term to use to engage SMEs in social issues, based on the terminology. Expressions such as CSR and corporate codes of conduct are not particularly suitable terms used in the SME context (Moore and Spence, 2006). The word 'Corporate' in CSR depicts the image of large business activity (Southwell, 2004). Demuijnck and Hgnodjom (2013:654) further argue this term is "a bit extreme" to be considered useful to SMEs. 'Responsible Business Behaviour' has been used, rather than CSR, to describe SME's involvement with social issues (Ortiz Avram and Kuhne, 2008). Whereas Southwell (2004), argues that a more appropriate term is 'Responsible Business Practice'. Similarly, Demuijnck and Hgnodjom (2013) have argued that SME business people avoid the usual terminology such as business ethics and CSR when explaining their responsibility. The argument sustains that words such as 'corporate' and 'social' are less relevant to the business of SMEs.

Jenkins (2006) argues that some SMEs are uncomfortable in promoting their CSR to external stakeholders and it is something they like to be kept in-house; with many claiming it is a 'big company thing to do'. However, academic literature demonstrates that many SMEs are socially aware, without referring to the activity as 'CSR'. Jenkins (2006) argues that SMEs are socially active to a required level, based on their size and scale, but that this is not what can be considered to be at CSR level. Perrini et al. (2006) contend that many SMEs are engaged in CSR activities but do not promote this, calling it 'sunken CSR' or as Jenkins (2004) discusses, 'silent CSR'.

According to Fassin (2008) SMEs believe there is little in regards to external sources and support to help with CSR, believing that any support is targeted towards MNCs. Formal instruments of CSR require a larger proportionate investment of time, finance, and energy for SMEs and so are less inclined to participate in such activities (Spence, et al., 2000). However, the last decade has seen a series of CSR led initiatives driven by external sources, including, the chamber of commerce, professional federations and consultants (Demuijnck and Hgnodjom, 2013). This has resulted in many programs having an absence of input from SMEs, resulting in limited 'buy-in' to these processes (Fassin, 2008; Painter-Morland and Dobie, 2008).

It is predicted that SME engagement in CSR will become more expansive in the future. The European Commission (EC) believe that SMEs in Europe, as they become more socially aware, will be world forerunners (CEC, 2006). Fisher et al. (2009) support this notion and believe that, contrary to belief, CSR is prevalent in SMEs but that it takes on a different meaning and form than in larger counterparts.

2.5 CSR Barriers in the SME Context

There are a series of potential barriers for SMEs when engaging with CSR, by their nature, smaller organisations have a limited capacity to deal with the many CSR issues of larger businesses (Fay, 2000). The focus of SMEs is often more short-term with the immediate priority being on the survival of their business. Baker (2008) believes that currently the main issue for CSR is how to influence the practice of millions of small and medium firms.

Traditionally the sector of SMEs have not engaged in CSR; according to Fay (2000) the reasons for this include:

- SMEs are ignorant of their environmental impacts and associated legislation.
- They are unaware of the importance of sustainability.
- They are cynical of the benefits of self-regulation and the management tools that could assist in tackling CSR.

- They have difficulty in communicating and managing improvements in regards to their CSR.

In relation to these barriers, past studies have concluded that SMEs do not participate in CSR due to their paucity of formal management systems and financial and human resources (Baumann-Pauly et al., 2013; McWilliams and Siegel, 2001). According to Baker (2003), 60% of SMEs are simply happy to survive and CSR therefore may take a 'back seat' in regards to strategy. The main difficulty for SMEs engaging in CSR are both time and resource constraints as well as getting employees involved (Jenkins, 2006). Other difficulties that have been identified by SME owner-managers include measuring the benefits of CSR, maintaining the initial enthusiasm, implementation of activities and support for new innovative ideas (Jenkins, 2006).

In an investigation conducted by Perera (2008), 45% of the SMEs studied, believed a lack of time as a major obstacle in improving their social responsibility. Von Weltzien Hoivik and Shankar (2011) argue that SMEs have a lack of legal expertise 'in-house' compared to MNCs. Russo and Tencati (2009) argue that SMEs lack formal instruments, such as a code of conduct, as these require the investment of time, financial resources, and competencies to implement new organisational routines that they are not able to undertake. Instead, SMEs are able to operate within a less structured context that consists of trust, informality, and networking (Russo and Tencati, 2009; Spence, 1999). A study of 3,626 firms, which compared formal and informal processes, in both large and small companies, found that informal CSR practices were prevalent in small businesses; they were: briefings with employees, internal communication, training, and flexible working. However, these activities were also found to be commonplace in the larger organisations as well as more formal methods (Russo and Tencati, 2009).

Clark (2000) believes SMEs are reactive yet compliance driven, suggesting they are against self-regulation but identify that a code of conduct could be a suitable method for the implementation of CSR. Historically, SMEs have been difficult to regulate due to the fact they stereotypically distrust bureaucracy. Similarly, they have been reluctant to adopt voluntary regulation resulting in a catch twenty-two

situation (Jenkins, 2006). This is perhaps a reason why previous research has indicated CSR is not high on the SME agenda. However, emerging research suggests that these assumptions of SMEs are not accurate, that many SMEs do incorporate CSR elements into their operations without a more formalised approach such as larger businesses (Lepoutre and Heene, 2006). Russo and Perrini (2010) argue that SMEs need to implement formal instruments and processes that integrate CSR into their main strategy, involving their stakeholders. Therefore, actions in the community, in the workplace, rules and regulations may be adopted, rather than social reporting and benchmarking.

In conclusion, this section has identified both “drivers” and “enablers” with regards to the implementation of ethical codes of conduct. These theoretical perspectives have both positive and negative connotations, which are explored in the investigation section of this thesis. In the main, the barriers discussed in the section tend to be internally generated, for example, the perception of excessive documentation introduced as a result of adopting ethical codes of conduct.

2.6 SME Pressure to Engage in CSR

Business ethics and CSR performance of SMEs, since the millennium, has been subjected to scrutiny by various stakeholders. Regulators, customers, employees, insurers, funders and the local community all demand that companies engage with CSR and that doing nothing, is no longer an option (Fay, 2000). Previous studies (Merritt, 1998; Holland and Gibbon, 1997) indicate that SMEs recognise the growing pressures of their CSR impact. However, some SMEs are skeptical of external pressures that demand to see CSR credentials as they are usually focused on the environment and act as a ‘tick-box’ exercise rather than being socially driven (Jenkins, 2006).

SMEs are immediately involved with the community in which they operate and therefore it is often the community that demands them to partake in CSR activity (Southwell, 2004). SMEs are more immediately exposed to the potential economic loss that may occur from a failure to adopt responsible strategies (Russo and

Perrini, 2010). Previous studies have identified the most important stakeholder to SMEs to be the employees of that specific organisation, suggesting a lot of the responsible activity occurs internally, mainly hidden from the external world (Klein and Vorbohle, 2010; Painter-Morland and Dobie, 2008; Demuijnck and Hgnodjom, 2013). Conversely, some studies indicate that it is internal drivers rather than external stakeholders that drive SME owners to promote CSR activity (Jenkins, 2006). As a result there are a series of instruments available for SMEs to engage in CSR processes. This section has dealt mainly with the theoretical perspectives that are centered round the external environmental influences of adopting ethical codes of conduct within SMEs. These theoretical perspectives are explored further through the development of the research questions and the final investigation.

2.7 Instruments for Business Ethical Practices

According to Moore and Spence (2006), there are a series of instruments that could be adopted by SMEs to enhance the way in which they conduct business and their CSR. These instruments are considered in detail in this section. One of the reasons for the adoption of ethical instruments is due to the inadequacies of the law; the law itself does not provide clear guiding business principles in actual business operation scenarios. The law can lag (Hanson, 2013), or can be in conflict to the moral values and norms of important stakeholders of the business (Six, De Bakker and Huberts, 2007). Graafland, et al. (2003) hypothesise that it is larger firms that use more formal channels to communicate their responsibility compared to SMEs who use more informal means, for example, through personal communication with customers and other stakeholders. Spence, (2007) indicates that SMEs are unlikely to sign up to CSR agreements, accreditations, standards or codes and refers to the personal motivation of the owner-manager as the driving force behind such responsibility.

However, a number of instruments are available to organisations to utilise, including; an ethical code of conduct, ISO Certification, Social Reporting, a social handbook, a specific confidential person etc. (Graafland, et al., 2003). The various instruments serve different functions and are explored below. These tools can be considered aspects of an ethical infrastructure (Tenbrunsel et al., 2003) with some

being formal and others informal. Ethical Codes of conduct, training, telephone hot lines and monitoring and sanctioning systems can all be classed as formal. Informal infrastructure includes the topics of culture and leadership (Tenbrunsel et al., 2003).

2.7.1 External Systems Accreditations

There are a series of generic management systems which organisations can voluntarily implement, namely Quality Management Systems (QMS), ISO 9001 certification, Environmental Management Systems (EMSs), ISO 14001 certification and Occupational /health and Safety Standard (OHSAS) 18001 certification (Mijatovic and Stokic, 2010). Environmental management is now recognised as a key area for companies wanting to be competitive in the global economy (Zutshi and Sohal, 2004). It can be argued that environmental management has evolved into a mainstream management topic for which, SMEs can work toward. Rezaee and Elam (2000) support this notion and suggest that organisations of all sizes and sectors should implement these generic management systems.

Iraldo and Frey (2007) argue that while some small companies are managing their own environmental influence, overall SMEs are still characterised by a deficiency of awareness of their environmental impact. Biondi et al. (2000) argue there are too many barriers for SMEs to be effective in environmental reporting, such as a lack of capacity to tackle their environmental impact, excessive administration and financial burden as well as ignorance of environmental legislation. This is supported by statistics from previous studies, which indicate that only 6% of SMEs have an environmental policy and 4.6% have an EMS (Gerstenfeld and Roberts, 2000). Therefore, the uptake of formal, certified EMSs by SMEs is low with many taking a “resistive” strategy to EMS implementation (McKeiver and Gadenne, 2005). However, according to Hillary (2004) SMEs are contributing up to 70% of all industrial pollution. Further, Hillary (2004) calls for the simplification of the process of implementation of environmental systems in SMEs so they are manageable and specific to the context. ISO certifications are considered a suitable approach for SMEs to ethically enrich their organisation, using these standards as a basis for

development (Graafland et al., 2003). These certifications are subjected to external auditing and verification and are recognised globally (McIntosh et al., 1998). Mijatovic and Stokic (2010) have identified eight principles within ISO 9001, which relate to CSR application: customer focus, leadership, involvement of people, a process approach, a system approach to management, continual improvement, a factual approach to decision making and mutually beneficial supplier relationships (ISO, 2005). In relation to ISO 14001, Mijatovic and Stokic (2010) argue, that it provides a framework for a holistic and strategic approach to a company's environmental stratagem.

According to Jenkins (2006), it is quite common for SMEs to have a strategic approach to environmental management by means of the ISO 14001 accreditation. The key feature of this accreditation adds credence to the SME actions as their activity is measured externally and regularly. Conversely, Baker's (2003) study of SMEs indicated that, although some participants had an ISO accreditation, this was no guarantee of management control, with results confirming that some of these companies had key failings in relation to safety and occupational health. It is also common for SMEs to have acquired an ISO certification as a result of pressure from a larger organisation acting as a customer (Hillary, 2004).

In a study of 300 SMEs, only 3% indicated they were registered under the Eco-Management and Audit Scheme (EMAS). In the same study, 7% claimed to have ISO 14001 certification and 13% of respondents did not know if their company had either of these two accreditations (Smith, Kemp and Duff, 2000). It has been argued that organisations require an integrity strategy that works alongside their overall strategy, although SMEs prefer to adopt a dialogue strategy (Graafland et al., 2003). Therefore, size can be seen as a crucial factor in the selection of suitable CSR instruments in SMEs, for example, it is unlikely that an SME employing under five employees will adopt such instruments. While these studies suggest a low uptake in management and auditing schemes, a study of twenty-four SME cases, considered exemplars of CSR, indicated that eight of the companies had ISO 14001 accreditation, three had EMAS and 15 held 'Investors in People' standard (Jenkins, 2006). These results indicate SMEs often do have a strategic

approach to environmental management and are also subjected to certain external verification and measurement (Jenkins, 2006).

The literature indicates that adopting these systems have both tangible and intangible benefits, including cost savings, improvements in management control, better satisfaction of customer expectations and lower liability risks (Martin-Pena et al., 2002). This is supported by Schaltegger, Viere and Zvezdov (2012:1) who denote, “environmental management in turn aims at improving environmental performance which ideally should result in economic improvements at the same time”.

However, environmental management systems are not historically found to be adopted by SMEs, as they tend to be more ad-hoc and reactive to environmental issues (Moore and Spence, 2006). Conversely, it can be argued that SMEs focus more on immediate issues and stakeholders, such as staff, suppliers and the community in which they operate (Southwell, 2004). This indicates that environmental management systems are not the most obvious choice for ethical SMEs businesses.

2.7.2 Sustainability Management

Young and Dhanda (2013) argue that there are many different definitions for the term sustainability and consider this to be due to the fact that sustainability is an evolving concept. However, Duncan (2001) states that,

“Sustainability means using, developing and protecting resources at a rate and in a manner that enables people to meet the current needs and also provides that future generations can meet their own needs”

Aligleri et al. (2009) state that a company that is committed to the future and to sustainability is one that has a business model that assesses the consequences and impacts of their actions and therefore includes social and environmental

aspects in its financial outlook. According to Johnson (2013) sustainability management tools refer to both Corporate Social Responsibility and Environmental Management tools. This process includes voluntary management approaches, ranging from environmental and social audits, key performance indicators and management systems. Johnson (2013) argues that while it is still unclear how SMEs should integrate environmental sustainability and social equality into their day-to-day business activities, it is evident that such matters are gaining in political and societal importance. However, it is customary for SMEs to engage in sustainability management via the requirements of the external accreditation systems discussed above in the previous section. Johnson (2013) concludes that there is a correlation between awareness of sustainability management tools in SMEs and implementation rates.

2.7.3 Annual Social Report

An 'Annual Social Report' is a voluntary written update, provided by companies on their social and environmental performance. This report may provide statistics and progress on goals and aims of the company in relation to CSR and the environment. These statistics can then be verified by external sources such as independent accountancy firms (Graafland et al., 2003). It can be argued that this is an instrument that is mainly used by larger companies as they can post it on their website and use it as a way to communicate and engage their efforts with all stakeholders, such as activists, regulators, competitors, suppliers and the media (Huhmann and Conner, 2014).

Gillies (2013) consider an annual social report as a method to communicate to stakeholders who are looking for greater transparency on issues such as tax payment, remuneration, diversity, equality and marketing. Other authors argue that an annual social report is a tool that acts as a summary and a company's commitments moving forward (Huhmann and Conner, 2014). This is supported by Gillies (2013), who believes it is a way to reflect the year's successes and also define the vision for the next year and beyond. Finally, Bolland (2013) argues

annual social reports are an opportunity to push the business case for social and environmental responsibilities.

2.7.4 Internal Employee Handbook

An employee handbook may clarify many of the rules and regulations, which employees need to abide by within the organisation. In addition to this, typically, handbooks include values statements and aspects of culture (Graafland et al., 2003). Employees may be required to sign to signify they will abide by these terms. Some authors argue the presence of a handbook is useless unless employees are trained in its components and how it is applied to a firm's day-to-day operations (Bauer, 2009). Further, Bauer (2009) argues that ethics must exist in the fabric of the organisation and not just be written.

2.7.5 Confidential Person, Ethics Officers and Champions

Some organisations appoint a specific person responsible for ethical issues. However, an employee, a board member, the HRM manager, or an ethics committee may fulfill this role. Previous studies have suggested that small organisations use a board member as the most common instrument to communicate values and ethics (Graafland et al., 2003). However, having a board member responsible for ethics may negate the need for a formal code of conduct (Jenkins, 2006).

Since the USA based Enron scandal of 2001, many companies have appointed an ethics officer to ensure the ethics, values and organisational ethical framework are implemented throughout the business. The Ethics Officer Association has seen its membership increase by 60% since 2000 (Balch, 2005), as management make greater commitments in this area by assigning individuals to be in charge of ethics (Kamm, 1992). However, traditionally the adoption of ethics officers has been a mainly American approach. An ethics officer is tasked with improving the organisation's ethical performance and is seen as a way to implement ethical

strategy (Izraeli and BarNir, 1998). This role involves advising management on strategy, creating and implementing codes of conduct as well as the training, auditing and reporting of inappropriate behavior (Kamm, 1992; Austin, 1994). According to Kamm (1992) and Austin (1994), ethics officers are generally a feature of large businesses as they have the facilities and available investment for such a role.

The role of an ethics officer can be scaled down and implemented in SMEs, as a confidential person or champion. Traditionally, SMEs are not considered to have the management tools to deliver ethical performance or have a specific person in charge of such activity (Balch, 2005). Having an individual in charge of this function could lead to the development of enhancement of ethical business practices in SMEs. This argument is supported by Jenkins (2006) who states that CSR strategy can be brought to the forefront of a company's DNA if championed by a senior member of the management team of the SME. Ideally, this person would be the owner-manager as they have the opportunity to set the strategy and have the authority and freedom to implement such plans (Jenkins, 2006). A potential issue with this situation is the 'ability of independence' as it is often difficult to act as an ethics officer when the individual is part of the organisation they are auditing.

A further reason for the increase in popularity of ethics officers or champions is based on external pressures to engage in CSR activities with SMEs believing they need an expert in the field to adhere to these new standards. This notion is supported by Izraeli and BarNir (1998:1190), who state, "the multiplicity of organisational stakeholders in SMEs is relevant to ethics and social responsibility because of the fact that different stakeholders have different interests", which all need to be managed. However, whether SMEs have the financial resources to employ an individual for this role can be seen as a potential barrier.

2.7.6 Professional Codes of Conduct

Professional codes of conduct focus on values put forward by professional associations, which are often responsible for maintaining professionalism and

integrity among their members (Coughlan, 2000). According to Gunz et al. (2002:76) researchers have failed to define the term with any clarity, claiming they were, “a distinguishing feature of a ‘true’ profession”. Pater and Van Gils (2003) add that they are written, distinct and formal documents that attempt to guide the professional behaviour of their members.

Coughlan (2000) argues that there is a lack of research on professional codes of conduct, compared to organisational ethical codes of conduct. In a study by Higgs-Kleyn and Kapelianis (1999) the results have indicated that 83% of respondents would adhere to a professional code over an organisational code when the two were in conflict. The majority of respondents believed their allegiance was to their profession rather than their company (Higgs-Kleyn and Kapelianis, 1999). While useful, professional codes can be considered to be a minimum for organisations. The professional code can be difficult to implement as they may not be specific to any one organisation (Coughlan, 2000).

Codes of conduct, created by a specific industry or profession have been criticised as “green tricks” that lack teeth but allow organisations to claim sensitivity and responsibility (Honey, 1999). They are also deemed to be a method for staving off government legislation in that particular field (Cole, 2007). Further, they are often to be considered basic guidelines that are shaped mainly to meet the minimum legal requirements (Mowforth and Munt, 2003). It has been asserted that professional codes of conduct are very similar to organisational codes of conduct as they both seek to provide guidance to their members and enhance professionalism (Tucker et al., 1999). A main criticism of professional codes is that the professional associations lack the day-to-day contact with the employees, meaning the establishment of shared values is very difficult to attain (Somers, 2001). Similarly, professional codes are considered less helpful compared to factors related to organisational culture (Gunz et al., 2002). While professional codes are a potential tool for SMEs to manage their ethics there are constraints (Pater and Van Gils, 2003).

2.7.7 The Ethical Code of Conduct

Formal codes of conduct are able to remedy some, but not all, of the shortcomings of laws (Six et al., 2007). Research indicates that employees from organisations that have an ethical code of conduct feel more encouraged and supported than employees without a code (Adams et al., 2001). Codes can be seen as important instruments for the operationalisation of CSR strategies (van Tulder et al., 2009). Some organisations use an internal code for employees only, whereas others prefer an external code, for example for the public or for suppliers (Graafland et al., 2003). Similarly, some companies keep their code private; others choose to publish it in the public domain.

It can be argued that a code of conduct should not be used in isolation but can be considered as one part of the ethical infrastructure of an organisation, alongside a number of the instruments discussed above (Tenbrunsel, et al., 2003). This is supported by Webley and Werner (2008), who argue that ethical values will only become embedded in a company culture through well-designed ethics policies, sustained ethical leadership and the incorporation of ethics in organisational processes and strategy. This argument demonstrates the importance of the implementation and measurement of such instruments rather than the simply introducing them.

Graafland, et al. (2003) suggest that the cost of creating and implementing an ethical code of conduct is relatively low and thus it should be considered a logical choice for SMEs. Previous research (Spence 1999; Russo and Perrini, 2010) has indicated that SMEs remain unable to formalise their CSR through specific instruments, such as codes of conduct, certifications or accreditations. It is for this reason that ethical codes of conduct are still generally considered a 'big company' document. Conversely, it is these tools, which can be used to enhance ethical business practice development and strategy in SMEs (Russo and Perrini, 2010).

2.7.8 Overview of Instruments for EBP

Modern businesses can implement a series of instruments to participate in CSR, with the code of conduct, being one. However, Wood and Rimmer (2003:185) asserted that codes of conduct cannot be used in isolation, they stated that codes are,

An artifact of the process and not the delineator of the existence of an ethical organisational culture. They are not stand-alone documents, but a starting point for an integrated ethics program...A code needs to be one part of an entire program aimed at increasing business ethics.

Alongside the code, ethical training and maintenance of ethical procedures are important. Wood (2002) presented the 'partnership model' where all these processes can work together in a coherent management system. This model is based upon the commitment to business ethics by all the stakeholders of an organisation, which, alongside the instruments discussed above also include education programs, an ombudsman, an ethics officer or champion and reporting procedures, (Wood, 2002; Mijatovic and Stokic, 2010). Whilst a small number of surveys, for example, Graafland et al. (2003) indicate that instruments are beginning to be implemented by SMEs the majority of the literature suggests limited overall use and focuses on corporations rather than SMEs (Kaptein, 2008; Crane and Matten, 2010).

2.8 Definitions of Ethical Codes of Conduct

Although, some initial definitions have been discussed in Chapter 1.0 – Introduction, this section will consider the foundations of the word 'code' as well as 'conduct' and position these terms in the business context. Definitions suggest the term has several meanings; these include "A systematically arranged and comprehensive collection of laws" and "A systematic collection of regulations and rules of procedure or conduct" (Farlex, 2013). Another denotation refers to a series of symbols, signs

or signals presented in a particular order, such as a binary code or a Morse code (Farlex, 2013). Therefore, a code in this context can be argued to be a collection of particular rules related to the ethics and values of an organisation.

The term business code implies the above definitions presented within the setting of an organisation and is therefore a code, which has been developed and implemented by a specific company (Kaptein and Schwartz, 2008). As explored, debate over definitions exist, however, the following has been devised by Kaptein and Schwartz (2008:113) as a result of the analysis of the various distinctions,

A business code is a distinct and formal document containing a set of prescriptions developed by and for a company to guide present and future behaviour on multiple issues of its managers and employees towards one another, the company, external stakeholders and/or society in general.

Overall, definitions agree on two definite aspects, firstly, ethical codes are formal and written documents (Cleeck and Leonard, 1998; Schwartz, 2001; Pater and Van Gils, 2003). Secondly, they consist of moral and guiding principles for all employees (Pater and Van Gils, 2003). Codes of conduct are considered to be the most common means to express and implement social responsibility (Kolk and van Tulder, 2002).

Codes of conduct are a strategic communication instrument, “through which companies enter a discourse about themselves” (Bethoux et al., 2007:78). Codes represent a company’s visible pledge to their stakeholders of their values and norms, demonstrating the organisation’s ethos. This is then shared through communication channels, where the message is primarily internal but also available to the external audience (Cheney and Christesen, 2001; Halff, 2010).

The USA based Sarbanes-Oxley Act of 2002 states that a code of conduct must include the following:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

2. Avoidance of conflicts of interest, including disclosure to an appropriate person or persons identified in the code of any material transaction or relationship that reasonably could be expected to give rise to such a conflict.
3. Full, fair, accurate, timely, and understandable disclosure in reports and documents that a company files with, or submits to, the (Securities Exchange) Commission and in other public communications made by the company.
4. Compliance with applicable governmental laws, rules and regulations.
5. The prompt internal reporting of code violations to an appropriate person or persons identified in the code.
6. Accountability for adherence to the code (SEC, 2002).

There are many different definitions of codes of conduct but no commonly accepted one. According to Cleeck and Leonard (1998) and Schwartz (2001), an ethical code is a formal written document which is usually values led, consisting of morally orientated policies which act as a guiding hand for employees of how they should behave. Fischer and Lovell (2009) have identified distinct differences in interpretation of ethical codes of conduct. Codes of conduct tend to be instructions concerning behaviour. As a result they are likely to be reasonably prescriptive and proscriptive concerning particular aspects of employee behaviour. However, they can be reasonably general in their tenor, encouraging employees to display particular characteristics such as loyalty, honesty, objectivity, probity and integrity (Crane and Matten, 2010).

A study by Farrell and Cobbin (2000) cited in Fischer and Lovell (2009), discusses variations between codes of conduct and codes of ethics, "A much higher level of prescription was found in the codes of conduct studies (average of 30.6 rules), compared with average number of 16.5 rules contained in the codes of ethics" (Fisher and Lovell 2009:391). Although such distinctions exist, codes of conduct and codes of ethics are often used within organisations interchangeably. Pater and Van Gils (2003:762) argue, "Ethical codes, based on corporate values, are used to guide the behaviour of employees. However, research results, related to the effectiveness of these codes are scarce and inconsistent. It is evident from this definition that the emphasis of the codes are often directed at the employees of the organisation rather than the organisation itself.

Crane and Matten (2010:186) define codes of conduct as “explicit outlines of what type of conduct is desired and expected of employees from an ethical point of view within a certain organisation, profession, or industry”. However, Keller (2008) define codes as, innovative instruments, which address a wide range of regulatory issues, notably in relation to human and labour rights and environmental standards. Pater and Van Gils (2003:769) suggest it is impossible to codify all issues that occur within every ethical code,

Most organisations resort to general rules about truth, honesty and rights. However, to most employees, these rules are common sense and their explicit codification will therefore not improve ethical decision-making. Moreover, such universal guidelines are likely to present employees with standard solutions, which do not always consider the complexity of specific issues.

It could be argued that the whole purpose of the codes is extraneous and not related to the main workforce, who will feel the codes are obvious and superfluous. The literature indicates that the purpose of codes of conduct is, in some way to shape the employees of the organisation (Malloy and Fennell,1999).

“A business code is an independent document that has been developed for and by an organisation to guide the current and future conduct of its managers and employees” (Kaptein, 2008:17). This definition aligns with the idea that codes are predominantly set up to control behaviour and standards rather than for the whole organisation. Also, a business code may not be independent as they are usually created by the organisation and therefore preconceptions and paradigms will be in place by those who wrote the document. It is not usually a physically independent document either as it forms one part of an organisational approach to CSR and business ethics (Izraeli and BarNir, 1998).

It can be argued that by including rules in a code is not adhering to the main purpose of the code. A code generally addresses the sense of responsibly rather than precise conduct and they work through moral persuasion rather than a set of enforceable rules (Cole, 2007). The appropriate balance of rules and values within a code of conduct is an area of debate. Generally, codes of conduct are used as a

management instrument, which is written, structured and designed to act as a form of persuasive communication and share the values of a business with stakeholders (Roberts and Rognvaldson, 2001).

2.9 Ethical Codes of Conduct – Historical Perspective

Having introduced and defined ethical codes of conduct it is possible to consider their historical context. Ethical codes of conduct, as they are known today, were first identified as early as 1924, in a textbook 'Codes of Ethics', by Edgar Heermance (Kaptein and Schwartz, 2008). This indicates that codes of conduct are not a modern construct. The concept can be traced back to Greek Philosopher Chilon, who opined that a merchant does better to take a loss than to make a dishonest profit (Critchley, 2011).

According to Adams et al. (2001) and Weaver et al. (1999) codes of conduct were initially developed in the USA. However, they have come to prominence throughout the rest of the world in the last few decades (Preuss, 2009). Although there is little record of the dates of early organisational codes of conduct, literature depicts a sharp growth since the 1970s (Vrieling and van Montfort, 2009). Cressey and Moore (1983) claim that since an increasing adoption rate in the early 1970s codes have decreased in volume by the end of the 1970s. It is widely accepted that mainstream organisational adoption of codes of conduct did not occur until the 1980s (Vrieling and van Montfort, 2009).

Schlegelmilch and Houston (1989) argued that British companies believed that codes of conduct were another "American" business practice and saw no need for them in a UK context. Nevertheless, since this assertion, the introduction of such codes has been on the rise although history has exhibited that businesses in Europe have lagged behind USA companies in the adoption of ethical codes (Schlegelmilch and Houston, 1989).

Codes of conduct certainly originated in the USA. Weaver (2001) argues a reason for this is that America codifies social relations in organisations, whereas in Europe,

firms use more implicit forms of guidance. Enderle (1996) supports this notion in reference to legislation, which is concerned with micro issues or a rules based approach in the USA compared to Europe, which is focused on macro issues, or a concept based approach. This difference is seen to provide criteria for the introduction of the ethical code in the USA (Weaver, 2001).

Beneish and Chatov (1993) have attributed the proliferation of ethical codes of conduct to a series of historical events, with the first being the corporate social responsibility movement of the 1990s and other stakeholder pressures. Bernardi and LaCross (2009) portray the code of conduct as an expedient way for management to indicate their willingness to engage with stakeholders in relation to social and environmental issues. This, they argue was in response to the ethical scandals that occurred at the turn of the century, for example, Enron and Arthur Andersen.

The passing of the Sarbanes-Oxley Act has had a profound impact on global ethics, even though it was an USA government Act. LaCross and Bernardi's (2006) study of 197 international corporations identified a correlation between the passing of the Act and the increased number of international firms disclosing their codes of conduct. Codes of conduct have become 'de rigueur' for larger companies but this is not the case for SMEs (Hseih, 2006; Sethi, 2003). Currently, all public companies must have a formal code of conduct in the USA, under the Securities and Exchange Commission rules since 2003 (Community Banker, 2006). The expected result from this could be that smaller companies would follow suit and this practice would spread across Europe. However, it is important to note that while the Sarbanes-Oxley Act does not demand all firms have a code, it does require them to disclose whether they have a code of ethics for their principal executives such as the financial and accounting officers (Rockness and Rockness, 2005). The result of this has meant that many UK businesses and smaller companies in the supply chain also operate to specific codes and values.

In the 1980s, Maitland (1985:132) referred to the use of the codes of conduct and argued "we would be better off if we could rely on the promptings of a corporate conscience to regulate behavior instead of the heavy hand of government

regulation". This statement depicts one of the historical reasons for the development of codes of conduct. More recently companies have faced different pressures to engage in CSR and codes, through stakeholder pressures, organisations are expected to show their commitment against issues such as human rights violations and environmental pollution (Kolk and van Tulder, 2002).

Finally, Chua and Rahman (2011) believe that the rapidly changing working environment since the turn of the millennium means that there is a fertile ground to explore the role of codes of conduct in creating ethics programs. Adams et al. (2001) suggests that paradigms have changed in relation to codes of conduct and that they have a symbolic importance, with the absence of a code, sending a message to employees and other stakeholders that management is not concerned with ethics.

This section has provided an historical perspective of ethical codes of conduct and the way in which they have evolved to present day interpretation.

2.10 Purpose of Ethical Codes of Conduct

Cynics argue that ethical codes of conduct are an attempt to evade legislation and regulation by lobbying for voluntary compliance and self-regulation (Calvert Group, 1995). This viewpoint is supported by Lewis (2006), who argues that managers view ethical codes of conduct as a method to manage two sets of risks: the regulatory risk as a code can serve as an alternative to public regulation and social risks, as the code can attempt to supply the demand of society for businesses to be more responsible.

Generally, code of conduct literature has been divided into two distinct clusters: normative and instrumental (Bondy, Matten and Moon, 2004). The normative approach proposes that codes are a formalisation of corporate values that act as a guide (Aaronson and Reeves, 2002). Instrumental codes of conduct focus more heavily on the benefits the business itself can attain from having the code in place (Brereton, 2002).

Some scholars argue that ethical codes of conduct should be implemented for altruistic reasons – because it is the right thing to do (L'Etang, 1992). Others argue they are a way to demonstrate and manage companies' moral responsibility to contribute to society (Logsdon and Wood, 2005). Another school of research suggests that it is the business case, which drives code creation (Kaptein and Schwartz, 2008). This is supported by various studies, for example, codes improve and preserve a company's reputation (Bowie, 1990), they can discourage regulators to introduce new controls or laws (Clark, 1980) and can decrease the amount of litigation, fines and other ethical transgressions (Pitt and Groskaufmanis, 1990). Brereton (2002) states that where companies see little inherent advantage in joining the scheme, they may still choose to participate in order to avoid the public criticism which non-participation can attract.

Malloy and Fennell (1999) have reasoned that a code of conduct serves three key functions: to establish the moral values recognised by the company; to communicate the company's expectation to employees; to demonstrate to the employees and the public that the company operates within specific ethic parameters. Similarly, it has been described as an enabling document because it holds the ability to guide employees (Frankel, 1989, Chua and Rahman, 2011). It can therefore provide motivation, to do what is right, whilst placing a limit on the power of managers and leaders (Lozano, 2001).

A code can also reduce inconsistency and provide a basis for procedures and standards across the whole organisation (Carasco and Singh, 2003). This is reinforced by analysis by Loe et al. (2000) who assessed the relationship between ethical codes of conduct and ethical behaviour in seventeen empirical studies, identifying a positive relationship. Schwartz (2001) analysed nineteen empirical studies he found only nine with a positive relationship, indicating mixed results. Pater and Van Gills (2003) argue the purpose of a code of conduct in relation to behaviour is twofold: to formalise expected behaviour and to change the ethical climate of the organisation.

Ethical codes of conduct can act as a critical component of an organisation's ethical infrastructure, which managers can employ both to educate employees concerning ethical issues and to inform employees of management's expectations concerning employee conduct (Schwartz, 2004). The code of conduct's key purpose offers a codification of ethical standards, developed as an attempt to encourage responsible behaviour and avoid the destructive consequences of unethical behaviour (McKinney, Emerson, and Neubert, 2010). Marnburg (2000) reasons this notion, indicating codes of conduct serve to challenge individuals to behave ethically and maintain an environment that fosters superior behaviour.

Long and Driscoll (2007) argue that codes act as strategic means to legitimise the organisation's ethical reputation and adds credence to this. However, this approach may not always be seen as sincere, as there is a balance between the business and social benefits (Long and Driscoll, 2007). Matten (2003), takes this further, arguing that companies use codes as a form of 'symbolic politics' to merely signal the importance of CSR targets without ever actually planning to fulfill them. Matten (2003) suggests that codes adopt the role of a symbolic indicator of CSR activity to appease society and stakeholders and to fend off future legislation. Kaptein et al. (2003) and van Zolingen and Honders (2009) have distinguished eight overall functions and purposes of codes of conduct:

- 1) Making people more aware of norms and values in the workplace.
- 2) Making clear responsibilities to employees.
- 3) Making clear the expectations of employees to steer their actions.
- 4) Making it possible to address each other concerning compliance with the code of conduct.
- 5) The function to enthuse and activate commitment and loyalty to the organisation.
- 6) Making the organisation more recognisable and creating a good image.
- 7) Creating more trust within the organisation.
- 8) Making it possible to address compliance with the code of conduct with outsiders and other stakeholders.

By understanding these eight purposes, a company can design its code of conduct carefully and help management with the content details that should be included. However, the eight functions should act as a guide as there is no specific reference made to the community within which the organisation operates. A study of seventy-

six companies indicated that all eight of the above functions were relevant to their organisation with points one, two and four proving the most crucial (van Zolingen and Honders, 2009).

Cassell et al. (1997) argues the purpose of the code is to provide a visible and public statement of ostensible organisational values, duties and obligations. This suggests the key reason behind a code is to communicate externally and demonstrate to stakeholders what the company stands for, holding themselves accountable through the process. Collett (1998) asserts that codes act as a public relations device, which communicate to stakeholders the standards they should expect from the company. Therefore, reputation management can be seen to be a purpose in their creation, as Wright and Rwabizambuga (2006) ascertain, they can be used as a strategic device to maintain or acquire a positive reputation within the institutional environment. Conversely, some authors are critical of the purpose of the implementation of codes of conduct with some claiming that the main purpose is usually organisational self-defence, protection and window dressing (Vrieling and van Montfort, 2009). By 'window dressing' companies make their stakeholders more suspicious, cynical and distrustful; and most importantly, evidence for their effectiveness is inconclusive (Kaptein and Schwartz, 2008).

Other purposes of code development have been put forward: Adams, et al. (2001) argues codes can shape change and improve the ethical climate. Collett (1998) and Pfeffer (1997) believe codes can play a valuable role in the induction of new employees and can help shape the organisational culture. Adams, et al. (2001) also believe that codes can act as a protection in a world of litigation and blame, stating they are legal self-defence mechanisms as an organisation can be held accountable for the actions of employees. Laufer and Robinson (1997), further suggest they are mechanism to insulate an organisation from significant exposure to criminal firms.

Employees are often in favour of having a code of conduct so they can match themselves to the values of the organisation, usually during the recruitment process. Increasingly, employees ask for clarity on ethical issues and request codification of the organisation's ethical values (Pater and Van Gils, 2003).

Wortuba et al. (2001) identifies that codes can be used to solve the ethical contradictions and inconsistencies in organisations and to transmit values to employees.

Regarding the purpose of codes of conduct, Chua and Rahman (2011) have categorised the reasons for codes of conduct existence into two main classifications, exogenous (external forces) and endogenous (internal forces). They argue, factors, both internal and external act upon the business forcing it to operate ethically and organise their values and ethics through the code of conduct (Chua and Rahman, 2011). Therefore, this theory depicts a series of both internal and external pressures operating simultaneously, pressuring organisations to operate ethically for their own good and that of their stakeholders.

Some SME companies adopt a code in order to adhere to the requirements of a client or larger company. Egels-Zanden (2014) argues, that when SMEs are suppliers they are more interested in obtaining legitimacy and aim to please their partners rather than fully implement the code, suggesting they do not fully live, interpret or understand the requirements. Curkovic and Sroufe (2011), argue further that extant research indicates that firms adopt a code either due to pressure from upstream partners or from other stakeholders. Graafland et al. (2003) indicates that being a subsidiary of a larger firm has a significant influence in the adoption of CSR related instruments. Therefore, many SMEs demonstrate a reactive approach to CSR and codes of conduct, only implementing such instruments when requested to do so by their larger customers (Baker, 2008).

According to Perrini (2006) small firms have the capacity to extend their CSR-related behaviours along their supply chain, influencing smaller companies in the chain and perhaps their larger partners. However, Russo and Tencati (2009) believe that SMEs have a poor aptitude for maintaining consistent CSR practices throughout their supply chains. Overall, there are some SMEs that are required to adhere to the codes and standards laid out by the larger company in their supply chain, in relation to CSR in order to maintain contracts (Russo and Perrini, 2010).

Finally, 'the business case' purpose explains how operating ethically can increase profits. However, it is difficult to provide statistical evidence for SMEs concerning the causal link between CSR and financial benefits, such as share prices, increased custom or economic value added (EVA) (Hopkins, 2004). This is due to a correlation not necessarily signifying causation with other reasons being the cause for any potential financial benefits. A common benefit of CSR is the increase in reputation; however reputation effects are less visible by end customers when the principle is an SME, compared to larger companies (Jenkins, 2004). Conversely, Ciliberti et al. (2011) claim that, as SMEs generally do not have a famous brand name, they are unlikely to be affected by any adverse effects of poor reputation or damage to their brand image.

Lund-Thomsen (2008) and Prieto-Carron et al. (2006) contend that the benefits of codes of conduct are over emphasised and believes that codes of conduct can do more harm than good as the rhetoric on the topic is detached from practical realities that businesses face. Baker (2008) argues that CSR can have a negative impact on small businesses if it is 'imposed' by larger companies in the supply chain. Not only can this increase costs but also make it very difficult for small companies to compete. Another potential problem could be that the potential benefits of CSR might be unevenly distributed among supply chain partners (Pedersen and Andersen, 2006).

Overall, this section has discussed and critiqued, the various internal and external purposes for the adoption of ethical codes of conduct in SMEs.

2.11 Impact of Ethical Leadership on Codes of Conduct

Ethical leadership is, logically, a term which resides at the intersection of both leadership and ethics (Brown and Treviño, 2006). This research field has attempted to conceptualise and develop an ethical leadership construct with the term being defined as,

The demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion for such conduct to followers through two-way communication, reinforcement, and decisions making (Brown et al., 2005:120).

Brown and Treviño (2006) demonstrate two propositions within the ethical leadership field, the first, a normative perspective, which specifies how leaders 'ought' to behave (Ciulla, 2004). The second perspective is based upon a social scientific approach and is focused on describing ethical leadership, its traits as well as identifying its antecedents and consequences (Brown and Treviño 2006).

There have been various studies, which have attempted to establish the traits of ethical leaders. These studies and distinctions have been presented in Table 2.1 and demonstrate the differences in types of study and the multifarious results that have been the outcome from such studies.

Author	Characteristics/Theory
Den Hartog et al. (1999); Kirkpatrick and Locke (1991); Kouzes and Posner (1997).	Honesty, integrity, trustworthiness.
McAllister (1995).	Cognitive trust, being professional, dependable.
Dirks and Ferrin (2002).	Effective leadership results in ethical leadership.
Brown and Treviño (2006).	Fair and principled decision makers. Consideration of society as a whole. Communicate ethics to staff frequently.
Treviño et al. (2000), (2003).	The moral manager dimension (leader's proactive efforts to influence followers' ethical and unethical behaviour.
Brown et al. (2005).	The Ethical Leadership Scale
Bass and Avlio (2000).	Interactional fairness, leader honesty transformational leadership.
Table 2.1: Ethical Leader Characteristics/Theory Studies	

Effective Leadership is crucial in the creation and development of codes of conduct and ethical practices. Kim and Brymer (2011) stress that the leader must be the primary influential model of ethical guidance for every member of the organisation. Brown et al. (2005) supports this by underlining that subordinates learn organisations acceptable ethical standards by observing their superiors actions.

Brown et al. (2005) have developed an Ethical Leadership Scale (ELS), which the authors claim, can be used to measure ethical behaviour. This scale combines different ethical leadership behaviours such as acting fairly and honestly, allowing followers' voice, and rewarding ethical conduct in a single scale. The scale includes ten behaviours which leaders can be compared against. It is crucial that leaders are seen to follow the principles laid out in the code of conduct and not use it solely as a compliance instrument, which can be used against staff (Kim and Brymer, 2011). Heuberts et al. (2009) demonstrated that a leaders' ethical behaviour has a direct impact on followers' job satisfaction and organisational commitment.

Over the last decade there have been several high profile cases where the integrity of leaders has come under much scrutiny, as allegations of moral misconduct have come to light (Six, De Bakker and Huberts, 2007). Studies have struggled to assess the ethics, values and integrity of leaders (Six, De Bakker and Huberts, 2007). This is due to the difficulty in addressing personal decisions based on an individual's personality, values, integrity and responsibility (Brenkert, 2006). However, Treviño et al. (2003) suggest that ethical leaders are characterised by a broad sense of ethical awareness and are concerned about the impact of their actions on the community in which they operate, as well as the environment (Kalshoven, et al., 2011).

Critical to the success of an ethical code of conduct is leadership, however only a quarter of all chief executives consider themselves directly responsible for the ethical conduct of the companies they operate (Balch, 2005). Ethical leadership is gaining attention as a factor that influences employee behaviour, playing a critical role in creating an ethical climate within the firm (Brown and Treviño, 2006; Neubert et al., 2009; McKinney et al., 2010). However, early research suggests that when there is leadership buy-in, results are productive, for example, Hegarty and Sims (1979) confirmed that top management organisational support for ethical issues tends to lead to a significant drop in unethical behaviour.

Treviño et al. (2003) argue that ethical leaders have to set the scene in regards to values and ethics in the business. Organisations and top management are

responsible for setting rules, standards and the codes of conduct, which provide guidelines for ethical behaviour (Beu and Buckley, 2001). Without leadership support and drive an ethical code could have the opposite effect to the one desired. Employees may see the code as a form of 'window dressing', 'green-washing' or a way for management to protect themselves (Wood and Rimmer, 2003).

In an explorative study conducted by Treviño et al. (2003) twenty senior executives were interviewed in relation to what makes an ethical leader. The results depicted leaders as trustworthy and honest, decision-makers who cared about the broader society and behaved ethically in their professional and personal lives (Brown and Treviño, 2006). A key finding from this study was the identification of the 'moral manager dimension, which relates to the role that a leader has in influencing their follower's ethical and/or unethical behaviour. This indicates that moral leaders identify and communicate the importance of ethics throughout their organisations. Previous studies have concluded that when the leader of an organisation has exemplar ethical behaviour and traits, this transmits to the middle management who then share the organisational values with other employees (Brown and Treviño, 2006). However, suspicion is commonplace regarding the leader's ethical attributes; one national survey has identified that only 13% of respondents have confidence in the people who are leading their organisation (Harris Interactive, 2006). This low figure may be due to past ethical scandals and suggests that ethics is not always communicated throughout all organisations.

The role of leadership, in regards to implementing a code of conduct is crucial; it can be argued that the leaders and managers who lead by example in regards to adhering to the code is a better method to enhance the understanding of a code than formal training (Adams et al., 2001). Overall, it can be concluded that in terms of leadership, codes of conduct are only as good as the commitment made by leaders to maintain an honest, fair and respectful relationship with employees, customers, suppliers and other stakeholders (Gavin, Roy and Sumners, 2007).

In many organisations, Human Resources (HR) is given a leadership role in establishing and maintaining their company's ethical codes of conduct (Wiley, 2000; Driscoll and Hoffman, 1998). Studies using HR specialists as subjects conclude

that HR managers are willing to make the HR the organisational locus of responsibility for ethical behaviour (Wiley 2000). However, in many SMEs there is no specific HRM function.

2.12 Creation of Codes of Conduct

The notion that organisations should concern themselves with their stakeholders rather than just their shareholders has gained acceptance in both academia and amongst practitioners (Agle et al., 2008). The creation of a code of conduct is one way to achieve this goal. However, there is great variance among codes of conduct in form and origin, which involves a range of actors at global, national and local levels (Keller, 2008). When creating a code of conduct companies are confronted with a series of choices (Kaptein and Wempe, 1998). The first is often the choice as to whether it should be written with prescribed concrete norms or general values (Graafland et al. 2003). Company codes are typically created without outside participation and relate to the companies' own operations or to their suppliers (Keller, 2008).

When employees are involved in the code writing process there is more chance of 'buy-in' and acceptance of the code. Research indicates that participation in the creation process increases the commitment to achieve the goals laid out in the code (Locke and Latham, 1990). Bondy et al. (2004) conducted research of multiple organisational codes and identified three main types, these can be considered a typology of codes:

Internal codes – Codes that are used by the organisation only and not for external stakeholders.

External Codes – Codes that are targeted at the organisation's range of stakeholders.

Third Party Codes – Codes that are written by an outside group of which the organisation becomes a signatory.

Bondy et al. (2004) also observed three distinct tones were prevalent within the above types of codes:

Punitive Codes – Those that incorporated sanctions. Language used such as ‘shall’ and ‘will’.

Principles Codes – Broad statements of values and intention to engage in CSR with stakeholders.

Commitment Codes – Specific CSR statements and measurable commitments.

It can be argued that the above aspects must be considered during the creation stage of codes of conduct to ensure purpose, stakeholders, methods, language, rules, values and measurement are all considered. Stevens (1994; 2008) argues that the creation of codes of conduct are in direct response to a business or industry realising the significance of ethical issues specific to their business and understanding the need to communicate this with stakeholders. Codes of conduct are considered to be relatively easy to create and introduce in a short period of time (Garrod and Fennell, 2004). However, many practitioners would not agree with this statement. A seminal code of conduct study by Treviño and Weaver (1999) classify codes as either compliance based or values based. Compliance based codes are influenced by top-down and a rules oriented approach whereas values based codes are more general and have the identification of certain shared organisational values (Helin et al., 2011). Most codes fit into one of these two categories or are a combination of the two (Weaver et al., 1999) and this is something to be decided at the creation stage.

2.13 Content and Structure

Adams et al. (2001:208) argue that the “mere presence of a code is more important than the content of the code per se”, suggesting the irrelevance of the actual detail of the code. However, Kaptein (2008:2) has determined key rudiments, “A good code captures the goals of the organisation (its mission and vision), what the organisation wants to mean to others (its responsibilities towards stakeholders) and what drives the organisation (its core values)”. It has been argued that code of conduct content contains three types of statements, mission statements which

describe the purpose of the firm; value statements that describe the key values of the firm and the rules of behaviour which are expected from the firms employees (Graafland et al., 2003). Others, however, have classified the content of code into categories of values, rules and ethical guidance levels (Farrell and Cobbin, 2000; Schlegemilch and Houston, 1989).

The Organisation for Economic Co-operation and Development (OECD) (2000) has categorised the contents of codes of conduct into five main subject areas:

- a) Fair business practices
- b) Observance of the rule of law
- c) Fair employment and labour rights
- d) Environmental stewardship
- e) Corporate citizenship

The above can therefore act as a template for the key issues, which many organisations refer to in their codes. It has been argued that the coverage of code content is uneven at best, with some companies setting forth principles, some promoting rules and others focusing on particular stakeholders (Hopkins, 2004).

Vrieling and van Montfort (2009) argue that studies on the content of codes of conduct fall into two clear categories, firstly, normative studies that focus on guidelines for implementation. Secondly, empirical studies which mainly result in inventories or content analyses of existing codes. Pelfrey and Peacock (1991) identified three types of codes based on content: those that attempted to address every possible situation; those that offer general statements based on values; and 'middle of the road codes' that are between the two. However, Vinten (2000) believes codes are inspirational, prescriptive or educational.

Codes, generally address ethical principles, which focus on a sense of responsibility rather than precise conduct, especially if they are values based rather than prescriptive (Cole, 2007). Content of codes should offer guidance to provide a set of rules for how to behave in certain circumstances (Roberts and Rognvaldson, 2001). In a content analysis study of more than forty codes, the most evident result was the prevalence of deontology as a basis for the codes (Cole, 2007). A

deontology approach to content ensures that rules and duties are present and understood. However, another approach is teleological, which ensures that the content of the code is more specific to outcomes of behaviour (Malloy and Fennell, 1998).

Gavin et al. (2007) believe that codes should embody both principles and rules but, on analysis, discovered that many codes lacked both of these essential characteristics, focusing more on legal requirements. Gavin et al. (2007) discuss further that a balance is required of principle and rules as principles lack content and rules lack behaviour and feelings.

Graafland et al. (2003) explain that this content is sometimes provided in different documents, although they can all be considered the code of conduct, therefore the name of the document may be interpreted and presented differently from one organisation to another. The language and wording of codes is also crucial to the development of codes of conduct (Cole, 2007). The codes are more likely to be successful if they follow three rules; that they are positively stated, action orientation and avoid prohibitive language (WWF, 2001). Another suggested stylistic approach is to use direct and clear language, which all stakeholders can read and understand (Cole, 2007). Specificity is also a fundamental requirement as Genot (1995:169) denotes, "vague statements of noble intent are unlikely to inspire practical action in the field and will not provide a solid basis against which performance can be gauged".

A company or employee handbook is often used in conjunction with the code of conduct to provide more detail concerning content, which may have been omitted in the code itself (Gavin et al, 2007). Further, Gavin et al. (2007) state that the principles and rules should be woven together in a positive, encouraging and supportive manner. There are a series of popular topics, which generally form the content of ethical codes of conduct. Several authors and studies have catalogued a range of these and topics. The Ethics Resource Centre (ERC, 1988) has offered an overview of these topics, which is presented in Table 2.2.

Honesty	Equity	Corporate Power	Rights
Employee conflicts of interest	Executive salaries	Workplace health and safety	Company due process
Security of company records	Comparable worth	Employees disciplines	Discrimination, rights, harassment
Misuse of company assets	Product pricing	Product liability and safety	Shareholder and stakeholder rights
Accuracy of books and records	Employee compensation and benefits	Mergers and acquisitions, company closings and redundancy	Employment rights – Legal aspects
		Social and Environmental issues	Whistle-blowing

Table 2.2: Content of Codes of Conduct Topics

As can be seen in Table 2.2 the topics are categorised into four headings and some are more relevant than others to SME organisations.

2.14 Implementation Processes

Kaptein (2008) contends that keeping a code alive in the realm of everyday business practices is crucial and argues that companies must prevent it from dying a quick death after implementation. Owner-managers are the key people in driving and instigating the ethical code of conduct, as they are the implementers of values, thereby exhibiting their own personal values as a cornerstone of management activity (Hemmingway and Maclagan, 2004). Vrielink and van Montfort (2009) believe that research into the implementation of codes is still in its infancy. They argue that further research should concentrate on the mechanisms an organisation should have in place and the obstacles, which need to be overcome to ensure a living code. Early research of ethical codes of conduct by Russell (1993:3) found that “ethical codes alone are insufficient to change either attitudes or behaviour because they are notoriously difficult to implement”.

In regards to code of conduct implementation, a popular phrase was coined by Kaptein and Wempe (1998:853) in relation to their implementation, “a code is nothing, coding is everything”. This demonstrates the importance of the logistics of the implementation stage of the code. Good implementation gains support for the code, improves awareness and can create a sense of ownership (Ethics Resource Center, 1994). It has been argued that implementing a code is a complex process and simply distributing a code is not an effective means to achieve desirable compliance; employees must be aware of the content of such codes and know how to act accordingly (Sims 1991). Further, it has been argued that simply distributing a code could have negative effects on the organisation (Ethics Resource Center, 1994).

The publication of a code of conduct generally reveals the intention from an organisation to implement the document, however commitment does not necessarily lead to implementation and a living code (Winn and Angell, 2000). When employees are more involved, through the development of codes of conduct and can relate the activities to their role within the organisation there is more chance of ‘buy-in’ and thorough implementation (Jenkins, 2006). Similarly, Garrod and Fennell (2004) believe that ethical codes of conduct are more likely to be owned and lived by their intended users if these groups have been allowed to participate in determining which provisions should be included, how they are formed and then communicated.

According to a 2001 survey by the Organisation for Economic Co-operation and Development (OECD), only 32% of all companies with a code of conduct discuss implementation issues. The study concluded that there were, mainly, only loose compliance systems in place. Similarly, according to Fritz et al. (1999) true implementation of an ethical code involves much more than developing an ethical code and enforcing compliance. Further, it has been suggested that a code of conduct should be reviewed annually, due to changes in the socio-economic environment as well as changes in the companies’ processes and procedures (Swotek, 2006).

There are distinctive implementation patterns of codes of conduct in SMEs, Baumann-Pauly et al. (2013) argue that SMEs are particularly successful in implementing CSR-related practices into their organisational processes and procedures, especially in relation to engaging employees. Communication of the code at the implementation stage is immensely important, a fact which is supported by research showing that a lack of communication contributes to code failure (Stevens, 2009). Oehmen et al. (2010:674) argue that implementation is the most important part of the process as this is the “moving from theory to practice”.

To support the implementation process, Sims (1991) suggests establishing an ethics committee to be in charge of questions relating to the code and have a final saying regarding the meaning of the code. Employees could turn to this committee whenever uncertainties about how to interpret the code are encountered. However, the ability of SMEs to be able to implement this process is debatable.

Gavin et al. (2007) explain that implementation of an ethical code of conduct should be properly planned, organised, directed and controlled. The focus of this should mean that there remains an element of independence throughout the process. Gavin et al. (2007) suggest there are eleven activities that should be considered when implementing an ethical code. It is evident that these activities or tasks (Table 2.3) span the whole code of conduct process and are not exclusive, but form an overall implementation procedure. The implementation activities can act as a checklist for SMEs and can be used as a continuous improvement tool.

	Implementation Activity/Function
1	Identify employee groups to have input into and write the code.
2	Determine that the code addresses all the pertinent issues.
3	Train employees.
4	Assess compliance with the code.
5	Receive and process ethics complaints, issues and dilemmas.
6	Resolve issues, dilemmas.

7	Assess compliance with the complaint and appeals process.
8	Ensure that controls are established to address weaknesses discovered as a result of unethical acts committed.
9	Communicate changes in code to all employees.
10	Evaluate the entire process described above and recommend appropriate changes.
11	Keep the audit committee informed as to the compliance with (effectiveness of) the code.
Table 2.3: Code of Conduct Implementation Activities	

Zadek's (2004) Organisational Framing Model can also be used as a way to assess code of conduct implementation in SMEs. This model, (Table 2.4) identifies five states of implementation, which businesses typically progress through. Adapting from the work of Baumann-Pauly et al. (2013) and Zadek (2004) the researcher has included a final column in Table 2.4, which specifically indicates Zadek's five stages and specific actions made in relation to SMEs and their codes of conduct or ethical documentation. This model is further considered in Chapter 7.0 – Research Questions Analysis and Overall Conclusions.

		What Organisations Do in relation to CSR	What Organisations can do in relation to Ethical Codes of Conduct
Stage 1	Denial	Companies refuses to accept responsibility for the social and environmental impact off their businesses.	Company does not see the requirement of an ethical code of conduct or ethical documentation.
Stage 2	Compliance	Companies focus on complying with the legal rules.	Code of conduct may be in place to ensure HRM and legal requirements are adhered to.
Stage 3	Managerial	Companies understand the need for CSR consideration beyond legal requirements in a number of management practices.	The need for ethical infrastructure is apparent. A code of conduct is created as a tool to share information with stakeholders concerning CSR and environmental issues.
Stage 4	Strategic	Companies realise that	Being known, as an ethical

		engagement CSR could give them a competitive advantage and begin looking at a broader range of issues related to CSR in a strategic manner.	organisation is a benefit for business. Ethical policies and processes to be formulated in the form of an ethical code of conduct.
Stage 5	Civil	Companies are genuinely concerned about the issues and they are looking for support to achieve CSR objectives.	The code of conduct acts as a tool to re-emphasise ethical values of the company and supports the ethical culture, which is natural.
Table 2.4: The Five Stages of Organisational Learning (Adapted from Baumann-Pauly et al. (2013); Zadek (2004)).			

2.15 Communication Techniques and Training

The fundamental component to the implementation of ethical codes of conduct is to communicate the content and motivate employees to observe its messages while providing them with the skills to uphold it (Kaptein, 2008). Graafland et al. (2003) argue that there are three strategies for the communication of ethical behaviour in SMEs. The first is the ‘compliance strategy’, where the organisation develops ‘concrete’ standards of behaviour, which are communicated to all members of the business (Hummels and Karssing, 2000). The focus of the compliance-based approach is to meet specific requirements, relating to the following:

- Communication of standards for all members of the organisation (usually minimum requirements).
- Supervision of the behavior of the members of the organisation.
- Procedures of reporting of unethical behavior.
- Punishment of organisations members who do not comply with standards (Treviño and Nelson, 1999).

The second strategy is known as the ‘integrity strategy’ where one’s own responsibility and integrity is internalised. Integrity strategy relies on managers and employees fulfilling their tasks in a professional, accurate and responsible way,

taking into account stakeholders (Graafland et al., 2003). This strategy is communicated as follows:

- Define clear core values.
- Train managers and employees to apply values in concrete situations.
- Let managers have their own responsibility about which they are responsible (Graafland et al., 2003).

The final strategy for communication of responsibility is the 'dialogue strategy'. This strategy focuses on the responsiveness of new ideas, interest and values of stakeholders (Graafland et al. 2003). This strategy involves:

- Ongoing communication about moral issues with external stakeholders.
- The search for information about other cultures and conventions.
- Being accountable for the business actions to external stakeholders.

Companies could adopt one or more of these strategies and the adoption of these would ensure an ethical climate within the SME. Based on the information above, it can be argued that there is convergence between the three and they could be implemented complementarily by SMEs successfully. More simply, Gavin et al. (2007) believe there are five main communication practices available to SMEs when implementing their code of conduct for the first time with employees:

1. Printed and distributed to employees.
2. During new employee induction.
3. Informed by employee's line manager.
4. Posted on the wall or in canteen.
5. Through training.

How ethical codes of conduct are communicated, influences the codes overall impact. When the code is communicated it can have a bearing on the success of the code, for example, it could be at induction, through regular training, posted through emails or notices, in a manual or through personal development reviews (McKinney, et al., 2010). However, communication in SMEs is often more fluid and can flow easily, allowing values to embed more rapidly through every facet of the organisation (Jenkins, 2006). A form of communication that organisations use to disseminate their codes of conduct to stakeholders is through their websites

(Schwartz, 2001; Bondy et al., 2004). Sometimes it is disguised and difficult to find on particular company websites, suggesting a lack of transparency and questionable importance (Bondy, et al., 2004).

Within the SME context, communication is enhanced as they enjoy a high degree of involvement with employees at different levels within the organisation (Russo and Tencati, 2009). This improves the ability to manage any formal techniques and tools to be better implemented such as a code of conduct. Besser (1999) supports this notion and believes that SMEs have a high aptitude for making their responsible behaviours explicit through these tools. On a practical level it is important that all individuals associated with the company read the code and understand it's content. For a code of conduct to be effective, people have to read and internalise it with a mechanism in place to ensure this happens (Swotek, 2006). Stevens (2008) believes that the communication of the ethical code has to be supported by the culture and that in the case of a lack of appropriate organisational culture; the code could become simply a compliance document that is easily ignored.

Problems associated in the communication of codes are prevalent; "companies find it surprisingly difficult to translate the standards in their codes into examples or case studies that employees can take away and apply to their day to day existence" (Balch, 2005:1). A potential solution to this is, a scenario-based communication method, which requires staff to read hypothetical statements in relation to topics in their code of conduct and answer questions on them (Balch, 2005). Malloy and Fennell (1998) argue that an ethical code of conduct is in itself a form of communication. They suggest it must be implemented, through socialisation rather than by communication. This notion highlights the importance of a communication culture in SMEs to share and disseminate the code of conduct. Scholarly research and anecdotal evidence indicates that without communication and an organisational culture of communication, codes of conduct and other ethical business practices will not have a long-term effect (McGill Murphy, 2010; Jondle, Ardichvili and Mitchell, 2014). Schein (2004) argues that managers can utilise many practices to embed their values into the day-to-day operations of their organisations, for example one-to-one interactions.

It has been argued that a creation of an ethical social environment or an ethical business culture is required to nurture the ethical code (Feldman, 2007; Goodpaster, 2007) and it is this that can be stronger than training. Part of the communication culture is to promote the ethical climate. Ethical climate has been defined by Victor and Cullen (1988:101) as,

The prevailing perceptions of typical organisational practices and procedures that have ethical content and these aspects of work climate that determine what constitutes ethical behavior at work.

Cullen, Parboteeah and Victor (2003) discovered a relationship between employee's perceptions of a benevolent ethical climate and their own organisational commitment. Further, Flannery and May (2000), identified that an ethical culture can positively influence managers' ethical decision-making intentions, whereas Ross and Robertson (2000), discovered that a perceived ethical climate in a company prevented staff from lying. Further, Parboteeah et al. (2010) believe that employee empowerment is crucial in the communication of codes of conduct and it is important that employees are consulted and involved in decision-making in relation to the code of conduct.

The Institute of Business Ethics (IBE) have found that only 45% of companies with an ethical code of conduct provide ethics training for their staff (Balch, 2005). However, Swotek (2006) ascertains this process is crucial, stating, although managers often write the code, it is training, which reaffirms the importance of the code, and how it impacts on employees' specific roles. This is supported by Jondle, Ardichvili and Mitchel (2014), who state that in terms of ethical codes, there must be the creation and enforcement of procedural frameworks that must be supported by a training programme.

Previous research suggests that education and training should be used when implementing codes (ERC 1994; Sims 1991). Such training programs teach employees to embrace ethical behaviour and prevent inappropriate interpretation (Sims 1991). Also, the design of training programs is important in terms of the style of delivery with respect to 'spoon feeding' employees with information or adopt a

discussion and reflection approach. Studies, including those conducted by the Ethics Resource Center found that companies with a formal ethics training program related to the company code of conduct typically reduced their fraud losses by more than 50% (Bauer, 2009).

Companies' requirement of environmental training and support has been emphasised by Rowe and Hollingsworth (1996); however, SMEs rarely make use of these services, even when they were free or subsidised (Smith, Kemp and Duff, 2000). SMEs, generally agree that they require external assistance to help with training of business ethics subjects (Smith, et al., 2000). Gerstenfeld and Roberts (2000) indicate that there is a lack of awareness concerning the environment and CSR issues within SME management and the benefits of improved performance, which this can bring. This is further highlighted by the lack of expertise and understanding about implementation and training of CSR (Gerstenfeld and Roberts, 2000). It is the owner-managers who are likely to organise and develop employee-training programs for codes of conduct, which should result in clearly apparent values and expectations (Perrini, 2006). Conversely, it has been argued that SMEs do not generally have the required skills to conduct such activity, as they are not experts in this field but rather have more general management and leadership skills (Jondle, Ardichvili and Mitchel, 2014).

Balch (2005) argues that training is not enough to improve ethical performance; employees are required to meet the spirit together with the regulations or values presented in the code. Conversely, some previous studies have suggested negative effects of ethics training. The Ethics Resource Center's (ERC) survey of more than 4000 employees of companies with codes found that ethics training tended to have a negative effect on the employees attitudes and perceptions regarding ethical performance (ERC, 1994). Interestingly, this study also concluded that those who worked for a company with an ethics code with no follow through training programme had an even worse perception of their company (ERC, 1994).

2.16 Audit and Measurement

“Auditing refers to the procedure, through which internal or external auditors systematically check whether a company is complying with the requirements contained in a given code of conduct” (Lund-Thomsen, 2008:1013). A detailed code with a robust monitoring system can be taken as an indicator that the issuing company takes a proactive approach to CSR (Preuss, 2009). According to Costello (2000), to be effective, codes of conduct must be vigorously monitored for compliance. However, there is no commonly accepted methodological framework for measuring the effectiveness of codes of conduct (Hopkins, 2004).

Different forms of code of conduct auditing exist, ranging from self-auditing to external auditing, and several forms in between (Six et al., 2007; Kolk and van Tulder, 2002). Blowfield (2004) points out that codes of conduct may be difficult to monitor outside of a strictly controlled environment. Balch (2005) argues that the best solution for improved employee ethics rest in a mixture of both carrots and sticks but highlights that ultimately, ethics comes down to individual decision making (Balch, 2005). A difficulty with measurement is the perceived biased way in which the information is reported and measured (Six et al., 2007). Aspects of the code may not be reported, specific areas may be paid more focus, and the process may not be fully formalised (Demuijnck and Hgnodjom, 2013).

In some cases where the SME is in the supply chain of a larger company they may be audited by their partner, audit tools include getting the SME to carry out a self-assessment questionnaire, a scorecard or an onsite audit (Baker, 2008). The results would mean the larger company could manage the improvement process and maintain dialogue with the smaller suppliers. Supplier Relationship Managers, as part of their larger role can manage and monitor the social and environmental issues (Baker, 2008). In these cases, audits are generally pre-announced and so companies can prepare and ensure they can comply with the specific code to which they are being assessed against (Lund-Thomsen, 2008).

In relation to the carrying out of an audit, it has been argued that SMEs do not have the management tools to carry out efficient processes with issues of over capacity, objectivity and independence being questioned (Lund-Thomsen, 2008; O'Rourke, 2002). Lund-Thomsen (2008) argues further, that audits are just one way for analysing codes of conduct and that they only provide limited insights into the actual effects that codes of conduct have within businesses. Rosenbaum (2000) argues that monitoring of codes can take various forms but critiques that there is an inherent conflict of interest when it is the company themselves who undertake the monitoring. Keller (2008) calls this a paradox as it entitles those to be monitored to monitor themselves. Keller (2008:22) questions the validity of measurement of voluntary documents as a concept,

Questions such as who performs the monitoring task, whether the workforce is involved, if monitoring extends to the supply chains, how the monitoring exercise is conducted and the transparency of the findings, are of crucial importance for judging the value of the respective compliance mechanisms.

This position raises questions of the legitimacy of compliance and measurement and whether or not independence can be attained and implemented. Keller (2008) argues that this is almost impossible and only external auditing can add credibility, as auditors remain independent from the company. In a study of 132 companies, Kolk and van Tulder (2002) identified that 41% of codes did not specially mention, monitoring of the code itself and sanctions if compliance were usually not specified. This demonstrates a disconnect from companies in terms of full implementation and measurement of ethical codes of conduct.

To conclude, a study by Gavin et al. (2007) identified that when discussing implementation, measurement should be considered. Table 2.5, identifies eleven methods for measuring the key aspects of implementation that should assist in helping codes become effective in organisations.

	Implementation Activity/Function	Form of measurement
1	Identify employee groups to have input into and write the code.	Identify employees that should take an active part in discussing the components of the code.
2	Determine that the code addresses all the pertinent issues.	Ensure that employees at all levels believe that the code addresses all pertinent issues and is workable.
3	Train employees.	Assess whether all employees received the proper amount of quality training.
4	Assess compliance with the code.	Assess alternative methods of monitoring compliance with the code.
5	Receive and process ethics complaints, issues and dilemmas.	Assess compliance with the code.
6	Resolve issues, dilemmas.	Assess alternative methods for receiving, processing, and resolving complaints and appeals of ethical issues.
7	Assess compliance with the complaint and appeals process.	Assess compliance with the complaint and appeals process.
8	Ensure that controls are established to address weaknesses discovered as a result of unethical acts committed.	Ensure that controls are established as needed to address weaknesses discovered as a result of unethical conduct or complaints received.
9	Communicate changes in code to all employees.	Assess the magnitude and frequency of violations of the code and recommend appropriate modifications to the code.
10	Evaluate the entire process described above and recommend appropriate changes.	Assess whether changes in the code have been properly communicated to all employees.
11	Keep the audit committee informed as to the compliance with (effectiveness of) the code.	Keep the audit committee informed of the above 10 steps, especially of compliance of the code and assessment as to whether the code have truly been inculcated into the culture of the organisation.
Table 2.5: Measurements for Implementing Codes of Conduct. Source – Gavin et al. 2007.		

It is evident that the implementation and measurement are closely linked and in some cases there is very little distinction between the two actions. However, Table 2.5 offers small businesses a structure to review that their code becomes a living code of conduct.

2.17 Effectiveness of Codes of Conduct

As codes of conduct are adopted by more and more organisations, the study of the effectiveness of these codes is more relevant and important to determine (Kaptein and Schwartz, 2008). As expressed in the Chapter 1.0 – Introduction, ‘effectiveness,’ along with ‘content analysis’ of ethical codes of conduct are the two areas, which have received the most interest by researchers. However, Kaptein and Schwartz (2008) identified 79 studies, which assessed the effectiveness of ethical codes of conduct. The results of this research are presented below in Table 2.6. Based on this information it is evident that the results are mixed and inconclusive, as 35% studies found that codes were effective, 16% of studies indicated that the relationship is weak, 33% found there was no significant relationship and 14% demonstrated mixed results. However, the ERC study concluded that business codes are counterproductive, although this is just one study. The results indicate the need for further research, as these studies may be dependent on specific research or organisational contexts. From the 79 studies there is clearly a great deal of uncertainty whether codes are effective (Vrieling and van Montfort, 2009).

	Empirical Study
Significant positive relationship	Adams et al. (2001), Barnett et al. (1993), Beneish and Chatov (1993), Bowman (1981), Cassell et al. (1997), Chonko et al. (2003), Embse et al. (2004), Ferrell and Skinner (1988), Finegan and Theriault (1997), Hegarty and Sims (1979), Kaptein and Wempe (1998), McCabe et al. (1996), Nakano (1997), Nakano (1999), Peterson (2002), Pierce and Henry (1996; 2000), Rich et al. (1990), Sajhau (1998), Sims and Keon (1999), Singhapakdi and Vitell (1990), Stevens (1999), Touche Ross (1988), Treviño et al. (1998), Valentine and Barnett (2004), Valentine and Fleischman (2002), Weaver and Ferrell (1977), Weaver et al. (1999a).
Weak positive relationship	Badaracco and Webb (1995), Beets and Killough (1990), Bruce (1994), Dubinsky et al. (1992), Mathews (1987), Murphy et al. (1992), Peppas (2003), Schwartz (2001), Stevens et al. (2005), Stohs and Brannick (1999), Valentine and Barnett (2002), Weaver (1995), Weeks and Nantel (1992).
No significant relationship	Akaah and Riordan (1989), Allen and Davis (1993), Ashkanasy et al. (2000), Brief et al. (1996), Cabral-Cardoso (2004), Callan (1992), Chonko and Hunt (1985), Clark and Leonard (1998),

	Cowton and Thompson (2000), Diller (1999), Farrell et al. (2002), Ford et al. (1982), Harker and Harker (2000), Healy and Iles (2002), Hume et al. (1999), Hunt et al. (1984), Kohut and Corriher (1994), Marnburg (2000), Mathews (1987), McKendall et al. (2002), Montoya and Richard (1994), Ryan (1994), Sims and Brinkmann (2003), Snell and Herndon (2000), Stevens (2004) Treviño et al. (1999).
Mixed results	Adam and Rachman-Moore (2004), Brenner and Molander (1977), Higgs-Kleyn and Kapelianis (1999), Kitson (1996), Laczniak and Inderrieden (1987), Mathews (1987), Mitchell et al. (1996), Peppas (2003), Rodríguez-Garavito (2005), Singh (2006); Somers (2001).
Negative relationship	Ethics Resource Center (1994).
Table 2.6 Findings from Existing Empirical Studies of Effectiveness of Codes of Conduct (Kaptein and Schwartz, 2008:113)	

According to Kaptein and Schwartz (2008) results from other studies into whether a code of conduct can influence the behaviour of employees, in a desired manner, have also produced conflicting results (2008). One side of this debate is that a code of conduct has been proven to improve the organisational climate through providing a moral compass for existing employees and to help new employees to socialise into the new culture (Adams et al., 2001; Schwartz, 2001). This is supported by Stohs and Brannick (1999), who studied 348 managing directors and found a significant relationship between the existence of codes of conduct and managerial behaviour. The result of the study found that when managers confront issues directly affecting the firm's conduct, a code, partially guides managerial thinking about ethical 'wrong-doing'. According to McKinney et al. (2010) recent studies post the year 2000 in relation to code effectiveness, have tended to find a more positive effect of codes than earlier studies.

There is however, a major methodological drawback of the studies mentioned above, as they are mainly all conducted through surveys (Helin and Sandstrom, 2007). As a code is not static to a specific period of time it can be argued that a survey is not the best tool to test the effectiveness of a code. Egels-Zanden (2014) concludes on code effectiveness by stating that all previous studies on the subject are flawed as they generally rely on data obtained from one specific period of time.

Implementing and embedding a code of conduct is considered to be a long-term process (Treviño et al., 1999). Therefore, research that measures effectiveness should be conducted as longitudinal studies. Kaptein and Schwartz (2008) have determined that real effectiveness can only be determined after a substantial period of time. This notion is supported by Webley and Le Jeune (1998:15), who, ascertained that “many companies have found that after the first enthusiasm has diminished, it is hard to sustain the code as an important part of the company’s culture”.

Another methodological issue related to effectiveness is the terminology used by authors. As the terminology is subjective, the results of studies have been described as, not enough (Hyman et al, 1990), invaluable, (Sethi, 2002) and uncertain (Myers, 2003). These terms demonstrate the insufficiencies in previous studies to identify true effectiveness of codes of conduct in a reliable and measured way. This discussion centres on how the various definitions of codes of conduct are related to their perceived effectiveness. For example, Treviño et al. (1999) argue that codes have little meaning unless the values within them are articulated. Other studies conclude that there is a direct correlation between vagueness and ineffectiveness of codes (Valentine and Fleischer 2002; Finegan and Theriault, 1997). These studies suggest that the more specific the code the more effective.

The samples that previous empirical studies have used also impact on the results of the perceived effectiveness of the codes, for example Schwartz’s (2001) study included four organisations. A study by Treviño et al (1999) used a sample of six. Some studies were conducted in specific sectors whereas others were broader. In all, 83 percent of studies have been conducted within the USA and not in the SME context (Kaptein and Schwartz, 2008).

Kaptein and Schwartz (2008) have created a framework to measure the effectiveness of a code of conduct. Their research is a culmination of previous studies taking into account a series of factors not often considered together when analysing overall effectiveness. Kaptein and Schwartz (2008) believe organisations must identify what it is they are measuring against and categorised effectiveness into three distinct groupings:

1. Micro-effectiveness – measures the convergence between company objectives and the consequences for the company.
2. Meso-effectiveness – measures the convergence between what the stakeholders expect of the code and the extent to which these expectations are realised.
3. Macro-effectiveness – measures the convergence between both the micro and meso effectiveness and the overall social effects

The above categorisation can therefore be considered when creating, and measuring the effectiveness of the code. However, a significant in-depth study, conducted by Adams et al. (2001) adopted a dual approach. This research involved 766 participants who worked for American organisations and a comparison was made between those who worked for a company with a code (465) with those who did not (301). Results indicated, the presence of a code, affected both employee behaviour and perceptions of ethics in their companies, demonstrating effectiveness (Kaptein and Schwartz, 2008). According to MiKinney (2003) leaders should communicate the code frequently and hold employees accountable for compliance. However, overall and in agreement with Cowton and Thompson (2000:166), “it would seem that there is little strong systematic evidence to confirm the effectiveness of codes, although it would also be fair to say that the evidence to the contrary is also limited”. Weller (1988) argues there is a clear relationship between the frequency of revisions and iterations of codes of conduct and their effectiveness. This might explain why many organisational codes are revised on a regular basis. Singh et al. (2005) have identified a further effect of the existence of a code is that it has a positive influence on the way in which employees rated their organisations.

Overall, most authors are skeptical of the effectiveness of ethical codes, indicating that the adoption of codes of conduct and auditing do not automatically generate changes at the lower levels of the organisation (Egels-Zanden, 2014). As Chan and Siu (2010:167) argue, “academic articles published on the impact are in basic agreement that the efforts to implement corporate codes of conduct are often ineffective”.

2.18 Future Developments

It has been argued that codes of conduct will multiply as a way of fending off legislation from government and other bodies. However, as the uptake of codes increase it is likely that their purpose may not be fully understood or appreciated and impact may be limited (Crane and Matten, 2010). According to van Heerden (2008), more companies will adopt codes and monitor their implementation in order to control risks. Code monitoring, will not only have to improve, it will also have to achieve greater harmony in terms of standards and benchmarks (van Heerden, 2008). Preuss and Perschke (2010) argue that a 'lattice' approach to codes is the way forward suggesting that this tactic allows firms to convey different messages to different audiences. A lattice approach to codes suggests an intermeshing of various documents, which integrate ethics and values throughout the organisation, allowing for commitments to become credible.

van Heerden (2008) argues that codes will face a varied future with some being purposefully implemented and received, whereas others will be mere charades. Vrieling and van Montfort (2009) believe that the future of codes of conduct requires further attention to their measurement, as they believe it to be an under-developed area. They propose further research in understanding the dissemination of codes and suggest a further investigation in the effects of the various modes and methods of enforcement. Other authors suggest that buy-in to codes at all levels of the organisation is crucial to their future development and that engagement is crucial (Bauer, 2009). Helin and Sandstrom (2007) believe there are still major gaps in code of conduct literature, with the focus being mainly in the USA and in large companies. This literature review has demonstrated that the majority of studies of codes of conduct do not explore the whole process from code inception, through development and implementation to measurement. Instead, they mainly focus on content and effectiveness.

2.19 Negative Aspects of Ethical Codes of Conduct

A criticism of codes of conduct is that they are too narrow and specific in the issues they cover, with few answers for real life ethical problems and issues; a code, for example, might only encompass a narrow set of issues such as conflicts of interest, gifts and hospitality and company assets (Webley and Werner, 2008). Olsen (2004) supports this theory believing that codes are only useful if company specific, reflecting on everyday issues in that organisation's sector.

It is difficult to accurately measure the percentage of companies that adhere to their self-created codes of conduct; this is due to the series of codes in society including, industrial, professional, international and organisational codes (Chua and Rahman, 2011). This issue is further emphasised by the terminology used to describe ethical principles, with codes of conduct, codes of ethics, operating principles, company objectives, credos, company philosophy, ethical statements and codes of practice all being used to describe similar activities (Cassell et al., 1997; Schwartz, 2004).

Whilst codes of conduct are seen as a positive instrument for business ethics and CSR, there are many detractors; Raiborn and Payne (1990), for example, believe they undermine personal responsibilities of employees, are demeaning, accusatory and threatening. Some scholars also argue that codes act as a form of 'green-washing' or 'window-dressing' (White and Montgomery, 1980), offering the outside world a rose-tinted spectacted view of the values of the company. Hess et al. (2006) argue that a code generally costs a lot more to implement than the return benefits it produces.

Helin et al. (2011) believe that ethical codes of conduct increase centralisation in organisations, impede moral imagination and create different forms of resistance by seeking to impose a common framework for diverse situations. Due to their voluntary nature, a code of conduct may not always be implemented in the same way as an industry based code or enforced by the law (McClintock, 1999). Self-regulation, through the code of conduct, has been proven not to have the same impact and authority as imposed governmental regulation (Sobczak, 2006). In most

cases the codes are drafted by the people to whom they apply, without reference to external stakeholder expectations (Six, et al., 2007).

There is often a gap between the existence of a code of conduct (theory) and the attitudes and behaviour of the organisation and its people (reality). This highlights inadequacies in the codes of conduct on the one hand but also the deficiencies of the culture of organisations and the way they implement and drive their code (Webley and Werner, 2008). This indicates a distinction between intention and operation. This is supported by previous research, which consistently has shown that most ethical and legal problems are often identified through chance observation rather than through formal compliance of a code of conduct or audit programs (Bauer, 2009). According to Bondy et al. (2004) British companies tend to hide their code of conduct in the depths of their websites, making it difficult for stakeholders to find them, leading to questions over transparency and how important these codes are to the company itself. This could be due to the fact that codes emanating from America are more suitable to their culture and not European culture (Weaver, 2001).

Research by van Zolingen and Honders (2009) portray that the implementation of a code does not automatically evoke more personal and collective reflection of moral dilemmas, although this is also known to be an effect of a code (Kaptein and Wempe, 2002). This fact demonstrates the inconsistencies in measuring and evaluating the effectiveness of codes of conduct in different sectors and settings. Common criticism of codes of conduct include: the language being used is often difficult to understand, codes are often static in a dynamic working environment, they are too prescriptive and unbending and can be considered to be window dressing (Johannesen, 1988).

Whether a code of conduct is rules based or values based will also have a bearing on its success as if it is rules based it may not refer to how employees can react and make suitable decisions in key situations (Webley and Werner, 2008). Also if a code is aimed at how employees behave, certain employees, such as the directors or owners may not be included, which will reduce the impact the code has throughout the whole organisation. This may be seen as a controlling tool rather

that an ethics and values tool (Farrell and Cobbin, 2000). Further, the code may be worded in a way to avoid the company being harmed rather than to encourage ethical behavior and culture, again, which may have detrimental effects on the overall impact. (Webley and Werner, 2008).

2.20 Conclusion and Development of Conceptual Framework

The overall aim of this review was to assess existing literature in the field of ethical codes of conduct and to evaluate the topic in the specific context of SMEs. The literature review explored the code of conduct lifecycle from their inception, through content and implementation, to future potential developments. This literature review has demonstrated that the majority of studies of codes of conduct do not explore the whole process from code inception, through development and implementation to measurement. Instead, they mainly focus on content and effectiveness.

In order to bring together the various theories, factors, concepts, variables and knowledge explored in the literature review, the creation of an initial conceptual framework has been developed by the researcher. Miles and Huberman (1984:33) define a conceptual framework as “the current version of the researcher’s map of the territory being investigated”. Similarly, a conceptual framework indicates how the researcher views the concepts involved in the study, especially the relationships between these concepts (Collis and Hussey, 2009). A key function of this definition is the view that the conceptual framework may evolve as the research transpires,

Developing a conceptual framework forces you to be explicit about what you think you are doing. It also helps you to be selective; to decide which are the important features; which relationships are likely to be of importance or meaning; and hence, what data you are going to collect and analyse. (Miles and Huberman, 1993:150–151)

Using the definitions discussed above, the following initial conceptual framework (Figure 2.1) was developed, based on the overall aim and objectives of this research adopting a grounded theory approach.

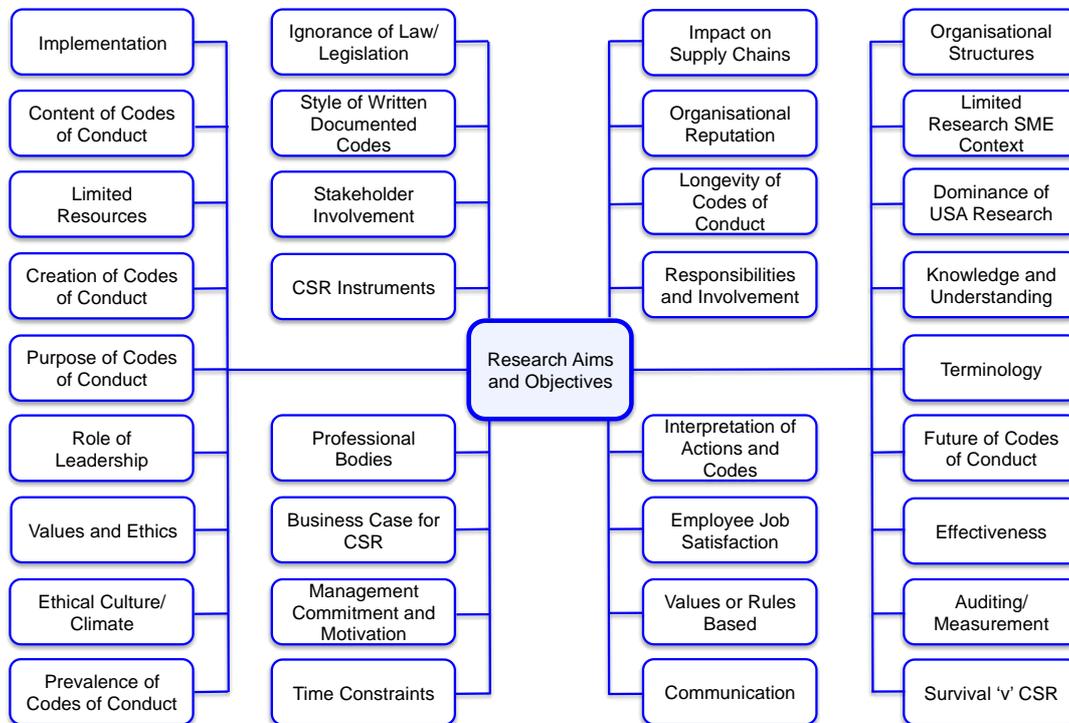


Figure 2.1: Initial Conceptual Framework using Grounded Theory

In order to refine the multitude of factors that have transpired throughout the literature review (Figure 2.1), the initial conceptual framework has been further reviewed for the purpose of producing a more manageable set of variables depicting the central themes of this research for further evaluation and analysis. Eleven central themes have been identified and are presented in Figure 2.2 (Conceptual Framework: Central Themes). These themes were selected on the basis that they were the most prevalent in the code of conduct literature. Although not in any one-research study, they were dispersed across a wider range of literature. Further, they were selected in order to form a basis and a theoretical starting point, for which, the initial exploratory nature of this research investigation could be formed.

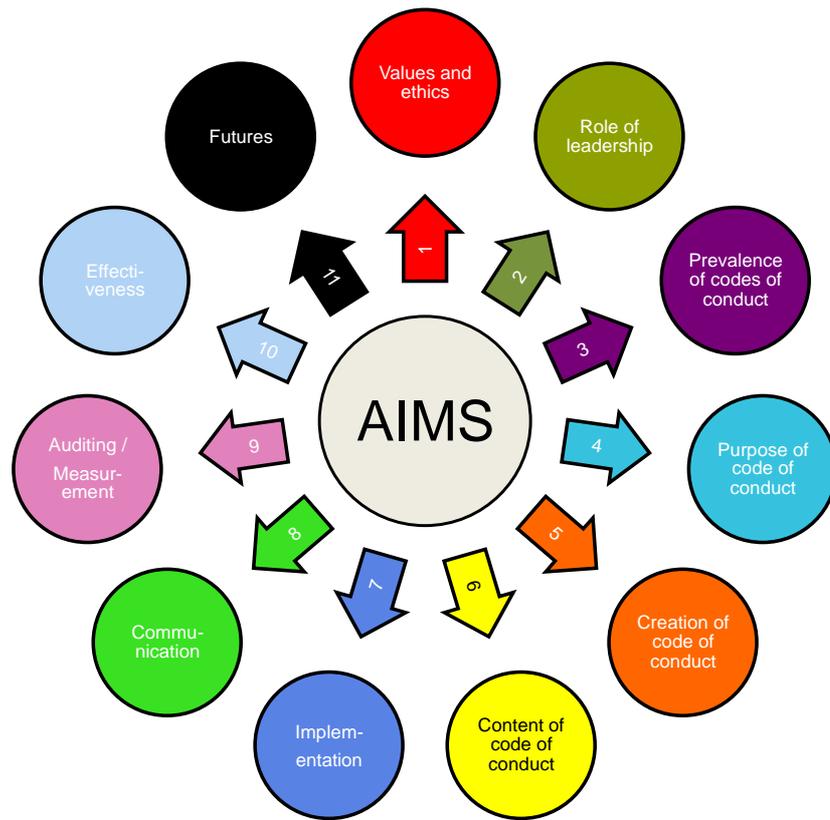


Figure 2.2: Conceptual Framework: Central Themes

In addition to the link between the eleven themes and the aims of the research, there are also numerous interactions, relationships and associations between each of the eleven themes. Figure 2.3 shows the main interactions and associations and are further discussed below:

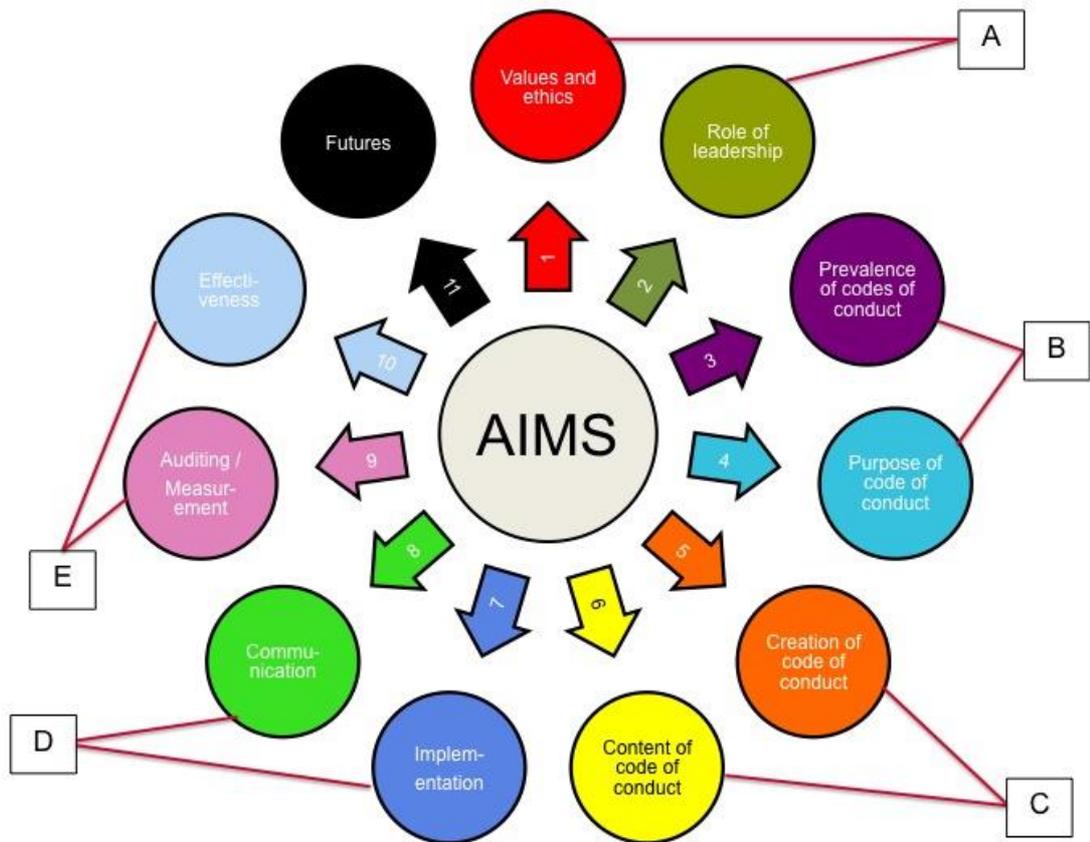


Figure 2.3: Main Interactions within the Conceptual Framework

Interaction A: Values and Ethics & Role of Leadership

Based on the literature review there is a direct correlation between the values and ethics and the role of leadership within SMEs. The personal values of the owner-manager, their upbringing and family background all contribute directly to the way in which the individual leader guides their business operations and employee behaviour. This correlation is a primary aspect of this research investigation.

Interaction B: Prevalence of Codes of Conduct & Purpose of Codes of Conduct

The adoption of ethical codes of conduct in SMEs is specifically related to the fundamental mission of the organisation and therefore must have a clear goal or purpose for its existence. The literature review identified a series of reasons for the embracement of codes of conduct that results in the level of prevalence.

Interaction C: Creation of Code of Conduct & Content of Code of Conduct

The way in which ethical codes of conduct are instigated in SMEs has a bearing on the specific content detail of the code itself. The knowledge and training of the individual/team is an essential aspect of the creation of the code of conduct. Further, the stakeholders involved in the creation of the code impact upon the content.

Interaction D: Implementation and Communication of Ethical Codes of Conduct

The literature identifies that many SMEs fail to fully implement the process of codes of conduct and that effective communication forms a major part of the success of operational implementation. These two topics are closely intergrated and should be considered as an overall system of code of conduct realisation.

Interaction E: Auditing and Measurement and Effectiveness

Effectiveness is a topic, which features strongly in the literature as not being measured in SMEs. There is much debate in previous studies with respect to the respect to effectiveness and how suitable instruments can be designed and used to measure. Further, the auditing of codes of conduct is very sparse in the SME context, however this is a tool, if adequately adopted, is a valid measurement of effectiveness.

Overall, the above analysis has demonstrated a series of interactions and associations between the themes identified in the conceptual framework. However, the eleven themes have been presented in a specific order, representing the code of conduct life cycle from initiation, through development to operational effectiveness. Therefore, the eleven themes are directly linked and related to each other; these relationships will be further explored in this research investigation. The eleven central themes, in the context of SMEs, are further considered in the research design and methodology acting as a guide to ensure suitable data collection methods are determined together with analysis and conclusions drawn. However, in view of the emerging journey of this research process, and Miles and Huberman's (1984) supposition that a conceptual framework is emergent, this framework is re-visited throughout the research process.

Chapter 3.0 –
Research Philosophy and
Methodological Design

Chapter 3.0 – Research Philosophy and Methodological Design

3.1 Introduction

The objective of this chapter is to explore and present the various strategies available for inquiry through the methodological process. Different philosophies, paradigms and approaches that underlie the progression of the research will be investigated and evaluated. The chapter also discusses the formulation of the research questions and identifies the most suitable methods for this research study. Finally, issues of validity, reliability and research ethics will be explored.

Therefore, the following objectives were generated in order to fulfill each stage of the methodological process and support the research progression.

1. To discuss the characteristics of research in a business management context.
2. To establish the epistemological and ontological positions which form the foundation of the approach to this research.
3. To justify the research approach adopted.
4. To justify the overall research design and create a theoretical framework of the study.
5. To examine and justify the most suitable data collection methods.
6. To select the most suitable approach for the analysis and interpretation of data collected.
7. To discuss issues relating to research ethics, reliability and validity.

It is beneficial to define business management research as a term of reference for this research; Sekaran and Bougie (2013:3) define it as “an organised, systematic, data-based, critical, objective, inquiry or investigation into a specific problem, undertaken with the purpose of finding answers or solutions”. This definition is supported by Saunders et al. (2012), who argue that business research involves having a clear purpose to find things out and identify research as collecting and interpreting data. Conversely, Walliman (2011), critiques that the term ‘research’ is used too broadly and is ill-defined as just collecting facts or information with no clear purpose and without interpretation.

Research methodology is a systematic approach or framework that is concerned with the research process, starting from the theoretical foundation of the project to the collection and analysis of data (Collis and Hussey, 2003; Jankowicz, 2005). This definition is supported by Ghauri and Gronhaug (2010) who identified that 'systematic research' is based on logical relationships and not just beliefs. It clarifies and justifies the philosophies, methods and approaches adopted, for the planning, collecting and analysing of the data to fulfill an effective research project.

Choosing the methodology for this investigation was a crucial and complicated process; there are many issues involved in selecting the most suitable approach. Sekaran and Bougie (2013) have categorised business research into two distinct classifications: applied and pure research. A problem to be solved within the working environment can be considered to be applied research whereas a business management topic that is studied to generate a body of knowledge in order to gain a further understanding of particular phenomena is considered pure or basic research. Other authors believe that business management research fits in the middle of the applied/pure research spectrum, supporting the belief that business management research should be both theoretical and practical at the same time (Huff, 2000). By understanding the purpose of business research it is possible to discuss the underpinning philosophical assumptions.

Therefore, this research investigation falls in to the category of pure research, as it is not trying to solve an actual problem in a work situation but to contribute new knowledge and understanding to a much wider issue that is not specific to any one environment (Sekaran and Bougie 2013).

3.2 Model for Research

Having undertaken an extensive literature search on research methodology and design, it is clear that there are considerable differences in opinions, interpretations and terminologies, used throughout the descriptions of the research process. Authors are not always explicit in terms of the sequencing of research activities within their models. Crotty (1998) argues that the terminology used in the literature

concerning research is confusing at best, especially in relation to concepts such as epistemologies, theoretical perspectives, methodologies and methods. He argues that these terms are often “thrown together in a grab-bag style as if they were all comparable terms” (Crotty, 1998:3). However, Crotty (1998:3) proposes that these terms represent distinct hierarchal levels of decision-making in relation to the research design process. These stages can be broadly classified as:

1. The researcher adopts a particular stance towards the nature of knowledge (epistemology and ontology).
2. The epistemology underlies the whole research process and governs the particular theoretical perspectives (paradigm) selected (e.g. positivism/interpretivism).
3. The paradigm shapes the researcher’s choice of methodology (e.g. grounded theory or ethnographic).
4. The methodology then shapes the methods (e.g. surveys/interviews).

For the purpose of this research investigation a theoretical path has been created (Figure 3.1), which is based on Crotty’s (1998) initial study of hierarchical levels of research. This model defines the philosophical and theoretical assumptions that need to be considered before moving to the next stage of the methodology. The researcher has included “research questions” into the model as this provides guidance and focus within the research process. This is often an important issue which is overlooked by many authors’ theoretical processes, for example, Saunders’s Research Onion (2003) and Crotty’s Hierarchical Levels (1998). Therefore, based on this methodology literature search and to help clarify some of the ambiguity, the researcher has adopted the following research model (Figure 3.1) in order to present the methodology and strategy of this research investigation.

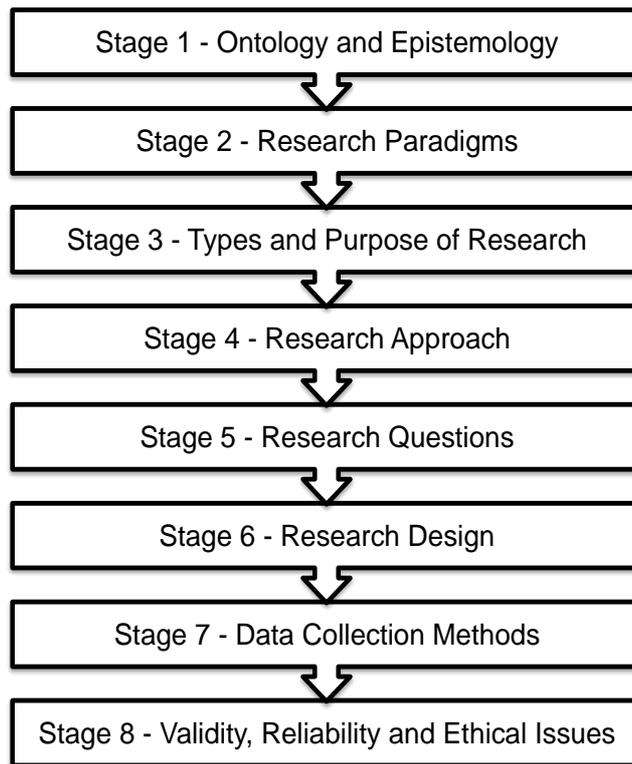


Figure 3.1: Methodological Theoretical Path

3.3 STAGE 1 – Research Philosophy

Easterby-Smith et al. (2002) argue that research philosophy is the most important element of methodology and it sets in motion the journey through the research process. They contend that there are three main reasons to be considered in understanding the philosophical underpinning of research. Firstly, it clarifies and formulates the designs and structure of the research, leading to its techniques for collecting and interpreting the data. Secondly, it guides researchers to make the correct and most suitable methodological decisions, indicating the benefits and limitations of each aspect of the process. Finally, it helps researchers generate new ideas in relation to research design and adapt existing knowledge in accordance to the subject being investigated (Easterby-Smith et al., 2012).

It is important to develop an understanding of both the epistemological and ontological debates before a research framework can be deduced (Flick, 2009; Saunders et al., 2007). This approach encourages the researcher to carefully consider the philosophical position that underpins the research strategy and data collection. Failure to link philosophical issues, such as the relationship between data and theory could have serious consequences upon the quality of the research (Easterby-Smith et al., 2009). Recognising the philosophical position allows researchers to control their research approach, and increase the validity of knowledge produced as well as making the knowledge cumulative (Thietart et al., 2001). According to Saunders et al. (2009) it is a researcher's assumptions about the world, which will inevitably underpin the research strategy and the methods that are adopted. Johnston and Clark (2006) ascertain that business and management researchers need to be aware of the philosophical commitments that are made through the choice of research strategy, since this has significant impact on how the research is conducted and understood. Saunders et al. (2009) agree with this notion, with the importance of the research philosophy being the integral starting point to any research process.

3.3.1 Ontology and Epistemology

Easterby-Smith, et al. (2012) argue that the central debate amongst philosophers concerning research revolves around matters concerning ontology and epistemology. Ontology has been defined as the science or theory of 'being' and asks the questions of how our world is built, "is there a 'real' world 'out there' that is independent of our knowledge of it?" (Marsh and Furlong, 2002:17). Therefore, ontology can be classed as the philosophical assumptions about the nature of reality. This notion of reality can range from a world that is real and independent from our knowledge and upon these foundations life is built or there is no real world, that this world is socially and discursively constructed, dependent from any time or culture (Poetschke, 2003).

Therefore, the distinctions within ontology range from 'realism' through 'internal realism', to 'relativism'. However, some authors such as Easterby-Smith et al. (2012) argue a fourth ontological position exists at the end of the spectrum, known as 'nominalism'. These positions have been depicted in the diagram below (Figure 3.2).

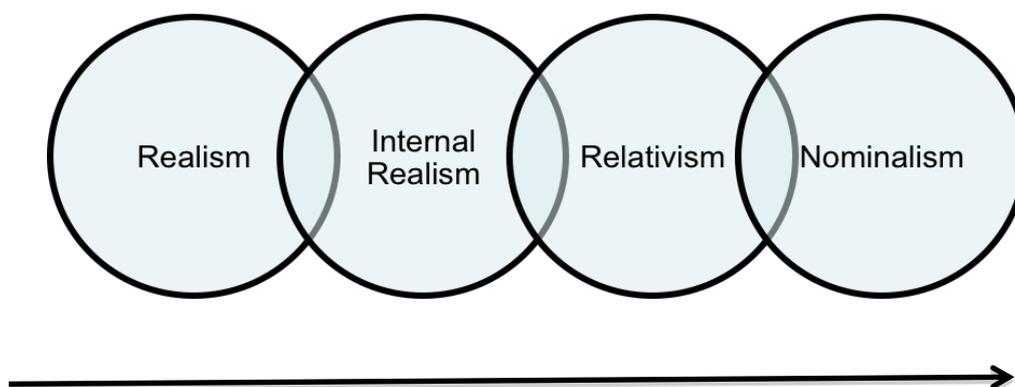


Figure 3.2: Continuum of Ontological Positions (Adapted form Marsh and Furlong, 2002; Easterby-Smith et al., 2012).

Realism is said to be a traditional view, which emphasises that the world is concrete and external of our actions. This position holds that facts exist and can be revealed (Easterby-Smith, et al (2012). Internal realism assumes that there is a single reality, but asserts that it is not possible for researchers to access that reality directly, with it only being possible to gather indirect evidence of what is occurring (Putnam, 1987). The position of relativism identifies that there are many truths, arguing that scientific laws are not simply out there but there to be discovered. This position also ascertains that these truths are determined by the views of the observer. Therefore, the relativist ontology assumes that different observers may have different viewpoints and that what actually counts as truth can vary from time to time and place to place (Collins, 2010). The final stage on the continuum (Figure 3.2) is nominalism, which, O'Leary (2007) defines as the view that abstract concepts have no corresponding realities and do not exist outside the mind. Nominalism can therefore be seen as the opposite to realism, whereas realism refers to the position that there are underlying constructs, such as intelligence and leadership ability that exist in some meaningful way. Nominalism, in contrast, resists what is seen as reification; what are constructs for the realist are for the

nominalist merely convenient labels (Miller and Yang, 2007). Therefore, this viewpoint argues that social reality is no more than the creation of people through language and discourse (Cunliffe, 2001).

Crotty (1998) believes that questions of ontology must be considered alongside epistemology, claiming the two are mutually dependent and difficult to distinguish conceptually when discussing issues related to research. This view is encapsulated when Crotty (1998) argues that to talk about the construction of meaning (epistemology) is to talk of the construction of a meaningful reality (ontology). Epistemology can be defined as “how we know what we know” (Crotty, 1998:8). Similarly Guba and Lincoln, (1998:201) outline it as “the nature of the relationship between the knower or would-be knower and what can be known”. Poetschke (2003) defines it simply as the theory of knowledge whereas Easterby-Smith et al. (2012:18) believe epistemology offers “a general set of assumptions about ways of inquiry into the nature of the world”. These definitions support Crotty’s notion, that although ontology logically precedes epistemology the two must be envisioned together in order to help form the philosophical underpinning of all research projects.

With respect to this research investigation the researcher’s ontological position, based on the analysis above, is that of relativism. This is due to the fact that the world can be interpreted in different ways in an environment that is socially constructed and is not a concrete entity. As ontology is concerned with the nature of reality, epistemology is concerned with the relationship between the researcher and that reality (Easterby-Smith, 2012).

3.4 STAGE 2 – Introduction To Research Paradigms

It is important to note that the term ‘paradigm’ is often used quite loosely in academic research and means different things to different people (Collis and Hussy, 2009). For example, some authors claim epistemology and paradigms are the same, whereas other authors differentiate them. Mertens (2003:139) provides a definition of a paradigm a “worldview, complete with the assumptions that are

associated with that view". More recently however, Morgan (2007:49) referred to paradigms as "systems of beliefs and practices that influence how researchers select both the questions they study and methods that they use to study them". Creswell (2009:6) argues that an individual's paradigm is shaped by their discipline, the beliefs of advisors and faculty in the researcher's area, and past research experiences. As the paradigm is formed on the basis of the ontology of the researcher, the selection of the paradigm forms "the philosophical perspective which in turn informs the methodology, contextualising and grounding the research process in order to utilise appropriate strategy" (Ashworth, 2008:109). Selecting or realising a researcher's paradigm is not straightforward and the paradigm debate refers to the conflict between the competing scientific worldviews of positivism (and its variants, such as post-positivism) and interpretivism or philosophical and methodological issues (Guba and Lincoln, 1998; Teddlie and Tashakkori, 2009). Confusion arises, as many authors group the terms together or use different names and definitions of paradigms. For example, Guba (1990:17) uses the term 'worldview' as the basis of research whereas others use the term 'paradigm' (Lincoln, Lynham and Guba, 2011; Mertens, 2010). Conversely, Crotty (1998) uses ontologies and epistemologies to define the same concepts. This difficulty with terminology is further compounded by Collis and Hussey (2009) who indicate that the term 'paradigm' can be used at three different levels: 1) the philosophical level - where the term reflects basic beliefs about the world - Ontology, 2) the social level - where the term reflects how the researcher should conduct his or her research - Epistemology and 3) the technical level - where the term reflects and specifies the methods and techniques which can be adopted during data collection (Morgan, 1979, cited in Collis and Hussey, 2003).

3.5 Traditional Approaches to Research Paradigms (Positivism and Interpretivism)

Traditional assumptions of research philosophy depict two main paradigms, that of positivism and interpretivism (Collis and Hussey, 2009). The following table (Table 3.1) depicts the key differences between the two philosophies. Following this detailed analysis of the two paradigms is offered. Drawing from the research

conducted by Bryman et al. (2007), Oates (2006) and Collis and Hussey (2009) the following key distinctions can be made of a positivist and interpretivist paradigm.

	Positivism paradigm	Interpretivism paradigm
Ontological orientation (theory of the nature of social entities)	Objectivism – the researcher and reality are separate	Constructivism - the researcher and reality are inseparable
Epistemology	Objective reality exists beyond the human mind	Knowledge of the world is intentionally constituted through a person's lived experience
Principle correlation to the role of theory in relation to research	Deductive (testing of theory)	Inductive (generation of theory)
Type of research methods	Quantitative research	Qualitative research
Sampling requirements	Large numbers selected randomly	Small number of cases
Validity	Certainty: data measures reality	Defensible knowledge
Reliability	Replicability: research results can be reproduced	Interpretive awareness: researchers recognise and address implications of their subjectivity
Table 3.1: Differences between Positivism and Interpretivism. Adapted from Easterby-Smith et al. (2012) and Weber (2004)		

3.5.1 Positivism

Positivism is underpinned by the belief that the reality is independent of individuals and the goal is the discovery of theories based on observation and experimentation (Collis and Hussey, 2009). This philosophical approach assumes that there is a theory out there and that it is the researcher's role to test this theory in order to develop hypotheses or research questions, usually through a quantifiable measurement. Similarly, Saunders et al. (2009) associates positivism with natural science and that as a researcher you would prefer to "work with an

observable social reality where the end product of the research would include law-like generalisations similar to those produced by the physical and natural scientists” (Saunders et al, 2009:113). French philosopher, Auguste Comte (1853:3) ascertained this philosophical viewpoint of positivism by claiming “all good intellects have repeated and there can be no real knowledge but that which is based on observed facts”.

Huczynski and Buchanan (2007:15) have defined positivism as “a perspective which assumes that the properties of the social world can be studied using objective scientific methods”. Kuhn (1962) used the term ‘positivism to describe the progress of scientific discoveries in practice, explaining that science progresses in tiny steps which extend what is already know about a phenomena.

However, the positivism paradigm has been criticised by several researchers as it is considered too rational and offers an ordered belief of the world, as it mainly accepts information that is quantifiable and observable (Huczynski and Buchanan 2007). In Kuhn’s case, some experiments could lead to unexpected and unexplained results, it is this problem, which has led authors and philosophers to search for a new paradigm. Many authors have critiqued positivism; Collis and Hussey (2009) provide the following reasons why the interpretivist paradigm has developed as a response to these restrictions of positivism:

- It is impossible to separate people from the social contexts in which they exist.
- People cannot be understood without examining the perceptions they have of theory and their own activities.
- A highly structured research design imposes constraints on the results and may ignore relevant findings.
- Researchers are not objective, but part of what they observe. They bring their own interests and values to the research. (Collis and Hussey, 2009:56)

3.5.2 Interpretivism

The central theme of interpretivism is that the world is socially constructed and subjective (Remenyi et al., 2005), therefore interpretivism is based on the understanding of human behaviour from the participants' personal point of view and frame of reference (Collis and Hussey, 2003).

Interpretivism can be argued to have developed as a result of critique of the positivist paradigm. Interpretivism is of the stance that the social world of business is very complex and the fact laden theory positivism paradigm is too finite and definite. Farquhar (2012:19) indicates that interpretivism is based on the belief that humans interpret the world that they inhabit and attribute meanings to this world. Arguing further that a researcher is not a detached observer but an active agent in the construction of the world through the specific ideas and themes incorporated in the relevant form of knowledge (Farquhar, 2012:19). This argument is supported by Creswell (2013) who depicts the central theme of interpretivism as the interaction between the investigator and the object of the investigation. Therefore, in contemporary research practice, interpretivism means that there is an acknowledgement that facts and values cannot be separated and that our understanding of these concepts is prejudiced as the individual and the event are inter-joined (Cousin, 2005; Elliott and Lukes, 2008). All participants involved in the research, including the researcher, bring their own unique interpretations and construction of the world to the research process and the researcher is required to be open to the attitudes and values of the participants. According to Mackenzie and Knipe (2006) it is important that the researcher must also try to suspend prior cultural assumptions.

Similar to positivism, interpretivism has its critics, these criticisms have been have been presented by Hammersley (2013),

- Descriptions are too vague or variable to provide a sound basis for comparing the orientations of different people and the characteristics of different situations.

- It does not provide a means of showing that one set of factors, rather than another, plays a key role in bringing about particular outcomes.
- It encourages the study of a small number of cases, thereby failing to provide a platform for broader conclusions.
- It leads to a preoccupation with producing a coherent and newsworthy narrative, rather than with checking the validity of the interpretations produced.
- It presents the standpoint of the researcher, rather than that of the true response provided by the individuals being studied.

Before the researcher's paradigm can be finally established, consideration of more modern approaches to research paradigms needs to be explored. Evidently, there are a series of issues with the traditional paradigms presented in this section. These debates and inconsistencies have led to a series of new formulations of paradigms, based on the two classic opinions. These can now be analysed before the research paradigm of this research investigation is presented.

3.6 Modern Approaches to Research Paradigms (Post-positivism, Realism, Constructivism, Pragmatism)

Methods derived from the natural sciences came to be seen as increasingly unsatisfactory as a basis for social research (Morgan and Smircich, 1980). The result of this spurred a series of philosophical positions and re-direction. According to Tedlie and Tashakkori (2009:63) "the separate visions of human research led by the experimentalists and ethnographers at the end of the 20th century are still present today, though the overall methodological landscape has changed considerably". Therefore, it can be argued that the domination of positivism, followed by the challenges to it, through interpretivism has led to a more diverse community of scholars and a series of new philosophical positions.

Collis and Hussey (2009), acknowledge that there are other approaches within the two main paradigms of positivism and interpretivism. They argue that realism has traits within the positivism paradigm and idealism is located in the interpretivist

paradigm. Many new paradigms have emerged over the years and few researchers now adopt pure forms of the main paradigms (Collis and Hussey, 2009). Therefore, it can be argued that other terms such as hermeneutics, phenomenology and existentialism have characteristics of either the positivism or interpretivism mindset.

As expressed, the paradigm choices available have been referred to as being on a continuum, ranging from 'Positivism' on one end of the scale to 'Interpretivism' on the other (Collis and Hussey, 2003). Maylor and Blackmon (2005) have identified six different paradigms: positivism, realism, critical realism, interpretivism, subjectivism and constructivism. However, Saunders et al. (2009) refer to four: positivism, realism, interpretivism and pragmatism. Easterby-Smith et al., (2008) argues that there are just two distinctions: Positivism and Phenomenology. Elsewhere Collins (2010) identifies three terminologies of paradigm: positivism, interpretivism and realism.

The following analysis identifies the various paradigms available to the researcher and categorises them with the relevant ontology. Having critiqued the two main traditional paradigms the next section explores the key aspects of the four most common modern paradigms: post-positivism, realism, pragmatism and constructivism.

3.6.1 Post-Positivism

Post-positivism developed as a result of dissatisfaction with positivism (Teddlie and Tashakkori, 2009). The term post-positivism is often used as it represents the thinking after positivism and challenges the traditional notion of the absolute truth of knowledge (Phillips and Burbules, 2000). Some authors argue that positivism has simply become post-positivism, while others separate them as two worldviews (Creswell, 2013). Post-positivists hold a deterministic philosophy in which causes determine effects or outcomes. Post-positivist studies are conducted under observation and through measurement, often testing theory in the process.

There are several definitions of post-positivism which generically refer to any paradigm posited as a replacement for positivism (Schwandt, 1997). Also, according to Teddlie and Tashakkori (2009) the fallibility of knowledge was not considered and therefore addresses the issue of verification in that one can never prove a theory or causal proposition. Another difference is that post-positivism considers the value-ladenness of facts and understands that research can be influenced by the values of its investigators.

3.6.2 Realism

Saunders et al. (2009) suggest that business management studies are often a mixture of the two paradigms and reflect the stance known as 'Realism'. This argument is supported by Collis and Hussey (2003) who indicate that few researchers operate within the pure forms of the traditional paradigms. Saunders et al. (2009) state that the researcher's view is objective and the world exists independently of human thoughts and beliefs but interpreted through social conditioning. Therefore, realism is based on the belief that there is a world existing independently of people's knowledge (Sayer, 2000). However, while realism shares with positivism the view that the world is independent of human thoughts and beliefs, it realises that knowledge in social sciences is a product determined by a particular culture, timeframe and situation (Saunders et al., 2003; Robson, 2002). Realism acknowledges that social phenomena are intrinsically meaningful and that it is this meaning, which is required to be understood (Sayer, 2000). The data collection within the realist paradigm can use either quantitative methods or qualitative methods. Therefore, realism can be said to act as a bridge between positivism and interpretivism.

3.6.3 Pragmatism

Pragmatism has been described by Creswell (2007) as an 'umbrella' and acts as a guide or a philosophy within which a mixed methods approach is suitable to conduct the research. Unlike realism, pragmatists believe that reality is constantly

changing and that we learn best through applying our experiences and thoughts to problems, as they arise. Saunders et al. (2009) argue that within pragmatism both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Pragmatism has been hailed as the foundation of mixed methods and, depending on the nature of the research, it can be adopted to yield better outcomes. Saunders et al (2009) ascertain that values play a large role in interpreting pragmatism results with the researcher adopting both a subjective and objective points of view. According to Powell (2001), to a pragmatist, the mandate of science is not to find truth or reality, the existence of which are perpetually in dispute, but to facilitate human problem-solving and to gain the kind of understanding which is necessary to deal with problems as they arise. Shields (1998) indicates that pragmatism is the paradigm of common sense and that it uses purposeful human inquiry as a focal point. One of the positives, therefore of pragmatism is that actions are assessed in light of practical consequences. Finally, pragmatism has been hailed as the best paradigm for justifying the use of mixed methods research (Tashakkori and Teddlie, 1998; Teddlie and Tashakkori, 2003).

3.6.4 Constructivism

According to Crotty (1998), constructivism is far removed from objectivism in the positivist stance and in some areas it seems to have replaced positivism as the dominant paradigm. Interpretivism and constructivism are related approaches to research that are characteristic of particular philosophical worldviews (Schwandt, 1997). Although the two approaches are similar, Guba and Lincoln (1998), argue that ontologically speaking, there are multiple realities or multiple truths based on one's construction of reality and how that reality is socially constructed. This results in a constantly changing construction of reality. Therefore, constructivism claims that human beings construct meanings, as they engage with the world they are interpreting (Crotty, 1998). However, in many instances authors use the terms constructivism and interpretivism interchangeably.

3.7 Selection of Research Paradigm

As explored above, there is some confusion within the literature of paradigms with several terms being used to mean similar things. Some authors indicate there are several paradigms (Saunders et al., 2009; Bryman et al., 2007) including, realism, constructivism and pragmatism. Others, such as Collis and Hussey (2009) maintain that there are just the two main paradigms and have developed a continuum for researchers to position themselves based on their research philosophy. However, having assessed both the traditional and modern paradigms, the researcher believes that his worldview is mostly based towards interpretivism of the traditional paradigms.

In regards to the more modern paradigms, the researcher's paradigm is that of a pragmatist view. There are some important reasons for this choice. Firstly, the researcher does not believe that his personal paradigm is fully positivist or interpretivist and therefore pragmatism was selected as it offers components of both. Also, pragmatism is the most suitable paradigm to explore and explain events in real life, in a practical setting, taking into account social constructs. As this thesis considers ethics and codes of conduct in organisations, pragmatism offers this practical element as the researcher attempts to explore ever-changing organisational situations. It was expected that by having a pragmatist viewpoint the results would be more valid and eliminate the faults of other paradigms, offering triangulation throughout. It was believed that this paradigm presented the option to select qualitative, quantitative or a mixed methods approach to data collection.

3.8 STAGE 3 – Research Type and Methodologies

Having explored research philosophy and the various paradigms that form the basis of the research it is important to identify the purpose and type of research being undertaken. Some authors categorise methodologies in conjunction with a specific research philosophy such as Collis and Hussey (2009) who state that

experimental surveys, for example, are positivist whereas action research and hermeneutics are interpretivist. Hartley (1994) however, argues that research methodologies do not, by themselves, belong exclusively to any one paradigm. Hartley (1994), further ascertains, that it is how the methodologies are used and how the data is then collected and interpreted that determines their association with a paradigm. The type of the research is analysed in the next section. Following this, the different methodologies are explored prior to the selection of an appropriate methodology for this research investigation.

3.8.1 Types of Research – Exploratory, Descriptive and Explanatory Studies

Exploratory studies are undertaken when little is known about a situation or that no information is available on how similar problems or research issues have been solved in the past (Sekaran and Bougie, 2010). Robson (2002) agrees, arguing they seek new insights and assess phenomena in a new light. Saunders et al. (2009) believe exploratory studies are useful when seeking to clarify our understanding of a problem or when the researcher is unsure of the precise nature of the problem. In order to successfully complete an exploratory study extensive preliminary work needs to be completed to gain familiarity with the phenomena in question (Sekaran and Bougie, 2010). “The objective of descriptive research is to portray an accurate profile of persons, events or situations” (Robson, 2002:59). Saunders et al. (2009) argue that a descriptive study can act as a pre-requisite or follow on from an exploratory study. Therefore, it is crucial to have an understanding of the phenomena before the data is collected (Sekaran and Bougie, 2010). Descriptive studies are also undertaken in order to explain specific characteristics in organisations.

The term explanatory research implies that the research in question is intended to be explained, rather than simply described. This type of research usually adopts a quantitative approach, however this has been contested in qualitative inquiry, and divergent views of the appropriateness of such approaches are currently held (Maxwell and Mittapalli, 2008). Overall, explanatory studies establish causal relationships between variables where the emphasis is on studying a situation or

problem with the view to explain the relationship between variables. It could be argued that this study incorporates elements of all three types explored above.

With respect to the main topic of research in this investigation, ethical codes of conduct in SMEs, initially this study starts as exploratory in order to understand the topic further, as the literature review concluded that there is a limited knowledge of codes of conduct in SMEs due to a lack of empirical research being conducted within this domain. From this, the study needs to take a more explanatory stance, as the research will seek to explain in detail these phenomena in SMEs and theory build.

3.8.2 Research Methodologies

The researcher considered many different methodologies before selecting the most suitable approach for this research investigation. These included Experimental, Case Study, Grounded, Ethnography, Archival, Action Research and Hermeneutics etc. The following is a brief discussion on the main methodologies, which were considered not suitable, followed by the justification of the selected methodology.

Experimental Research was considered not suitable for this investigation, as the research does not sit within the positivist paradigm. Ethnography was not adopted for this study, as there was a concern that the researcher may inadvertently interfere with the everyday workings of organisations, which may affect the results. Also, with this mind, as this research is based on ethics and values, participants may act unnaturally within their natural setting. Archival Research was not suitable as this research is attempting to explore a new phenomenon, which would not occur by analysing secondary data. Similarly, this is the same reason why hermeneutics was rejected, as there is little documented literature about codes of conduct in SMEs. Action Research was considered inappropriate as it entailed the researcher participating the study under investigation. Case Study methodology was also contemplated; however, due to the infancy of codes of conduct in SMEs it was decided that the results from a small number of cases would not be sufficient in adequately exploring the subject.

The following discussion identifies the selection of Grounded Research as the appropriate methodology for this research investigation. Grounded Research has been defined as, a set of systematic inductive methods for conducting research aimed toward the development of theory (Charmaz, 2006). It is based on the identification of concepts and abstract themes that derive from the data collection. These themes enable the researcher in the development of data generation or grounding. According to Collis and Hussey (2009) Grounded Research was developed as a response to the criticism to positivist studies that start with a theoretical framework and test aforementioned hypothesis. Their argument was, that important data might be ignored because it did not contribute to the hypothesis, although it might be valuable data. In practice, Silverman (1993:46) discusses the key features of 'grounded theory' stating that it has three stages:

1. An initial attempt to develop categories that illuminate the data.
2. An attempt to 'saturate' these categories with many appropriate cases in order to demonstrate theory importance.
3. Develop these categories into more general analytical frameworks with relevance outside of the setting.

Therefore, Grounded Research is the most appropriate methodology for this research investigation as it allows the researcher to formulate common themes from a vast array of data within the subject area, presenting them in a way that helps formulate new conceptual theories.

3.9 STAGE 4 – Research Approach (Deductive and Inductive)

According to Jankowicz (2000) and Maylor and Blackmon (2005) the approach to research is crucial and determined upon the aims and objectives of the study. Saunders (2007) identifies that there are two main research approaches that could be adopted, firstly, the deductive approach, which is where the researcher develops a theory and/or hypothesis and then designs a suitable methodology to

test. Secondly, the inductive approach is where data is collected and analysed, resulting in the development of a theory and/or hypothesis. Maylor and Blackmon (2005) argue that research, which has been deemed to be inductive, has the aim to generate theory from the data by looking for patterns.

The major differences between deductive and inductive approaches to research are outlined below (Table 3.2)

Deductive Approach	Inductive Approach
Scientific principles	Gaining an understanding of the meaning humans attach to events
Moving from theory to data	A closer understanding of the research context
The need to explain causal relationships among variables	A more flexible structure to permit changes of research emphasis as the research progresses
The collection of quantitative data	The collection of qualitative data
The application of controls to ensure the validity of data	A realisation that the researcher is part of the research being undertaken.
The operationalism of concepts to ensure clarity of definition	Less concern with the need to generalise.
A highly structured approach	
Researcher is independent of what is being researched	
The necessity to select samples of a sufficient size in order to generate a conclusion	
Table 3.2: Major differences between Deductive and Inductive approaches. Adapted from Saunders et al. (2009).	

Inductive modes of analysis are more effective when the subject is new, or when its relevance has not yet been fully established. Antonis (2013:13) suggests induction is more suitable when a topic requires a level of maturity, which has not yet been achieved, arguing “induction corresponds to the stage of discovery, of changes of paradigms, and of understanding of a new subject”. However, deductive modes are more suitable for formalised topics, which have reached maturity and are more effective in establishing a logical order between concepts, ideas and overall theories. Antonis (2013) argues that inductive modes of

reasoning are a pre-requisite in order to develop an intuitive understanding of the key concepts. This can then be followed by deductive modes of reasoning to establish proofs and test hypotheses and research questions.

Collis and Hussey (2009) suggest that while it is valuable to have a specific approach to research, being either deductive or inductive, researchers should not feel completely restrained to one and can move between the two. According to Ali and Birley (1999) deduction and induction are two extremes on a continuum which researchers position themselves, thereby not restricting themselves fully to one approach. Creswell (2012) and Sekaran and Bougie (2013) believe that adopting a combination of approaches within one study has its benefits. Therefore, based on the aims and objectives of this research investigation, an inductive approach was adopted. As the topic of 'codes of conduct in SMEs' can be classed as fact-finding and having not reached a level of maturity, the main investigation adopts a more inductive approach overall.

3.10 STAGE 5 – Design of Research Questions

A research question is generally defined as a specific question that the research is designed to investigate and attempt to answer or provide new information (Collis and Hussey, 2009). According to Saunders et al. (2009:134)

Identifying and formulating the research problem is a critical step in the process of developing a research foundation. It is essential that the appropriate level of theoretical examination is developed in the context of the research problem

Collis and Hussey (2009) have put forward a model for the formulation of research questions (Figure 3.3). However, not all authors are in accordance as to the order of the stages presented in the figure with debate of when the literature review occurs, whether before or after the formulation of research questions.

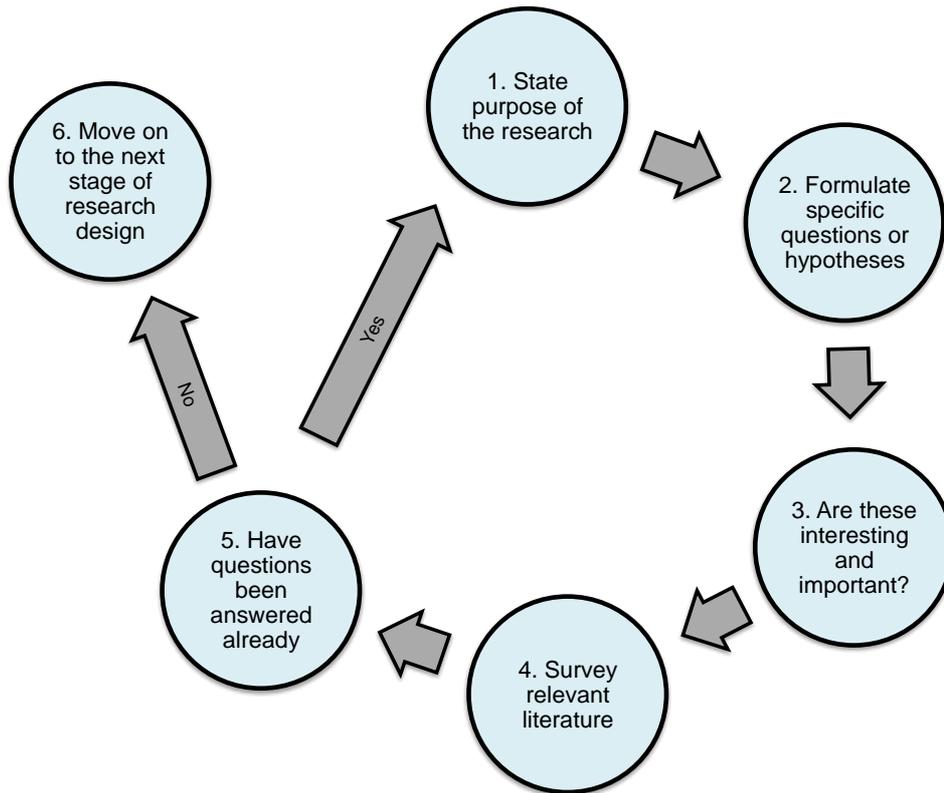


Figure 3.3: Identifying Research Questions Model – Adapted from Collis and Hussey, 2009:119.

According to Collis and Hussey (2009) research that is more qualitative based should have a central question or hypothesis, which is supported by a series of associated sub-questions. When discussing the formulation of qualitative research questions Creswell (2013) ascertains that the questions should open with words such as ‘how’ or ‘why’ as this will convey an open and emerging design.

Conversely, quantitative research questions offer predictors to the outcome of the research and are direct, (Collis and Hussey, 2009). Mixed method research questions have come into prominence in the last five years (Creswell and Plano Clark, 2011). Tashakkori and Creswell (2007:208) call mixed methods research questions as hybrid or integrated questions, or questions that emerge as a result of conducting both qualitative and quantitative research.

The following research questions evolved throughout the process of this research investigation. They were formulated on the basis of the eleven literature review themes and the overall aims and objectives of the research.

1. To what extent are ethical codes of conduct prevalent in SMEs and what has shaped their initiation?
2. What approaches do SMEs adopt in order to develop and incorporate ethical codes of conduct throughout the hierarchical levels of their organisations?
3. To what degree do SMEs monitor the effectiveness of their ethical codes of conduct?
4. Is it feasible to identify the level of engagement of ethical codes of conduct in SMEs?
5. Based on the literature review themes and the research investigation, are there emergent outcomes that are specifically related to ethical codes of conduct in the SME context?

Figure 3.4, highlights the relationships and associations between the research questions, literature review themes and the aims and objective's of the research. Due to the nature of this study and the lack of literature about ethical codes of conduct in SMEs, some of the research questions were devised when the literature review was completed, however others were not confirmed until during the research process and data collection phase. Research questions 1-3 were developed as a result of the literature themes, whereas 4 and 5 emerged throughout the research process. The research questions in Figure 3.4 are presented in five specific colours; these colours act as a key to illustrate the association of these research questions to the themes and aims of the research. The coloured stars in the themes and aims columns correspond to the research questions with which they are colour related.

While the first three research questions are linked to specific literature review themes and aims (Figure 3.4), 4 and 5 were created with attention of all the literature review aims.

Themes	Research Questions	Aims/Objectives
1 – Values and Ethics of the Organisation 	1 – To what extent are ethical codes of conduct prevalent in SMEs and what has shaped their initiation?	a. To establish what constitutes an ethical code of conduct, according to the interpretation of SME owner-managers. 
2 – Role of Leadership 	2 – What approaches do SMEs adopt in order to develop and incorporate ethical codes of conduct throughout the hierarchical levels of their organisations?	b. To investigate the use and prevalence of ethical codes of conduct in SMEs and to establish the feasibility of categorising organisations based on their approach to ethics. 
3 – Prevalence of Code of Conduct 	3 – To what degree do SMEs monitor the effectiveness of their ethical codes of conduct?	c. To explore the motives that underpin the introduction of ethical codes of conduct in SMEs and how they are perceived at the different levels of the organisation. 
4 – Purpose of Code of Conduct 	4 – Is it feasible to identify the level of engagement of ethical codes of conduct in SMEs?	d. To evaluate the communication strategies adopted by SMEs and the way in which ethical codes of conduct are implemented into the day-to-day operations of the organisation. 
5 – Creation of Code of Conduct 	5 – Based on the literature review themes and the research investigation, are there emergent outcomes that are specifically related to ethical codes of conduct in the SME context?	e. To research the impact, influence and role of the organisational leader in the adoption of codes of conduct. 
6 – Content of Code of Conduct 		f. To investigate the use of any forms of measurement of ethical business practices initiated by SMEs. 
7 – Implementation of the Code of Conduct 		
8 – Communication of the Code of Conduct 		
9 – Auditing and Measurement 		
10 – Effectiveness of Code of Conduct 		
11 – Future of Codes of Conduct 		

Figure 3.4: Development of Research Questions Diagram

3.11 Previous Research Methodologies used in Codes of Conduct Studies

It is important to consider previous studies that have conducted business ethics and CSR research and more specifically, studies on codes of conduct. Overall, authors looking for explanations of CSR have employed a variety of methodological approaches to conduct their research, for example, case studies were adopted by Moore, Slack and Gibbon (2008) and Preuss and Perschke (2010), interviews were used in studies by Luring and Thomsen (2009), surveys by Tencati, Perrini and Pogutz (2004). Other approaches have included experimental research designs (Sen and Bhattacharya, 2001) longitudinal studies (Mahoney and Thorne, 2013) and theoretical investigations (Parisi and Hockerts,

2008). However, according to Aguinis and Glavas (2012) up to 57% of articles use content analysis as a methodological tool.

More specifically, research conducted in the field of ethical codes of conduct has adopted various techniques of data collection. Halff (2009) adopted content analysis to discuss attributes and similarities between company codes of conduct. Schwartz (2004) argues that surveys are the most suitable methodological tool for examining codes of conduct. McKinney et al. (2010) however, discuss the use of interviews and laboratory experiments. Overall, when comparing codes of conduct research, surveys and interviews are the most used methodology deemed to find successful results to research questions, however in-depth interview analysis is missing from the field (Adams et al., 2001).

3.12 STAGE 6 – Research Design

Having explored research philosophy, approaches to research and the formulation of research questions, it is now possible to construct the research design appropriate to this research investigation. Research design has been defined by Saunders et al. (2012:159) as,

A general plan of how you will go about answering your research question(s). Research design specifies the sources from which researchers intend to collect data, how they propose to collect and analyse these, as well as discuss ethical issues and the constraints that will inevitably be encountered.

Ridenour and Newman (2008) stress the importance of coherence in research design and represent the research process as an interactive continuum. It can be argued that this journey begins with the selection of quantitative or qualitative data collection strategies and methods. Bryman and Bell (2007) explain quantitative research as the collection and analysis of data and that it embodies a view of social reality as an external and objective reality in contrast to qualitative research, which emphasises the use of words and the ways individuals, interpret their social world. It can be argued that there are four areas of distinction that can be

considered when comparing and contrasting quantitative and qualitative research. These have been classified as: 1) the theory-research relationship, 2) the physical data collection, 3) the data analysis and 4) the production of results (Corbetta, 2003). However, according to Silverman (2013), research questions are the starting point, which helps make the decision of whether quantitative or qualitative design is the most suitable and therefore should not be pre-determined. However, Silverman (2013) indicates that it is important to remember that no method of research, quantitative or qualitative, is intrinsically better than another. Using the four areas of distinction, put forward by Corbetta (2003) quantitative and qualitative approaches can now be compared and contrasted.

1. Theory-Research Relationship - Quantitative research generally takes its form from a deductive approach in that often a theory is tested and where theory precedes observation. Conversely, qualitative research generally takes its approach from induction, where theory emerges from observation and the research. Similarly, quantitative research is often referred to as being more associated with the positivist paradigm (Chisnall, 2011). Hughes (2006) asserts that qualitative research is grounded in the philosophical position classed as interpretivism or phenomenology as it addresses the manner in which the social world is interpreted, understood, experienced and produced. Punch (2008:328) argues “the only research technique that is capable to identify and handle complex interplay of emotions and attitude of people in a communal setting is the qualitative technique”. Qualitative is therefore open and interactive where the researcher has an empathetic identification with the perspectives of the subjects (Corbetta, 2003). Conversely, quantitative is usually structured, logical and developed in sequential phases where the researcher is detached from what is being studied (Punch, 2008).

2. Physical Data Collection - The research design of quantitative studies often includes structured and closed questions designed before research is collected, often presented in surveys or questionnaires. Whereas, qualitative studies are unstructured and open, constructed during the course of the research. Quantitative techniques, such as surveys, are used to collate the opinions of a larger sample group than would be able to be reached by qualitative tools, such as

interviews or focus groups (Lemanski and Overton, 2011). Consequently, in regards to sampling, quantitative data collection usually includes a statistically representative sample compared to qualitative research where a single case is often adopted which is not statistically representative (Corbetta, 2003).

3. Data Analysis – According to Gorrard (2006) there is a belief that statistical analysis is a technical and objective process of decision making, whereas other forms of data analysis are judgment and subjective based. It is these assumptions that underlie the categorisation of methods into separate paradigms. Although this is traditionally accepted, certain data collection methods are not always exclusive to one paradigm. The aim of analysis of quantitative studies can be said to explain variation in variables often through the use of mathematical and statistical techniques. Conversely, the data analysis of qualitative studies aims to understand the subjects, presenting the data through techniques other than mathematical statistics (Corbetta, 2003).

4. Production of Results - It is usual to expect the production of results for quantitative studies to offer generalisability and be presented in tables and graphs showing patterns and correlations. Qualitative studies are often more specific as they focus more on a particular case or example. Excerpts and transcripts of interviews and narratives are often presented and classifications and typologies are often produced as a result (Bernard, 2013).

3.12.1 Mixed Method Approach

It has been argued that qualitative and quantitative approaches should not be viewed as polar opposites or dichotomies: instead, they represent different ends of the continuum (Newman and Beiz, 1998). Mason (2002) argues that a mixed or multiple method approach yields complimentary results and offers a deeper understanding of the phenomenon being studied. This argument is supported by Silverman (2013) who ascertains that a fuller picture is provided, with the multiple methods acting as a tool to attain as many different viewpoints and aspects of the topic as possible. Jack and Raturi, (2006:345) corroborate this depiction stating,

“complimentary methods are deployed under the assumption that weaknesses inherent in one approach will be counterbalanced via the strengths in another”. Overall, there is an increasing acceptance that a combination of approaches yields considerable advantages (Bryman and Bell, 2006). Recognising that all methods have limitations, bias inherent to any single method can be neutralised or cancelled by other methods (Creswell, 2009).

There are numerous different scenarios for combining and mixing both qualitative and quantitative research methods that have been put forward by authors such as Teddlie and Tashakkori, (2009); Ridenour and Newman, (2008); Leech and Onwuegbuzie, (2009); Nastasi et al. (2010). Fully integrated mixed methods research refers to the mixing of qualitative and quantitative methodologies during data collection as well as analysis (Nastasi et al., 2010). A typology-based approach to mixed methods design underscores the classification of useful mixed methods designs and the selection and adaptation of a particular design to a study’s purpose and questions. A summary of potential mixed methods typologies has been presented below in Table 3.3. This table has been adapted based on the analysis by Creswell et al. (2003) and highlights the potential sequences available, demonstrating the areas in which other academic studies have been completed.

Author	Field	Mixed Methods Strategies
Tashakkori and Teddlie (1998)	Education research	Mixed method designs 1. Confirmatory, quantitative data, statistical analysis, and inference 2. Confirmatory, qualitative data, qualitative analysis, and inference 3. Exploratory, quantitative data, statistical analysis, and inference 4. Exploratory, qualitative data, statistical analysis, and inference 5. Confirmatory, quantitative data, qualitative analysis, and inference 6. Exploratory, quantitative data, qualitative analysis, and inference 7. Parallel mixed model 8. Sequential mixed model
Steckler, McLeroy, Goodman, Bird, and McCormick (1992)	Public health education	Model 1: Qualitative methods to develop quantitative measures Model 2: Qualitative methods to explain quantitative findings Model 3: Quantitative methods to embellish qualitative findings Model 4: Qualitative and quantitative methods used equally and parallel
Morgan (1998)	Health research	Complementary designs 1. Qualitative preliminary, Quantitative follow-up 2. Quantitative preliminary, Qualitative follow-up
Creswell, Plano Clark, Gutmann, and Hanson (2003)	Educational Research	Sequential explanatory Sequential exploratory Sequential transformative Concurrent triangulation Concurrent nested Concurrent transformative
Greene (2007)	Evaluation	Component designs: Iteration Blending Nesting or embedding Mixing for reasons of substance or values
Teddlie & Tashakkori (2009)	Educational research	Parallel mixed designs Sequential mixed designs Conversion mixed designs Multilevel mixed designs Fully integrated mixed designs
Table 3.3: Typology of Mixed Methods. Adapted from Creswell, Plano Clark, et al. (2003)		

Table 3.3: Typology of Mixed Methods

Within the table presented above (Table 3.3), debate exists as to when and how the mixing of methodologies should be conducted, ranging from using mixed methods in parallel (concurrently) or through a double-phase research design (sequentially). This is where the use of either a quantitative or qualitative method will be used to inform and direct the other (Saunders, et al., 2012). Greene (2007) contends that the exact nature of the interaction and iteration of the research being undertaken will shape the way in which the mixing of methods are selected.

Maxwell and Loomis (2003) believe that an interactive, systems-based approach to mixed methods design is important, arguing that the researcher should deliberate five interconnected components when designing a mixed methods study. These five mechanisms include: 1) the study's purposes, 2) the conceptual framework, 3) the research questions, 4) the methods, and 5) validity considerations. Hall and Howard (2008) have presented a dynamic approach to mixed methods design,

which they called the ‘synergistic approach’. They suggest that a synergistic approach provides a way to combine a typological approach with a systemic approach. In a synergistic approach, two or more options interact so that their combined effect is greater than the sum of the individual parts. Translated into mixed methods, this means that the sum of quantitative and qualitative research is greater than either approach alone.

Various authors have indicated the importance of defending the use of mixed methods when conducting research (Bryman and Bell, 2006; Greene, et al. 1989; Creswell, 2009). Creswell (2009:61) argues that researchers should be explicit about the reasons for mixing methods, “combining methods is challenging and should only be undertaken when there is a specific reason to do so”. Bryman and Bell (2006) have created a useable framework that can be considered when designing a mixed methodology. Bryman and Bell (2006:106) have presented sixteen reasons (Table 3.4) as to why mixed methods can be adopted, indicating some of these may become more apparent throughout the actual collection of data.

1	Triangulation or greater validity refers to the traditional view that quantitative and qualitative research might be combined to triangulate findings in order that they may be mutually corroborated.
2	Offset refers to the suggestion that the research methods associated with both quantitative and qualitative research have their own strengths and weaknesses so that combining them allows the researcher to offset their weaknesses to draw on the strengths of both.
3	Completeness refers to the notion that the researcher can bring together a more comprehensive account of the area of inquiry in which he or she is interested if both quantitative and qualitative research are employed.
4	Process refers to when quantitative research provides an account of structures in social life but qualitative research provides sense of process.
5	Different research questions refers to the argument that quantitative and qualitative research can each answer different research questions.
6	Explanation refers to when one is used to help explain findings generated by the other.
7	Unexpected results refers to the suggestion that quantitative and qualitative research can be fruitfully combined when one generates surprising results that can be understood by employing the other.
8	Instrument development refers to contexts in which qualitative research is employed to develop questionnaire and scale items—for example, so that better wording or more comprehensive closed answers can be generated.
9	Sampling refers to situations in which one approach is used to facilitate the sampling of respondents or cases.
10	Credibility refers to suggestions that employing both approaches enhances the integrity of findings.
11	Context refers to cases in which the combination is rationalized in terms of qualitative research providing contextual understanding coupled with either generalizable, externally valid findings or broad relationships among variables uncovered through a survey.
12	Illustration refers to the use of qualitative data to illustrate quantitative findings, often referred to as putting “meat on the bones” of “dry” quantitative findings.
13	Utility or improving the usefulness of findings refers to a suggestion, which is more likely to be prominent among articles with an applied focus, that combining the two approaches will be more useful to practitioners and others.
14	Confirm and discover refers to using qualitative data to generate hypotheses and using quantitative research to test them within a single project.
15	Diversity of views includes two slightly different rationales—namely, combining researchers’ and participants’ perspectives through quantitative and qualitative research respectively and uncovering relationships between variables through quantitative research while also revealing meanings among research participants through qualitative research.
16	Enhancement or building upon quantitative and qualitative findings entails a reference to making more of or augmenting either quantitative or qualitative findings by gathering data using a qualitative or quantitative research approach.

Table 3.4: Reasons for Mixing Methods

Creswell (2009) has indicated there are three ways in which mixing methods can take place: merging the two datasets by bringing them together, connecting the two datasets by having one build on the other, or embedding one dataset within the other ensuring one type of data provides a supportive role for the other dataset (Figure 3.5).

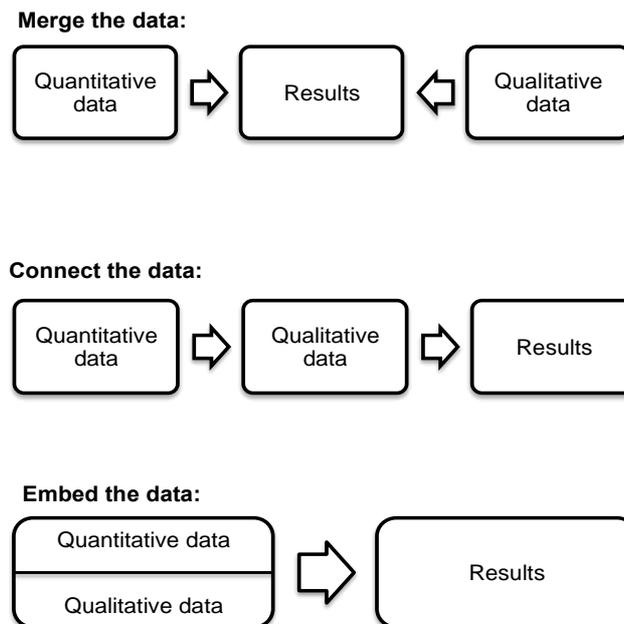


Figure 3.5: Three Ways of Mixing Quantitative and Qualitative Data

In order to choose the most suitable mixed method approach, as illustrated above, Creswell (2009) indicates four key decisions need to be made: (1) the level of interaction between both strands, (2) the relative priority of the strands, (3) the timing of the strands, and (4) the procedures for mixing the strands. Greene (2007) argues that the level of interaction between the two strands is the most important of the four decisions, offering two distinct classifications: independence or interaction. Independent mixed methods is where the researcher keeps the research questions, methods and analysis completely separate, drawing overall conclusions between the two. Whereas interactive mixed methods is where the two methods are mixed throughout the study, with one strand offering support and data to inform the other.

According to Creswell and Plano-Clark (2007) sequential mixed methods research involves more than one phase of data collection where one method is followed by

a second method in order to expand and elaborate on the initial set of findings. A sequential mixed methods approach is therefore emergent and it is usual that the second selected method will be the more dominant, as it has been informed by the first (Creswell and Plano-Clark, 2007). However, according to Saunders (2012), the direction of the research in an emergent design may determine the particular use and relative priority of each method as the research process unfolds and develops. On the basis of this analysis of sequential models, the approach undertaken for this research work is that of the second option (connecting the data) presented by Creswell (2009), in Figure 3.5, which is based on an explanatory approach, whereby the quantitative outcomes inform the qualitative strand.

3.12.2 Explanatory Sequential Model Design

The overall purpose of an 'explanatory sequential model' is to use a qualitative strand to explain and analyse initial quantitative results (Creswell, et al. 2003). This definition is supported by Bradley et al. (2009) and Morse (1991), who explain that this design is suitable when the researcher requires qualitative data to explain significant quantitative results or surprising results. Creswell (2009) promoted reasons for adopting this design, these include: when the researcher has the ability to return to participants for a second round of data collection, when the researcher has enough time to conduct the research in two parts and when the researcher can develop new questions based on the quantitative results, where they can not be answered with quantitative data.

By adopting a sequential mixed methods approach, triangulation can be obtained. Jick (1979:603) defines triangulation as, "the assumption of how multiple and independent measures (or other data) provide a more 'certain portrayal' of the phenomenon that is being studied". Authors argue that triangulation can, by gathering data from different sources, capture a more complete, holistic and contextual portrayal of the units under study (Jick, 1979; Farquhar, 2012). The most persuasive evidence comes through a triangulation of measurement processes. However Denzin (1978) characterises four distinct ways triangulation can occur:

- Data triangulation – involving the use of a variety of data sources in the study.
- Methodological triangulation – involving the use of multiple methods to study a single problem.
- Investigator triangulation – involving the use of more than one researcher.
- Theory triangulation – the use of multiple perspectives to interpret a single set of data.

An assessment of the benefits and constraints of adopting a mixed methods approach is important. It can be argued that the major weakness of quantitative research is that it fails to offer an understanding of the context or setting in which people operate and engage. Also, the voices of participants are not directly heard in quantitative research (Ridenour and Newman, 2008). Further, quantitative researchers are often in the background, and their own personal biases and interpretations are seldom discussed. However, qualitative research counters against some of these weaknesses (Creswell, 2013).

Conversely, qualitative research is seen as incomplete, as personal interpretations, made by the researcher include personal bias. There is often a problem with the difficulty in generalising findings from a small limited number of participants and apply the sample to a larger group or population (Patton, 1990). Creswell (2009) argues that mixed methods is able to solve research questions that cannot be fully explored by the one approach. Therefore, adopting a mixed methods approach can yield complimentary results that can offer a more complete response to the research questions and a greater understanding of the phenomenon (Mason, 2002). Overall, mixed methods can be seen to connect the strengths and non-overlapping weaknesses of the quantitative method (large sample size, trends, generalisation) with those of qualitative methods (small sample, details, in depth) (Patton, 1990).

The above framework (Table 3.4), provides guidance in assessing whether mixed methods is the most suitable approach for conducting specific research. Although all sixteen items do not have to be included in the rationale for adoption, the framework demonstrates how mixed methods can enhance a study through triangulation, which seeks convergence, corroboration, and correspondence of

results from the different methods (Greene, et al 1989). Further, it suggests that the two approaches work together and offset the negative aspects of each method. Also the inclusion of multiple research questions often requires a series of approaches to solve or explain the phenomena in question (Mason, 2002). Issues of completeness, credibility and context are also included within the model and are used as examples to defined the choice of mixed methods. Finally, it is common in mixed methods that the sample is facilitated by the first method to create the sample in the second method.

3.12.3 Cross-sectional and Longitudinal Studies

Saunders et al (2012), discuss that the time horizon is a question to be considered when designing research, emphasising the two options, cross-sectional or longitudinal. Cross-sectional offers a 'snapshot' of a particular phenomenon in a specific timeframe whereas a longitudinal study is a longer-term study. Saunders et al (2012) argue that cross-sectional research often adopts a quantitative method to collect data usually through a survey. Easterby-Smith et al. (2012) argue cross-sectional designs generally belong to positivist positions. Collis and Hussey (2009:77) contend that cross-sectional studies are designed to obtain research data in different contexts, but over the same period of time. Positive aspects include the relative little cost associated with cross-sectional studies and the fact that all the data is collected simultaneously at one specific time. One of the main issues associated with cross-sectional studies include the difficulty in selecting a sample, which is large enough to be representative of the population. A second drawback is how to isolate the phenomena under study from all other factors that could influence the correlation. A third issue is that cross-sectional studies do not explain why a correlation exists; only that it does or does not exist (Collis and Hussey, 2009).

A longitudinal study explores changes and developments over a period of time with a view to explore dynamics. Adams and Schvaneveldt (1991) propose that by observing people or events over time, the researcher has the opportunity to exercise some control over the variables being studied. Collis and Hussey (2009)

report that repeated observations can be taken with the view to reveal the relative stability of the phenomena under study. Negative aspects of longitudinal studies, include high cost and time restrictions. The main issue, involving longitudinal studies is the fact that subjects may wish to withdraw over the period of the study.

3.12.4 Research Design Aspects of this Research Investigation

Based on the criteria in Bryman and Bell's (2006) Typology for Mixing Methods (Table 3.4) and Creswell et al. (2003) model in Figure 3.3 the 'Explanatory Sequential Model' was considered the most suitable for this research investigation. Therefore, quantitative data was collected, followed by qualitative. This was valid for the initial exploratory nature of this study, followed by the qualitative strand, which confirms, expands and explains the phenomenon. The chosen approach also ensured that the data from one strand was connected to the second. It can be contended that this sequential, connected design, adopted in this study ensured 'methodological triangulation' (Denzin, 1978) by directly comparing and contrasting quantitative statistical results with qualitative findings for corroboration and validation purposes (Creswell, 2007). The results of the two approaches were then converged in the analysis in order "to obtain different but complimentary data on the same topic" (Morse, 1991:122). Webb et al. (2000:3), argues "Once a proposition has been confirmed by two or more independent measurement processes, the uncertainty of its interpretation is greatly reduced".

During this research, triangulation was achieved by adopting the first two approaches suggested by Denzin (1978), as not only does one type of data collection method inform the other, but also different data sources were used to solve the research questions. As this research investigation explored ethical codes of conduct, in many SMEs across different sectors, a cross-sectional study was the most suitable approach and was therefore adopted. This decision was also based on the overall aims and objectives, and research questions. Therefore, both strands of the explanatory sequential model were cross-sectional. However, considerations of the negative aspects associated with cross-sectional studies were reviewed when designing and collecting the data.

In relation to the timing, based on the formation of this research the first element of the study was conducted six months before the second stage of data collection. This meant that information collected from the first dataset could be carefully analysed and evaluated in order to inform and design the second data set. Therefore, the results from the first strand of data collection shaped the design and collection of data in the second strand by helping to redress the research questions, selecting participants, and developing data collection protocols (Creswell, 2009). However, connecting the data was also conducted during the analysis of the research as both quantitative and qualitative strands were considered alongside each other to draw overall conclusions.

3.13 STAGE 7 – Data Collection Methods

Scott (1965) stated that throughout history there have been a plethora of data collection methods. Evidence in the literature today suggests there is vast array of methods for generating data (Denzin and Lincoln, 2003). Scott (1965:265) states,

No-one of these approaches or methods (of data collection) is inherently superior to another... it is the nature of the phenomena under investigation and the objectives of the study which must determine what approaches are taken and what materials are gathered by what methods.

Historically and for categorisation purposes, authors specifically 'pigeon-hole' certain data collection methods in conjunction with the main paradigms (Collis and Hussey, 2003). However, the researcher believes this to be restrictive and could lead to the elimination of an important method. This is supported by Sapsford and Evans (1979), who argued that it is not ideal to follow styles, but rather select the method or methods, which help to try and address the research question. The main data collection methods were considered and analysed for their suitability, based on the sequential mixed method model. Therefore, the main six data collection methods are discussed for suitability below.

3.13.1 Documented Data

Bryman and Bell (2007) outline the importance of raw data sources such as written documents to provide qualitative data that can be used to generalise statistical measures. Documentary data is usually used within most organisations that collect and store a wide variety of written materials that can be used to support a research project. Anderson (2004) argues that a benefit of obtaining secondary organisational evidence is that it enables the researcher to analyse and confirm particular organisational characteristics. Anderson (2004) indicates that 'data generated within the organisation may also enable the researcher to challenge taken-for-granted assumptions about the culture of the organisation and can be compared to the results of the other data collection methods.

3.13.2 Observation

Saunders (2009) believes that observations are often underused as data collection tools and can add a level of depth and richness to an individual's research data. Saunders (2009:289) ascertains "that if a research question and objectives are concerned with what people do, an obvious way in which to discover this is to watch them do it". It can be argued that there are two main types of observation; 'participant observation' and 'structured observation'. Participant observation is more interpretive in approach and focuses on discovering the meaning that people attach to their actions. Conversely, structured observation is more quantitative and concerned with the frequency of observed action of participants Sekaran and Bougie (2013). This method can be difficult in relation to access and ethics as participants may feel uncomfortable in their working environment being watched by a researcher. Therefore, Sekaran and Bougie (2013) suggest that observation should be used in conjunction with other methods.

3.13.3 Surveys

Surveys provide quantitative or numerical descriptions of trends, attitudes and opinions of a population by studying a sample of that population (Creswell, 2009). Saunders et al. (2007:168) states,

Surveys are popular as they allow the collection of a large amount of data from a sizable population in a highly economical way. Often obtained by using a survey administered to a sample, these data are standardised, allowing easy comparison.

Surveys allow the collection of quantitative data and helps identify possible relationships between variables. Surveys stem from the positivist research paradigm (May, 2001) and Zikmund (2000:168) argues, “surveys provide quick, inexpensive, efficient and accurate means of assessing information about the population”. A benefit of surveys which are self-completed by participants is that they avoid the potential of researcher bias, as the participant is not drawn to any particular answer, as long as the questionnaire is created competently (Parafloo, 1994).

However, a downside to this approach is there is a limit to the amount of questions that any survey can contain so as not to frustrate the respondent. Surveys are a structured data collection technique that can be answered by respondents either verbally or through written responses (Malhotra and Birks, 2007). However, it could be argued that a structured survey is not ideal for finding out how people think and feel (Nancarrow et al., 2001).

3.13.4 Focus Groups

Focus groups can be defined as small groups of participants (approx. 8-10 individuals) who are brought together by the facilitator or researcher to discuss a set topic or issue in a specific time period, usually for 1-2 hours (Sekaran and

Bougie, 2013). Cobetta (2003) believes that a small number of individuals, brought together as a focus group, can often offer more valuable information than a representative sample. Olsen (2012) argues that focus group data can strengthen many studies that use other methods as their core such as interviews and surveys. Negative aspects of this method include bias of participants who may promote their own beliefs onto the facilitator. Also, more reserved participants may not contribute their ideas in a group scenario, leading to valuable information being lost (Corbetta, 2003).

3.13.5 Case Studies

Stake (1995:11) explains “A case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances”. Case study research is suitable for answering questions that start with how, who and why (Farquhar, 2012). There are various different types of case study research, with some focusing on generating specific conclusions, unique to a specific case and others that provide general conclusions through multiple cases (Gummesson, 2000). Stake (1995) indicates that not all cases are successful and that it is important to make early assessments and drop cases if required. Case study research therefore is a phenomenon to be studied over time and usually forms the basis of a longitudinal study. Yin (2009) agrees, arguing that case study research remains one of the most challenging of data collection methods. Overall, the following advantages and disadvantages of case study research have been put forward by Anderson (2009:55).

Advantages	Disadvantages
<ul style="list-style-type: none"> • One issue can be studied in depth 	<ul style="list-style-type: none"> • Huge volume of qualitative data may be difficult to analyse
<ul style="list-style-type: none"> • The interaction of factors and events can be taken into account 	<ul style="list-style-type: none"> • Difficult if not impossible, to cross-check information
<ul style="list-style-type: none"> • Breadth of methods of data collection 	<ul style="list-style-type: none"> • Generalisation may not be possible
<ul style="list-style-type: none"> • Access to one organisation (or a small number of cases) 	<ul style="list-style-type: none"> • Researcher may influence and be influenced by the case.
<ul style="list-style-type: none"> • Can focus in-depth in one department or group 	<ul style="list-style-type: none"> • Lack of rigour within case study research

Table 3.5: Advantages and Disadvantages of Case Studies

3.13.6 Interviews

Interviews enable researchers to obtain in-depth information about the topic under investigation (Saunders et al., 2003). Similarly, according to Kvale (1983:174) the purpose of the research interview is “to gather descriptions of the life-world of the interview with respect to interpretation of the meaning of the described phenomena”. Interviews (structured) are also associated with both positivistic and phenomenological methodologies. According to Collis and Hussey (2003:168) a positivistic approach suggests structured closed questions, which are prepared beforehand whereas an interpretivist approach suggests unstructured questions. Easterby-Smith et al. (2012) suggest that semi-structured interviews are appropriate when it is necessary to understand the context that the interviewee uses as a basis for his or her opinions and beliefs about a particular matter or situation. The methodological rationale according to Rapley (2001:315) of semi-structured interviews – “is that they allow a rich, deep and textured picture – are locally produced and produce topic-initiating and follow-up questions”.

According to Wengraf, (2011:3) there are four features or characteristics of in-depth interviews;

1. The interview is a research interview, designed for the purpose of improving knowledge.

2. It is a special type of conversational interaction: in some ways it is like other conversations, but it has special features, which need to be understood.
3. It has to be planned and prepared for, like other forms of research activity, but what is planned is a deliberate half-scripted interview: its questions are only partially prepared in advance (semi-structured) and will therefore be largely improvised by the interviewer. The interview is a joint production by the interviewer and interviewee.
4. It is possible to use interviews to go into matter 'in-depth'.

However, there are some criticisms of using interviewing as a qualitative data collection method. According to Frisch (1998) interviewing tends to under-theorise the data and makes ill-fated assumptions. Further, Wengraf (2001) assumes that the information an interviewee provides about themselves and their reality is difficult to extract. Also, bias can be apparent when the data is collected when the researcher is the interviewer (Parafloo, 1994).

3.13.7 Selection of Data Collection Methods for this Research Investigation

Having justified the application of the 'Explanatory Sequential Model' and taken into account the data collection methods available, the methods of the quantitative and qualitative strands were selected. A survey was initially selected for the quantitative strand followed by in-depth semi-structured interviews for the qualitative strand, taking into account the purpose and aims of this study. A survey approach was selected for the quantitative strand as it was considered the most appropriate way to explore the prevalence and use of codes of conduct, initially before the qualitative strand could be completed. It was intended that a survey would develop the research questions further in preparation for the qualitative strand. Surveys were also deemed the most suitable method as a sample could be drawn from a wide range of SMEs in one fixed time period. Surveys are generally classified as a deductive research method, however with the inclusion of open-ended questions they become more inductive (Gill and Johnson, 2010).

The interview method was selected for the second strand of data collection. In-depth interviews have been described as a suitable method of data collection after an initial search of the subject matter has been completed (Creswell, 2009). This qualitative data approach offered a more elaborate and detailed account of the intricacies of ethical codes of conduct in SMEs. Where the first strand explored the topic, the interviews, as part of the second strand, provided a richer explanation of the phenomenon.

Therefore, the following design has been adopted to complete this research investigation (Figure 3.6).



Figure 3.6 Explanatory Sequential Model

Having identified the ideal design for this research investigation, in that, surveys and interviews have been used for the purpose of data collection, the theoretical and application issues related to sampling, reliability and validity, data analysis techniques and research ethical issues are considered below. The actual design features of both the survey and interview stages are discussed in Chapters 5.0 and 6.0.

3.14 Sampling Theory and Selection

The purpose of collecting data from a sample is to enable the researcher to make statements about the population from which the sample is drawn. “The term ‘population’ refers to the whole set of entities that decisions relate to; while the term ‘sample’ refers to the sub-set of those entities from which evidence is gathered” (Easterby-Smith et al., 2012:222). According to Easterby-Smith et al. (2012) the key to sampling is representativeness and precision. The first stage in assuring this is to create a sampling frame; Bernard (2013) ascertains that a sampling frame

is a list of units of analysis, from which a researcher can take a suitable unbiased sample. However, while the sampling frame is useful, Sekaran and Bougie (2013) argue that they may not always be accurate, resulting in coverage error, suggesting a solution being to screen the potential participants.

Sekaran and Bougie (2013) distinguish sampling into two classifications: probability and nonprobability sampling. Probability sampling can be explained as where every sample entity has an equal chance of being selected as part of the sample. However, nonprobability sampling is where it is not possible to state the probability of any member of the population being sampled. Easterby-Smith et al. (2012) argue that nonprobability sampling does not offer the researcher with the same level of confidence as probability based sampling.

Patton (1990) argues a different way to classify the sampling approaches, he states that quantitative methods typically depend on larger samples selected randomly, whereas qualitative inquiry typically focuses in-depth on relatively small samples selected purposefully. Therefore, the adopted sample design is directly linked to the research philosophy and the research methods of the study.

Table 3.6 presents the potential available options for sampling design, as categorised by Patton (1990:169). The first three (numbers 1-3) sampling designs are more suitable for quantitative studies whereas the remainder (numbers 4-19) are better suited to qualitative research.

	Type	Purpose
1	Simple random sample	Permits generalisation from sample to the population it represents
2	Stratified random and cluster samples	Increases confidence in making generalisations to particular subgroups or areas
3	Systematic random sampling	Relies on there being a list of the units of the population to permit generalisation.
4	Extreme or deviant case sampling	Learning from highly unusual manifestations of the phenomenon of interest
5	Intensity sampling	Information-rich cases that manifest the phenomenon intensely, but not extremely
6	Maximum variation sampling	Documents unique or diverse variations that have emerged in adapting to different conditions. Identifies important common patterns that cut across variations
7	Homogeneous sampling	Focuses, reduces variations, simplifies analysis, facilitates group interviewing
8	Typical case sampling	Illustrates or highlights what is typical, normal, average
9	Stratified purposeful sampling	Illustrates characteristics of particular subgroups of interest; facilitates comparisons
10	Critical case sampling	Permits logical generalisation and maximum application of information to other cases
11	Snowball or chain sampling	Identifies cases of interest from people who know people who know which cases are information rich
12	Criterion sampling	Picking all cases that meet some criterion
13	Theory-based or operational construct sampling	Finding manifestations of a theoretical construct of interest so as to elaborate and examine the construct
14	Confirming and disconfirming cases	Elaborating and deepening initial analysis, seeking exceptions, testing variation
15	Opportunistic sampling	Following new leads during fieldwork, taking advantage of the unexpected
16	Random purposeful sampling	Adds credibility to sample when potential purposeful sample is larger than one can handle
17	Sampling politically important cases	Attracts attention to the study (or avoids attracting undesired attention by purposefully eliminating politically sensitive cases from the sample)
18	Convenience sampling	Saves time, money, and effort. Poorest rationale; lowest credibility. Yields information poor cases.
19	Combination or mixed purposeful sampling	Triangulation, flexibility, meets multiple interests and needs

Table 3.6: Patton’s (1990) Nineteen Sampling Techniques

3.14.1 Quantitative Sampling Techniques

Simple random sampling (number 1) is where every sample entity has an equal chance of being part of the sample. However, it can be argued that this approach can mean that important parts of the population can be omitted from the study offering less confident results about the population (Easterby-Smith et al., 2012). This problem can be overcome by adopting stratified random sampling (number 2), which involves dividing the studies population into a number of groups where they share particular characteristics. The third option (systematic random sampling – number 3) relies on there being a set list or database. The researcher then picks a random starting point in the frame, and then chooses every n^{th} person or company to make up the sample.

Another consideration was the 'maximum variation sampling method' (number 6) even though it is more suitable for qualitative studies. According to Patton (1990), this strategy aims to capture and describe the central themes or principle outcomes that cut across a great deal of participants as part of a larger population. Further, it can be argued that this approach seeks to find common patterns that emerge from the great variation and number of participants.

In relation to this research investigation, the first part of this sequential research design involved a survey that was sent out to a database of SMEs collated by the University of Salford, who were based in the North-West of England. A 'systematic random sampling' design (number 3) was adopted using this database with every 2nd company being added to form the 'sample'. In total, personal emails inviting 738 companies were sent to the manager-owners of each organisation. Due to the nature and characteristics of SMEs it was expected that a small percentage of these companies were no longer operating. In total the researcher received 58 undeliverable return emails, indicating that the actual sample frame was 680. The SMEs within the sample operate in a broad range of industries and sectors, including dentists, charities, transportation, manufacturing etc.

3.14.2 Qualitative Sampling Techniques

According to Patton (1990) sampling appropriate to qualitative research has two main benefits, 1) it provides detailed description of the phenomenon being researched and 2) it assists in identifying shared patterns across different sources of data. With reference to Patton's (1990) Nineteen Sampling Techniques (Table 3.6) options 4-19 provide descriptors for sampling selection. Each of the nineteen techniques have positive and negative aspects with some being more suitable for this research investigation. For example, 'extreme case sampling' (number 4) was not a suitable option as extreme cases can produce skewed results and not representative. Similarly, 'intensity sampling' (number 5) was rejected based on the same criteria. 'Maximum variation sampling' (number 6) was considered, although this purposeful approach was identified as a better sampling method for the survey. 'Homogeneous sampling' (number 7) was rejected based upon the

reasoning of wanting a wider variation of participant organisations. 'Snowballing sampling' (number 11) was excluded as this did not fit with the sequential design adopted due to this being a biased participant driven technique. 'Theory based sampling' (number 13) was vetoed as it was not felt that this study would sample "specific incidents, slices of life or time periods, on the basis of their potential manifestation or representation of important theoretical constructs" (Patton, 1990:177). 'Confirming and disconfirming cases' (number 14) are adopted when additional cases confirm or other already emerging themes and findings. 'Opportunistic sampling' (number 15) is more spur of the moment and does not fully suit the planning involved in this investigation. 'Convenience sampling' (number 18) was rejected due to having low results credibility, although it saves time and money. As the first data collection strand informed the second strand meant 'Random purposeful sampling' (number 16), 'Politically important cases' (number 17) and 'Combination or mixed purposeful sampling' (number 19) were not suitable. 'Stratified purposeful sampling' (number 9), 'critical case sampling' (number 10) and 'criterion sampling' (number 12) were all explored in depth as potential methods, as they all offered a way of collecting data with major variations as well as critical cases which would make key points dramatically (Patton, 1990).

Having analysed the various qualitative sampling techniques put forward, the option most suited to the interview methodology for this investigation is 'typical case sampling' (number 8). This design was adopted as it describes a company or participant who are typical of the phenomena being analysed. Patton (1990) agrees with this approach and argues that it is possible to select typical cases from survey data to identify 'average' examples to interview.

As a result of the explanatory sequential research design adopted in this research investigation, participants in the survey had the opportunity to put themselves forward as a 'typical' example for the interview sample. The criteria used for the final selection of a 'typical' organisation included:

- They had completed the survey
- Were willing to take part in the second strand of the research

- That they were an SME
- That they engaged in CSR and ethical issues
- Level of engagement of codes of conduct
- That the managing director was the initial survey participant, thereby offering organisational consent for the interview process

Eight of the organisations met the criteria above, which led to the researcher selecting five SMEs at random to participate in the second strand of the research.

3.15 STAGE 8 – Validity and Reliability

Generally, validity can be defined as the extent to which an account accurately represents the social phenomena to which it refers (Silverman, 2013). In other words, the extent to which data collection methods accurately measure what they were intended to measure. On the other hand, reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions (Bryman and Bell, 2007). This can be interpreted as the extent to which data collection techniques yield consistent and accurate findings (Saunders et al., 2012).

In order to provide validity and reliability to the outcome of the research investigation a number of critical aspects were considered in the design of the two strands of research (survey and interviews). Table 3.7 presents the critical aspects which were adopted within each strand in order to enhance validity and reliability.

	First Strand – Survey	Second Strand - Interviews
1	Pilot Survey	Interview Validity Strategy
2	Vignettes	Ranking Analysis Criteria

Table 3.7: Critical Aspects to Ensure Validity and Reliability

3.15.1 Survey Pilot

Before the final survey was constructed a pilot was introduced. A pilot study enables the researcher to refine the questions, evaluate their validity, ensure that the data collected matches the research questions and assists in developing the final version of the survey (Collis and Hussey, 2003). The design and results of the pilot are presented in Chapter 4.0 – Pilot Investigation. The pilot was initially conducted in order to reconfirm the necessity for the research, at one level and at a second level, to test the individual questions and overall validity of the survey.

3.15.2 Social Desirability Bias – Adoption of Vignette Analysis

‘Social Desirability Bias’ is a major issue with collecting data in terms of reliability and validity. Human nature suggests that there is a tendency to present oneself in the best possible light. This can significantly distort the information gained from self-reports and surveys (Fisher, 1993). This idea is supported by Paulhus (2002), who determined that concern with self-reports collected through surveys always involve respondents who may not respond truthfully but simply provide answers that make them look good. Participants are often unwilling or unable to report accurately on sensitive topics for ego-defensive or impression management reasons. The result is data that is systematically biased towards respondent’s perceptions of what is ‘correct’ or socially acceptable (Maccoby and Maccoby, 1954). Therefore, research that does not recognise and compensate for social desirability bias may lead to unwarranted theoretical or practical conclusions (Peltier and Walsh 1990). A useful technique adopted by researchers to mitigate the effects of social desirability bias is by indirect questioning. Indirect questioning is a projective technique that asks subjects or respondents to answer structured questions from the perspective of another group (Calder and Burnkrant, 1977). In this study it was believed that social desirability bias might have been an issue as the research involved owner-managers of businesses providing information about the values and ethics of their companies. Therefore, it may be apparent that the participants would not want to say something potentially negative about a company for which they were responsible.

As this research concerns ethical related topics and issues, the methodological process is vulnerable to social desirability bias and therefore great care was taken when collecting data (Brunk 2010a: Mohr et al. 2001). As a result, a strategy which adopted 'vignettes' was implemented in order to reduce social desirability bias. A Vignette can be defined as a hypothetical situation which is presented to subjects in order to elicit perception, opinions, beliefs and attitudes about the scenario in question (Barter and Renold, 1999). Vignettes may be used for three reasons, 1) to allow actions in context to be explored, 2) to clarify people's judgments, and 3) to provide a less personal and therefore less threatening way of exploring sensitive topics (Barter and Renold, 1999). As the survey was targeted to be completed by owner-managers it was felt that the use of vignettes would ensure valid and reliable results.

According to Marsh (1982) surveys that are well designed and thorough, encounter difficulties in evaluating values and attitudes of participants. Poulou (2001) takes this further demonstrating that both survey and interview methods face severe criticism for the elicitation of misleading responses. Alexander and Becker (1978) suggests a solution to this methodological issue lies with the use of vignettes, which can present respondents with more concrete and unambiguous situations. Vignettes are often fictitious statements, which use background, referral and observation information and serve the purpose of activating respondents' imagination while eliciting their answers on likert scales (Poulou, 2001). Support for the use of vignettes is offered by Huebner (1991), who argued that they offer researchers a way to exercise a greater control over the variables of their research, thereby increasing the internal validity of the study. Further, benefits of vignettes have been offered by Poulou (2001) who refers to the conditions presented by the vignette,

They delineate the context of research to the respondents, so that their statements are not made in a vacuum... they set the limits of reference and provide the same contextual framework to all people participating in the study, and therefore can claim the comparability of their responses (2001:56).

It is important to note that vignettes are non-directive in that they allow participants to form their own interpretation on the given situations and individual vignettes. Conversely, there is some criticism of vignettes, Finch (1987) identified constraints associated with vignettes, concerning their construction and suggested that vignettes must be clear and consistent. Further she argues that vignettes must not be too complex and should be easily understood by respondents. A further criticism is that vignettes are hypothetical and it cannot be assumed that a hypothetical dilemma decision would always represent what an individual would do in reality.

Taking into account the positive and negative aspects of vignettes, a decision was made to include them as part of the survey investigation. For the purpose of this research investigation, questions from the survey were linked to a specific vignette. As this research involves a survey that discusses ethics and values and was completed by owner managers of SMEs, it was decided that vignettes would be a valuable tool for ensuring accuracy, avoid social desirability bias and act as a control mechanism. The vignettes associated with each question acted as a check for the researcher, and the results compared.

3.15.3 Interview Validity Strategy

Similar to the survey investigation the researcher needed to ensure reliability within the interview data. Therefore a series of conceptual frameworks, which can be used to help design the strategy for formulating valid interviews were considered, One such framework has been put forward by Foddy (1993:22) (Figure 3.8). This framework is based on Berlo's (1960) communication model and evaluates how answers are negotiated between the participants of the interview through the concept of encoding and decoding messages. The framework presents how messages can be encoded and decoded differently by the interviewer and interviewee meaning that analysis and data can be interpreted differently by the participants. Wengraf (2011) believes the key philosophy behind Foddy's research is that it is unlikely that the meaning of any utterance as decoded by the recipient

will be identical to that encoded by the questioner. Therefore, researchers need to analyse the transcripts of an interview to assess the various options of meaning when encoding and decoding to ensure reliability.

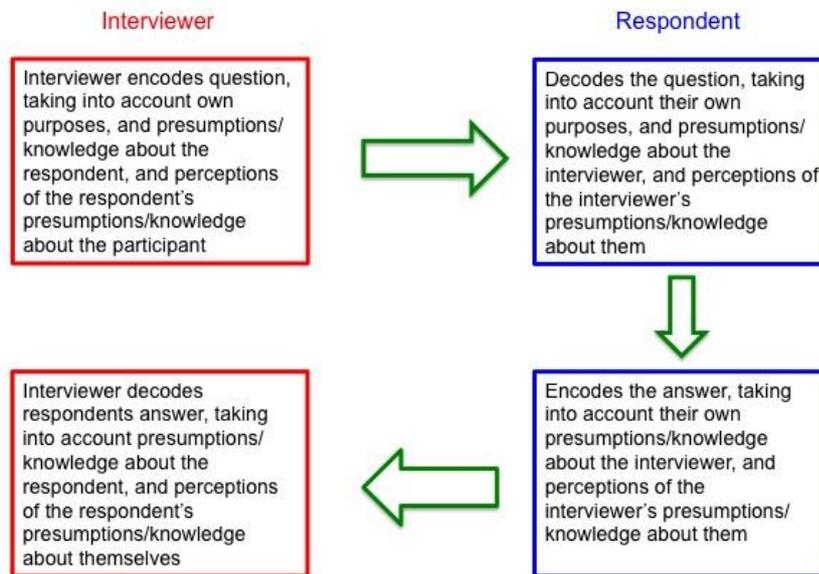


Figure 3.7: (Symbolic Interactionist Model of a Question-answer Sequence) – Foddy (1993)

In this research investigation, the researcher conducted interviews with three different employees in each of the five organisations in order to reduce the impact of the issues raised by Foddy (1993) and to ensure that the meaning of questions was interpreted in a similar fashion at each level of the organisation. The interview responses, where applicable, were also compared in the results and analysis of Chapter 6.0 – Interview Investigation. In order to ensure reliable information across the organisation a strategy was adopted which included interviewing participants at senior management level, middle management level and associate level. This technique was instigated in order to achieve a high confidence level of accurate data throughout the sample. As a result, the researcher conducted three interviews at each of the organisations, culminating in undertaking 15 interviews to analyse.

3.15.4 Interview – Ranking Analysis

The interview stage provided the researcher with an opportunity to design and develop a measuring instrument for the purpose of categorising the five SMEs in the sample. This was undertaken in order to determine their level of code of conduct engagement. This instrument provided further support to the validity and reliability of the data collected, based on the eleven themes and the process of collecting the data through the interview stage. An explanation of the development of this measuring instrument, together with the findings, are discussed in Chapter 6.0 – Interview Investigation, Section 6.7 SME Ranking Analysis.

3.16 Ethical Research Issues

The main issue relating to ethics in research is the prevention of harm for all participants included. According to Bryman and Bell (2011), all researchers need to think carefully about the people who are involved in the research and whether there are any activities that they should not engage. Farquhar (2012) agrees and believes the principle of not causing harm is central to ethical research and that the process should be beneficial to participants. Many organisations are wary that research often involves some form of critical evaluation and so they would rather not run the risk of any of the criticism ‘leaking’ into the wider world (Davies, 2007).

Ethics in business research refers to the way in which the research is conducted in relation to what is expected by societal norms (Sekaran and Bougie, 2013). Robson (2000) has argued that there are a series of ethical issues and considerations that must be deliberated when conducting research. Malhorta and Peterson (2001) believe that ethics are the primary concern when conducting qualitative research. Robson (2000) has categorised the main ethical issues and mistakes that should be avoided when conducting research. These guidelines are presented below in Table 3.8.

1	Involving people without their knowledge and consent.
2	Coercing them to participate.
3	Withholding information about the true nature of research.
4	Otherwise deceiving the participants.
5	Inducing participants to commit acts diminishing their self-esteem.
6	Violating rights of self-determination (e.g. in studies seeking to promote individual change).
7	Exposing participants to physical to mental stress.
8	Invading privacy.
9	Withholding benefits from participants.
10	Not treating participants fairly, or with consideration, or with respect.
Source: Robson (2002:69)	

Various authors have argued the need for informed consent in all ethical primary research (Christians, 2000; Ali and Kelly, 2004; Fontana and Frey, 1998). Informed consent has been defined as; the consent received from the subject after they have been carefully, fully and truthfully informed of the study and research that they have been approached to participate in (Fontana and Frey, 1998). Part of informed consent usually involves confidentially and how the data will be managed and conducted. Avoidance of harm to participants is crucial to research and therefore the researcher must ensure that subjects are not open to any physical or emotional harm that can result from taking part. Participants must feel comfortable and not coerced to partake. These issues are standard concerns and must be avoided to guarantee ethical (Fontana and Frey, 1998; Malhotra and Peterson, 2001; Robson, 2002). Overall, ethics in business research refers to the behaviour of the researchers of the project, the participants who partake in the research and how the research is designed, collated and analysed (Sekaran and Bougie, 2013).

With regard to this research investigation process, personal data was not collected during the survey or interviews. Consent and information forms were completed and provided to all participants of the study. Withdrawal from the research process was made explicitly clear and offered to all participants. The researcher ensured that all participants were comfortable and knew as much information about the study as was required. Further, the researcher provided all subjects with contact details to request any further information if required. Finally, the researcher ensured that Robson's (2002) Ten Questionable Habits (Table 3.9) were avoided.

The researcher confirmed informed consent was provided to participants and data protection issues were considered at all times throughout the research process. Prior to data collection, the researcher completed all requirements in relation to ethical approval for the PhD study as required by the University of Salford.

3.17 Summary and Conclusions

It has been established that the nature of this research investigation is classified as 'Pure Research' as it contributes to new knowledge and understanding within the context of codes of conduct in SMEs. The researcher's Ontological position is that of a relativist with the paradigm being mainly pragmatist. In terms of the research itself the 'type' can be classed as starting with an exploratory viewpoint, leading to a more explanatory study. The main research adopts the 'grounded theory' methodology using an inductive approach. Having established the research philosophy and methodology this permitted the development of research questions, which were based on the literature search and the aims and objectives.

The development of the research questions allowed the researcher to scrutinize the various research design options, resulting in the application of a mixed method 'Explanatory Sequential Model', using both quantitative followed by qualitative data collection, which enhanced triangulation. Appropriate sampling techniques were reviewed and selected for both the survey and interview. This was followed by a review of the issues related to guaranteeing reliability and validity of the research process. Finally, insights into ethical research processes were revealed before data could be collected.

The following diagram (Figure 3.8) provides an overview of the progression of the research investigation, which is further developed in Chapters 4.0 – Pilot Investigation, 5.0 – Survey Investigation and 6.0 – Interview Investigation. This approach coincides with the requirements of the explanatory sequential model. Figure 3.8 also highlights the methodological and design sequences adopted for each stage of the research including results and conclusions. Finally, the overall conclusions to the research investigation are discussed in Chapter 7.0.

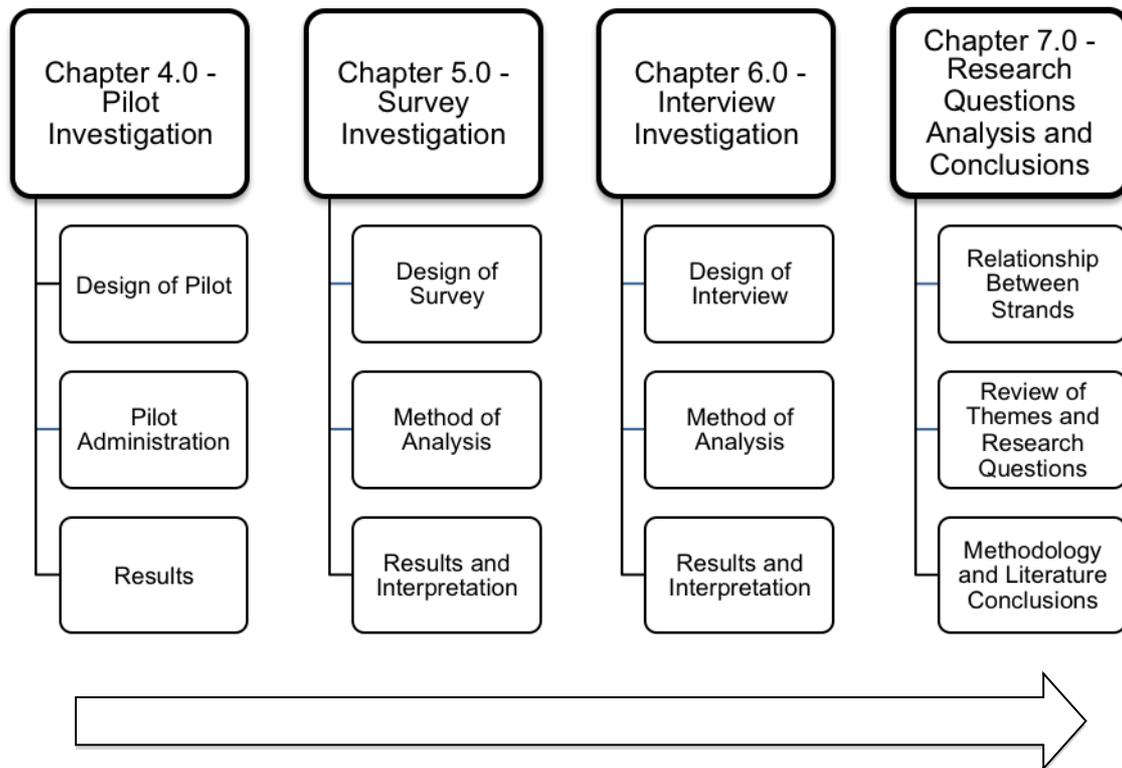


Figure 3.8: Research Investigation Progression

Chapter 4.0 – Pilot Investigation

Chapter 4.0 – Pilot Investigation

4.1 Introduction and Justification of the Pilot

In order to substantiate and develop the issues raised in the literature review and the overall aim and objectives of this study, a preliminary pilot investigation was undertaken. Sekaran and Bougie (2010) indicate that preliminary information gathering is a crucial aspect of the research process and that a pilot study is a suitable method for collating relevant data. Undertaking a pilot study helps to eliminate errors and potential misunderstandings, and is an opportunity to test questions for relevance, logic and suitability (Robson, 2002). The outcome of the pilot analysis also provided initial findings that enabled further development the questions and the design of new questions where appropriate (Saunders et al, 2012). A pilot study also enables the development of a final version of the survey and ensures validity throughout (Collis and Hussey, 2003).

A predominant issue raised in the literature review was the fact that ethical codes of conduct are characteristic of large organisations and not SMEs (Valentine and Barnett, 2002). Therefore, the application of a pilot study was undertaken to establish whether the subject matter was worthy of a research investigation and contribute further to the justification of this research topic. In addition to this, the conclusion of the literature review provided an initial conceptual framework, which identified eleven key themes, which formed the basis of the pilot.

4.2 Design of Pilot

At this stage of the research investigation, the type of research was exploratory and therefore questions were designed to explore the nature of ethical codes of conduct in the SME context. Initial questions were designed to ensure that the companies participating in the pilot met the criteria of the definition of an SME and to provide company background information. Following this, a series of

questions were designed on the following topics, ethics and values, codes of conduct and ethical business performance. Each individual pilot question was linked to the aims and objectives identified in Chapter 1.0 - Introduction. In addition to this, each question was associated to the eleven themes identified in the summary of the Literature Review (Chapter 2.0).

Overall, the questions were designed in line with the aim of the pilot, to explore the prevalence of codes of conduct in SMEs. Therefore, a series of closed questions were included which limited participants to a range of fixed responses to gather quantitative information concerning key issues and topics (Soroka, 2002). Closed questions ensured the pilot was easy for participants to complete and provided opportunities to analyse trends and patterns. Similarly, Likert scaled questions were included to judge the 'extent' to which respondents felt about particular topics. While there are criticisms of using Likert scales, such as the inclusion of a neutral/middle option, (Page-Bucci, 2003) any issues raised could be further explored in the main survey investigation.

In total, the pilot consisted of twenty-seven questions with participant feedback on the overall design. As this was an exploratory investigation, the pilot comprised mainly quantitative questions with one qualitative question in order to gain greater elaboration of the owner-manager's cultural perception of business ethics. Table 4.1 identifies the pilot questions and the way in which they are related to the overall research investigation aims and objectives together with the eleven literature review themes.

	Pilot Questions	Research Aims and Objectives (Chapter 1.0)	Literature Review Themes (Chapter 2.0)
1	How many employees work in your organisation?	*	*
2	Please identify the nature of your organisation.	*	*
3	What is your business sector?	*	*
4	Approximately how many years has your organisation been in operation?	*	*
5	Do you believe that your organisation operates in an ethical manner?	a) and e)	1, 2 and 3
6	Who is responsible for ethical business practices in your organisation?	c) and e)	2, 7, and 8
7	Who manages ethical business practices in your organisation?	b) and e)	2, 5, 6, 7, 8 and 9
8	The ethical reputation of your organisation is important to you.	c) and d)	1, 2 and 8
9	Do you believe that ethical business practices are more important to small and medium sized organisations or large multi-national organisations?	a), b) and c)	1, 2, 4 and 10
10	Does your vision/mission statement include ethical business practices?	a), b), c), d) and f)	1, 3, 6, 8 and 11
11	Does your organisation have formal written codes of ethical business practices (codes of conduct)?	a), b) and c)	1 and 3
12	Are your organisational codes of conduct based on prescribed rules or values?	a), c), d) and e)	1, 2, 6 and 8
13	Do you believe that employees adhere to the organisation's code of conduct?	e) and f)	7, 8, 9 and 10
14	Is your code of conduct readily available to all employees?	d) and e)	3 and 8
15	At what stage do employees in your organisation receive information on ethical principles or codes of conduct?	d) and e)	7 and 8
16	Are your employees expected to sign a document signifying that they will adhere to ethical business principles?	f)	2, 7, 8 and 9
17	Are good ethical practices rewarded in your organisation?	d), e) and f)	2, 9 and 10

18	Are employees consulted with regard to the input and creation of acceptable business ethical practices?	a), c) and d)	5, 6, 7 and 8
19	Have employees of your organisation attended training courses on ethical business practices?	d), e) and f)	6, 7, 8 and 9
20	Would you be willing to attend ethical business practice training, if made available?	d), e) and f)	2, 6, 7 and 11
21	On a scale of 1-10 please circle a grade you would give your organisation for its ethical performance.	b) and f)	1, 2, 9 and 10
22	Ethical business practices are a worthwhile financial investment.	c), e) and f)	1, 4, 10 and 11
23	Is there a difference in your ethical behaviour in the workplace compared to home?	a)	1 and 2
24	Overall, you share the ethical values of your organisation.	a), c) and d)	1, 2 and 8
25	Are your customers aware of your organisations' ethical values?	d), e) and f)	1, 8 and 10
26	Are employees in your organisation encouraged to participate in corporate social responsibility activities, such as volunteering in the community?	d) and e)	1, 2 and 11
27	If formal codes of conduct do not exist how does your organisation decide what is ethical and what is not?	a) and e)	1, 2 and 8
* Denotes organisational background information			
Table 4.1 Pilot Questions			

4.3 Pilot Administration

The pilot for this research investigation was conducted on the 1st of May 2011. An opportunity arose whereby a program at the University of Salford was being delivered which was a specialist course for owner-managers of SMEs. The program, named 'LEAD' (Leading Enterprise and Development), was attended by 18 delegates. The researcher made arrangements with the programme leader to visit one of the sessions to conduct the pilot. The researcher provided each

delegate with a hard copy of the pilot, a brief introduction to the study and a consent form. The results, analysis and conclusions of the pilot are presented below. The format follows an 'analysis and interpretation' of the data followed by feedback on the design of the pilot questions in the form of 'design reflection'.

4.4 Results of Pilot Data

Q1. (Figure 4.1) How many employees work in your organisation?

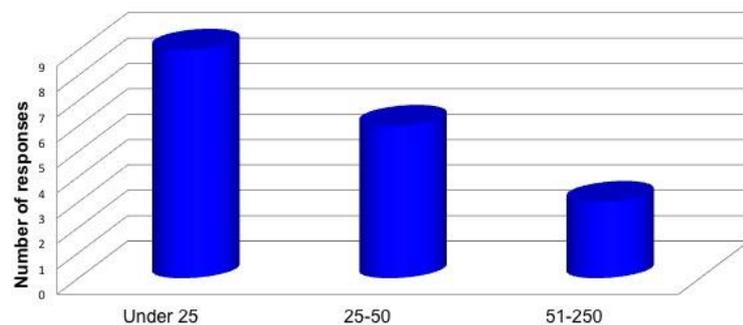


Figure 4.1 Pilot Question 1

Analysis and Interpretation – From the chart above it is evident that all companies in the pilot met the SME criteria of having fewer than 250 staff employed.

Q2. (Figure 4.2) Please identify the nature of your organisation

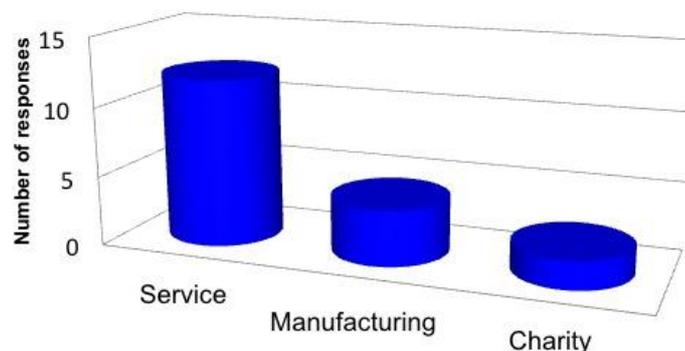


Figure 4.2 Pilot Question 2

Analysis and Interpretation – 12 (67%) of the organisations sampled were service business, 4 (22%) were manufacturing and 2 (11%) were charities. The results indicate a broad spectrum, although most were service businesses.

Design Reflection – The final survey will contain another option for organisations that do not fit into the three offered categories in the pilot.

Q3. (Figure 4.3) What is your business sector?

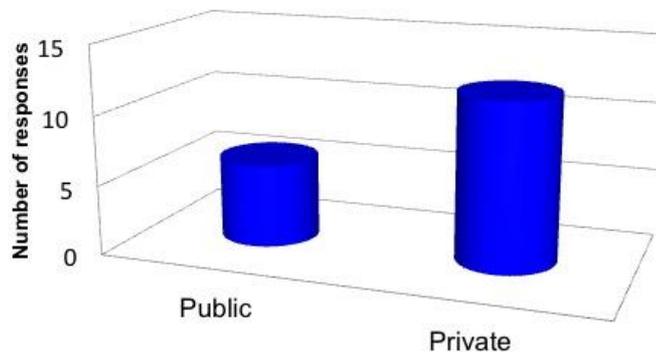


Figure 4.3 Pilot Question 3

Analysis and Interpretation – The majority of organisations were situated within the private sector, 12 (67%) with 6 (33%) in the public sector. However, two organisations ticked both public and private sector. This result is consistent with the SME literature, which suggests most SMEs are privately owned.

Design Reflection – Participants experienced difficulty in being specific with respect to their business sector, some indicating that they fell into both private and public sectors. Therefore, this option needs to be included in the main investigation.

Q4. (Figure 4.4) Approximately how many years has your organisation been in operation?

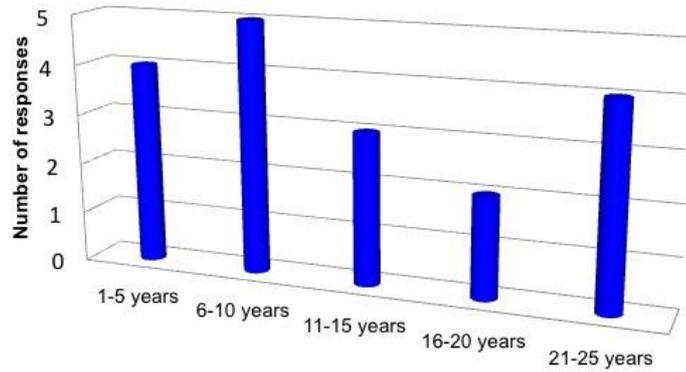


Figure 4.4 Pilot Question 4

Analysis and Interpretation – All organisations have been in operation between 1 and 25 years, with 9 (50%) operating for 10 years or under. Therefore, 9 (50%) organisations originated over 10 years ago.

Design Reflection – In the main survey, a text box could be included to find out the exact amount of time each company has been in business, however this information may not be required.

Q5. (Figure 4.5) *Do you believe that your organisation operates in an ethical manner?*

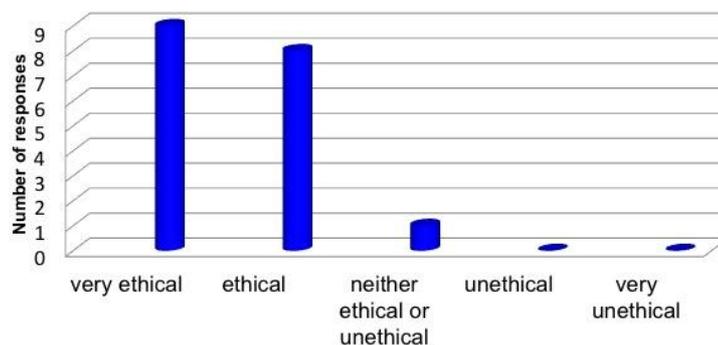


Figure 4.5 Pilot Question 5

Analysis and Interpretation – Overall, 17 of organisations (94%) indicated that they operated in an ethical manner, with 1 company (6%), neither agreeing nor disagreeing. No participant claimed that his or her organisation was unethical.

Design Reflection – Perhaps definitions of ethics and behaving ethically need to be included to help make informed choices to this question. This is crucial as there is a tendency for organisations and in particular owner-managers, to see themselves in a good light and therefore record as ethical (social responsibility bias).

Q6. (Figure 4.6) *Who is responsible for ethical business practices in your organisation?*

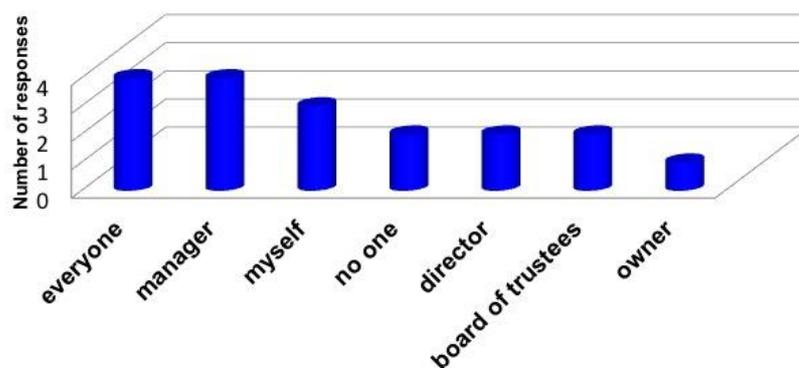


Figure 4.6 Pilot Question 6

Analysis and Interpretation – A wide range of answers were provided to this question. The top two results were ‘everyone’ and the ‘manager’ with 4 responses (22%) each. It is important to note that the pilot was completed by owner/managers. The ‘no-one’ response could mean it is not considered at all or that there is no centre point of ethics within the organisation.

Design Reflection – More detailed information is required for this question and it could be that it is more suitable to ask this question during the interviews.

Q7. (Figure 4.7) *Who manages ethical business practices in your organisation?*

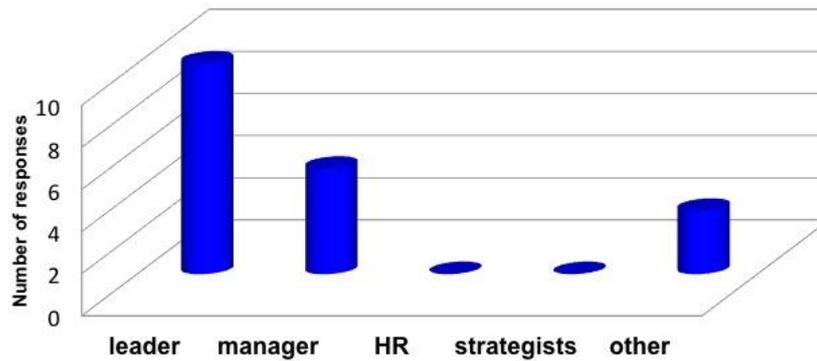


Figure 4.7 Pilot Question 7

Analysis and Interpretation – The majority of respondents, 15 in total (83%) indicated that the leader/manager manages ethical business practices in the organisation. Three respondents (17%) referred to external industry standards to which they are accountable.

Design Reflection – The difficulty with this question is that it is not clear what the respondents’ understanding of the nature of managing business ethics is, therefore the options available to participants for selection needs to be reconsidered. This is a question, which is better explored through interviews.

Q8. (Figure 4.8) *The ethical reputation of your organisation is important to you*

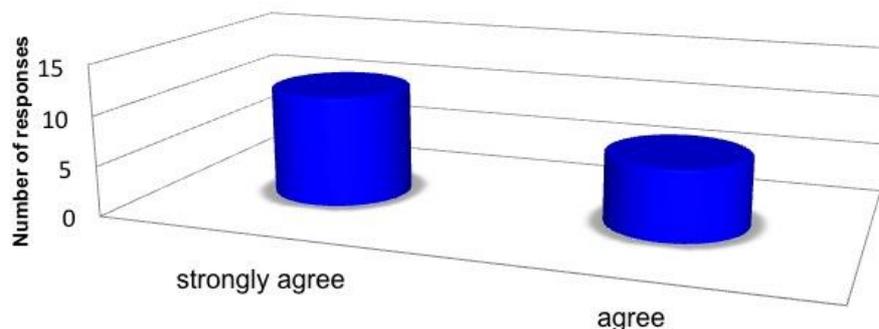


Figure 4.8 Pilot Question 8

Analysis and Interpretation – All of the respondents agreed with this statement. All owner/managers stressed the importance of their companies’ ethical

reputation. It was interesting to note that in Q5, one respondent neither agreed nor disagreed that they were ethical yet in Q8 they all noted the importance of ethical reputation.

Design Reflection – This is a question that will also be used in the survey.

Q9. (Figure 4.9) Do you believe that ethical business practices are more important to small and medium sized organisations or to large multi-national organisations?

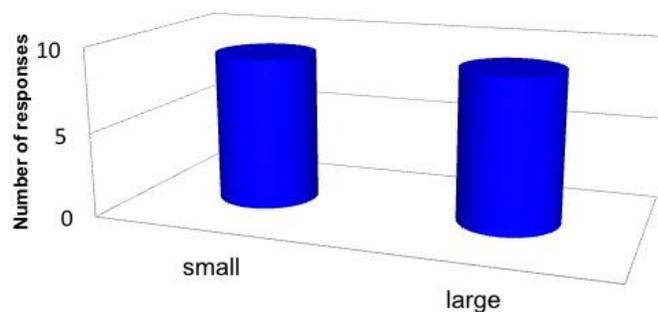


Figure 4.9 Pilot Question 9

Analysis and Interpretation – Overall, the respondents demonstrated an equal consideration for both SMEs and larger multi-national businesses and that ethical practices are prevalent in both. However, the equal response rate does not agree with the literature, which indicates that ethical business practices are a feature of large organisations.

Design Reflection – This question may not be required in the final survey as the focus of this research is solely on SMEs.

Q10. (Figure 4.10) Does your mission/vision statement include ethical business practices?

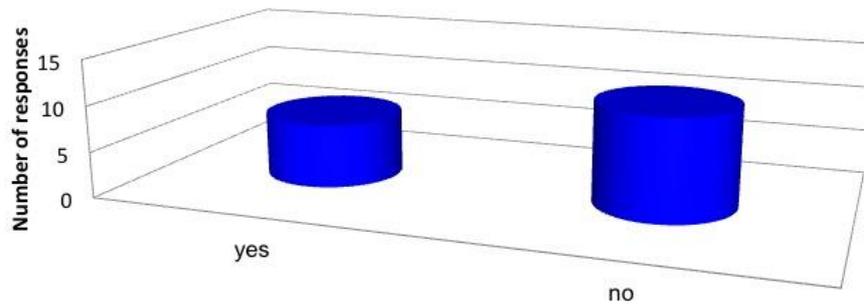


Figure 4.10 Pilot Question 10

Analysis and Interpretation – The majority of organisation’s mission and vision do not refer in any way to ethics and ethical business practices with just 7 (39%) indicating that their vision/mission is linked to ethics and values.

Design Reflection – It would be valuable to ask in what way is ethics linked to mission/vision?

Q11. (Figure 4.11) Does your organisation have formal written codes of ethical business practices? (codes of conduct)

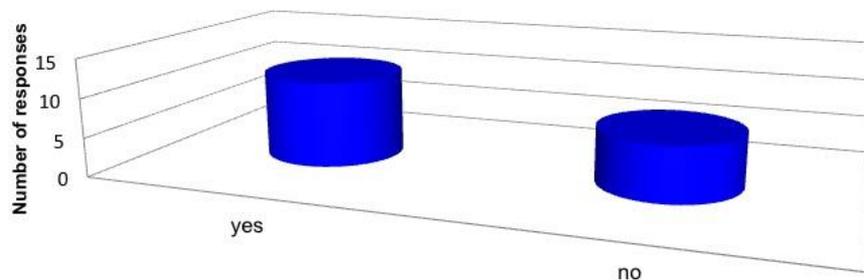


Figure 4.11 Pilot Question 11

Analysis and Interpretation – Overall 11 companies (61%) claim to have formal written codes of conduct. Conversely, 7 owner/managers (39%) state that there is no formal code. This is contrary to the literature, which states that codes of conduct in SMEs are negligible, yet in this pilot study, 61% of owner-managers claim to have formal written codes of conduct.

Design Reflection – A major problem with this question was that there is no definition as to what a code of conduct specifically is, this issue will be taken into account in the survey investigation. This question does not ask about the

intricacies of the scope and coverage of codes of conduct and or other documents.

Q12. (Figure 4.12) Are your organisational codes of conduct based on prescribed rules or values?

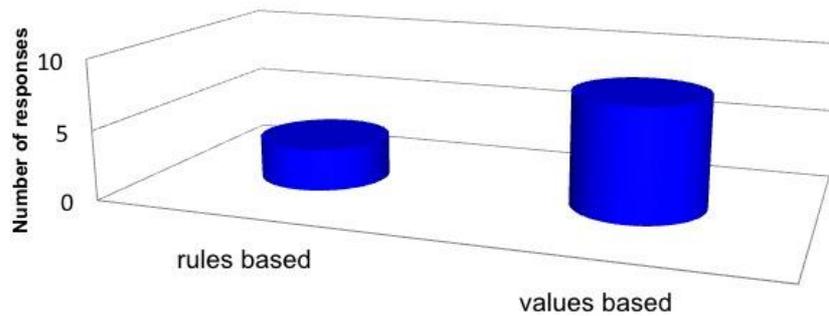


Figure 4.12 Pilot Question 12

Analysis and Interpretation – Overall this question only applied to 11 respondents (those who had codes of conduct) 8 of the 11 (72%) claimed that their code is based on values as opposed to rules. Those who replied that their code was rules based may have had ethical issues in the past, which may have shaped their current code.

Design Reflection – This raises the question, have the values been imposed or are the values a fundamental belief of the owner-manager. The survey question could also have a 'both' option in the main investigation as this may be the case for many businesses, however more detail could be explored in the interview investigation.

Q13. (Figure 4.13) Do you believe that employees adhere to the organisation's code of conduct?

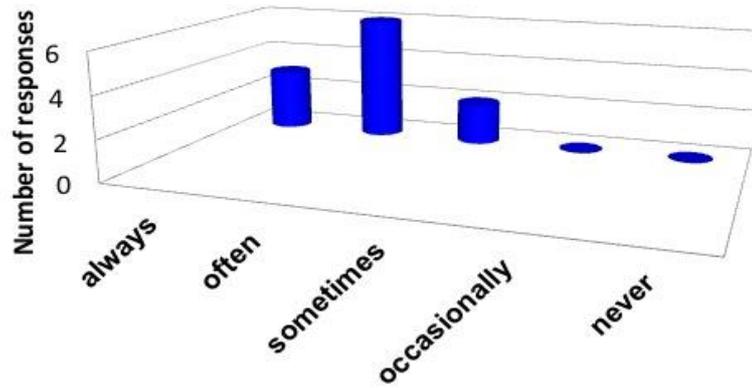


Figure 4.13 Pilot Question 13

Analysis and Interpretation – Overall, 3 out of the 11 respondents (27%) indicated that employees always adhered to the code, however 55% of respondents selected ‘often’. This response could suggest that a reporting and measurement system of misconduct or otherwise is needed.

Design Reflection – The word ‘often’ needs to be reconsidered or defined for the survey as ‘often’ and ‘sometimes’ can result in a similar response. At present this result provides limited data and requires further development.

Q14. (Figure 4.14) *Is your code of conduct readily available to all employees?*

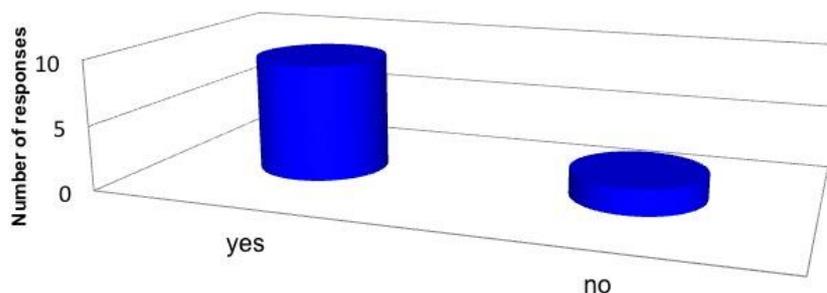


Figure 4.14 Pilot Question 14

Analysis and Interpretation – All but 2 (82%) of the respondents asserted that all relevant codes of conduct were available to their employees to consult when required. This can be considered to be good practice as employees can make reference to the appropriate documentation. Two (18%) organisations

responding negatively, suggests employees are not aware that such a document exists.

Q15. (Figure 4.15) At what stage do employees in your organisation receive information on ethical principles or codes of conduct?

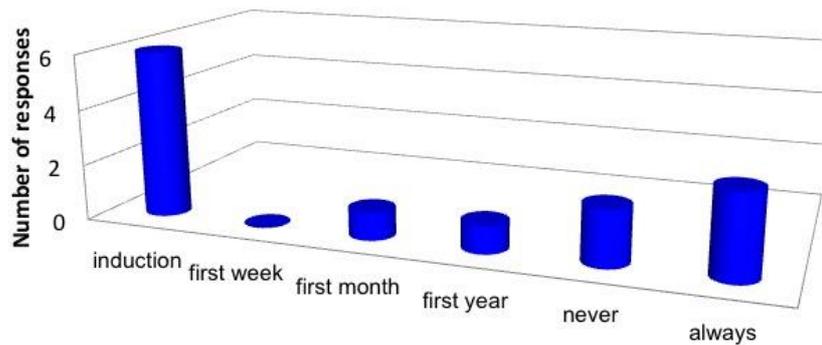


Figure 4.15 Pilot Question 15

Analysis and Interpretation – 46% indicated that ethical principles or codes of conduct are part of the induction training process. 11 organisations (85%) claim to provide formal information on ethical principles/codes of conduct for their employees.

Design Reflection – For the main survey 'always' needs to be defined or removed and it is likely that first week and induction are the same. The question could be developed which asks if it is on-going or on a regular basis and when it is updated. Also, whether or not this information is provided in hard copy to the employee needs to be explored further.

Q16. (Figure 4.16) Are your employees expected to sign a document signifying that they will adhere to ethical business principles?

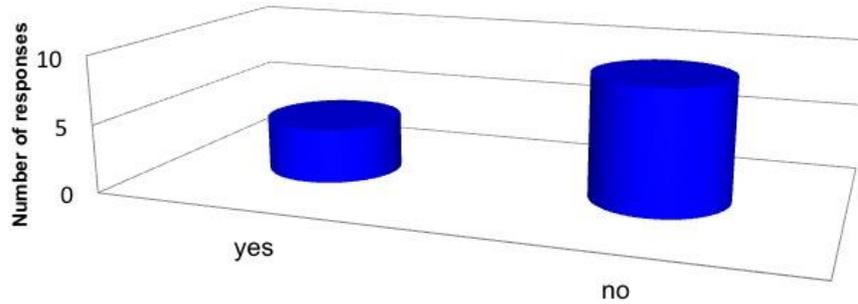


Figure 4.16 Pilot Question 16

Analysis and Interpretation – 31% or 4 of the 13 companies who answered the question demand employees’ signatures to indicate that they will adhere to the code of conduct. 69% or 9 companies do not enforce employees’ signatures for adherence. This aspect needs to be further investigated to include motives for and against this practice.

Design Reflection – The main survey could also ask if there are penalties for non-signature or non-adherence to the codes.

Q17. (Figure 4.17) Are good ethical practices rewarded in your organisation?

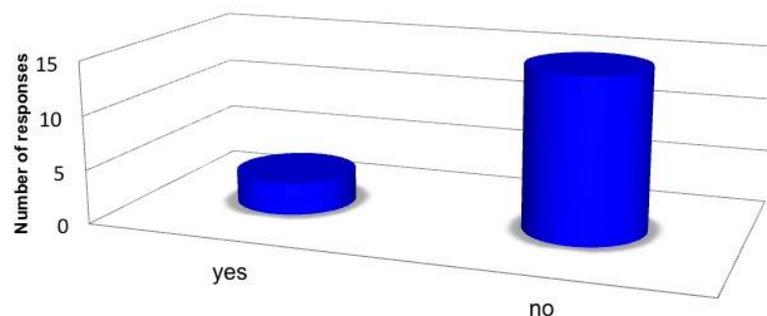


Figure 4.17 Pilot Question 17

Analysis and Interpretation – 15 companies (83%) replied that good ethical practices are not rewarded in their organisation. This would suggest that they believe that reward might not be a good motivator for good ethical behaviour or simply that they have not considered this option. This also implies that ethical behaviour is an intrinsic quality rather than an extrinsic quality.

Design Reflection – Further research might include a qualitative question to employees regarding their opinion of whether or not good ethical practices should be rewarded. There is a need to find out what form should reward be given if extrinsic methods are used. However, this could be explored further in interviews.

Q18. (Figure 4.18) Are employees consulted with regard to the input and creation of acceptable business ethical practices?

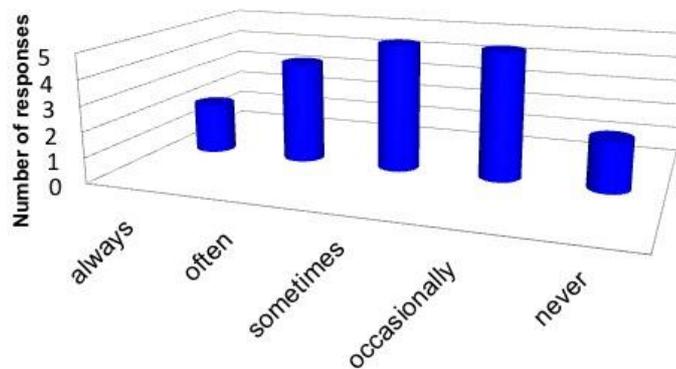


Figure 4.18 Pilot Question 18

Analysis and Interpretation – 16 out of 18 (89%) of companies indicate that employees are included in the creation of ethical practices at one time or another. Only 2 companies (11%) claim to always consult employees and similarly 2 companies (11%) claim to never consult employees.

Design Reflection – A number of respondents found difficulty in defining the terms 'sometimes' and 'occasionally,' which will be reconsidered for the survey. Therefore, there is a need to get more accurate data for this question rather than sometimes/occasionally. The groupings need to be more exact.

Q19. (Figure 4.19) Have employees of your organisation attended training courses on ethical business practices?

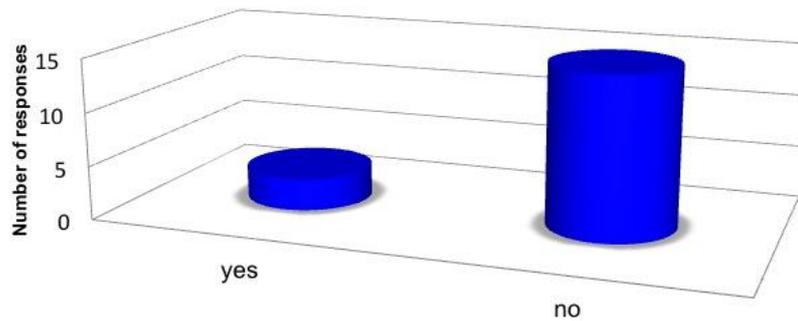


Figure 4.19 Pilot Question 19

Analysis and Interpretation – It is clear that ethical training is undertaken by very few small companies; conducted by just 3 out of 18 (17%). However, 11 companies (61%) in question 11 (Figure 4.11) claimed to have ethical procedures, therefore these are not communicated via training.

Design Reflection – For the main investigation there is a need to quantify the amount and type of ethical training undertaken in organisations. It would be useful to investigate the level of personnel, within the organisation that attend ethical training, internally or externally. It would be interesting to establish who provides ethical training and development for small businesses and what is the content of such programmes. This detail will be more suited to an interview question.

Q20. (Figure 4.20) *Would you be willing to attend ethical business practice training, if made available?*

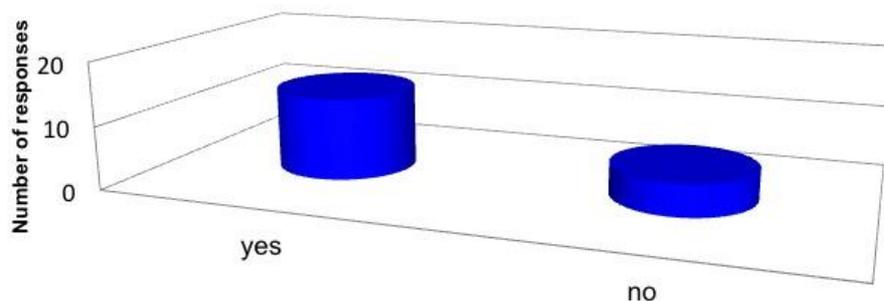


Figure 4.20 Pilot Question 20

Analysis and Interpretation – 13 respondents (72%) would be willing to undertake ethical business practice training. This indicates an apparent market for training and development in this area. Surprisingly 5 (28%) of respondents believe that training is not necessary.

Design Reflection – The main survey investigation needs to determine why this is the case and why there is a willingness to be trained in business ethics and values but not taken up.

Q21. (Figure 4.21) On a scale of 1-10, please circle a grade you would give your organisation for its ethical performance.

High performance 10 9 8 7 6 5 4 3 2 1 Low performance

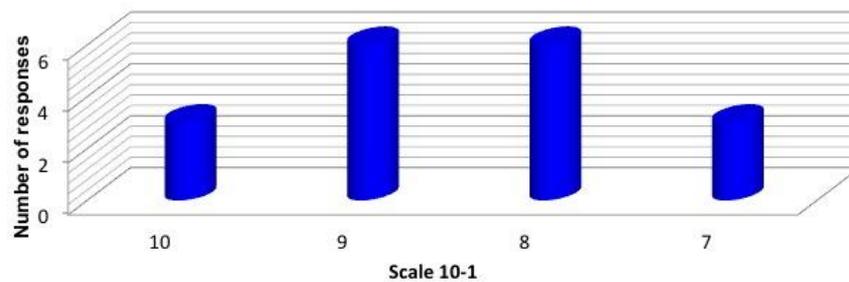


Figure 4.21 Pilot Question 21

Analysis and Interpretation – 3 of the companies (27%) rated themselves at the highest level of ethical performance, with 100% of all companies rating themselves above midway on the performance scale. 15 organisations (73%) believe that they have room for improvement but still regard themselves as relatively high ethical performers.

Design Reflection – There is a need for the identification of criteria for ethical performance.

Q22. (Figure 4.22) Ethical business practices are a worthwhile financial investment.

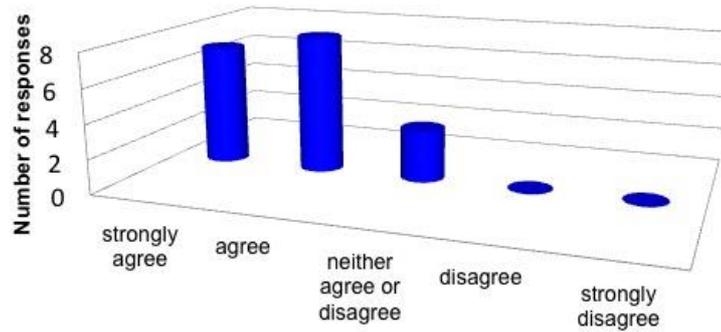


Figure 4.22 Pilot Question 22

Analysis and Interpretation – 15 out of 18 (83%) of the respondents agreed or strongly agreed that operating in an ethical manner results in a financial benefit to the company. The remaining 3 participants (17%) neither agreed nor disagreed with the statement. None of the respondents selected ‘disagree’ or ‘strongly disagree’. It could be that individuals are not able to quantify the financial gain relative to ethical expenditure or have knowledge of how ethical performance can impact organisational performance. However, based on this result, it is not clear why more organisations in the pilot sample do not have a code of conduct, as, overall results from this question indicate the owner-managers believe working ethically is a worthwhile financial investment.

Design Reflection – Further research can investigate in what way is it financially beneficial to work to ethical codes of conduct.

Q23. (Figure 4.23) *Is there a difference in your ethical behaviour in the workplace compared to home?*

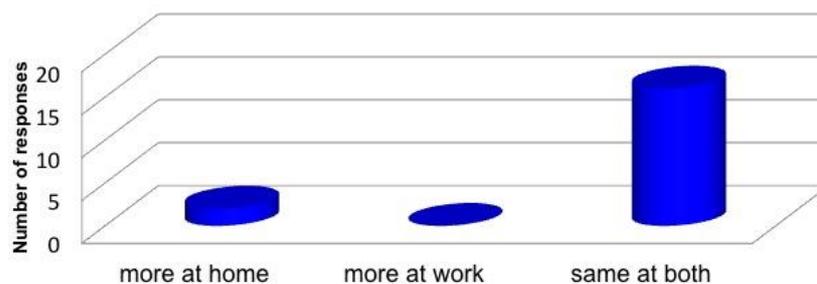


Figure 4.23 Pilot Question 23

Analysis and Interpretation – 16 of 18 (89%) respondents claim to have the same ethical behaviour at home as in work. Therefore, just 2 (11%) participants believed they were more ethical in the home situation.

Design Reflection – This would be a suitable question for the main survey, although it could be more specific to refer to the participant themselves or their employees in general. Reasons for participant choices could be explored in the interview investigation.

Q24. (Figure 4.24) Overall, you share the ethical values of your organisation.

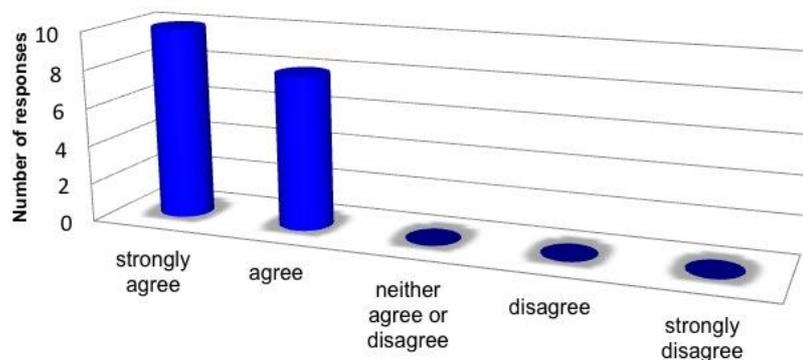


Figure 4.24 Pilot Question 24

Analysis and Interpretation – All 18 (100%) respondents agreed or strongly agreed with this statement. This response was expected as respondents were owner-managers and therefore influence the values and culture of their organisations.

Design Reflection – In the interviews, it will be important to assess whether employees share this opinion.

Q25. (Figure 4.25) Are your customers aware of your organisation's ethical values?

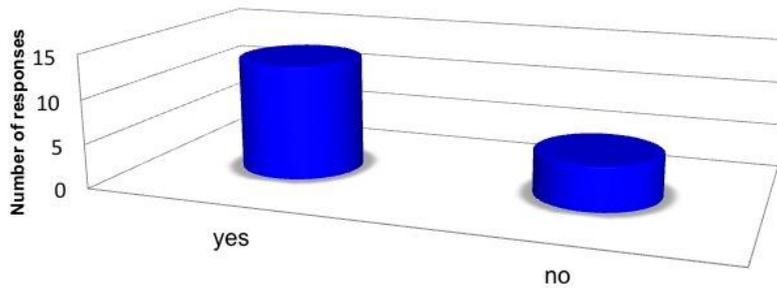


Figure 4.25 Pilot Question 25

Analysis and Interpretation – In total 13 (72%) of the participants indicated that their customers were aware of their ethical values and that these were communicated. Conversely, 5 (28%) did not believe that customers were knowledgeable of their organisations’ ethical values. This can be seen as a missed opportunity as most subjects believed that acting ethically was a worthwhile investment.

Design Reflection – The main investigation needs to identify the way in which organisational ethical values are communicated to customers and to establish if this message matches the actual values and ethical practices of the organisation.

Q26. (Figure 2.26) *Are employees in your organisation encouraged to participate in corporate social responsibility activities, such as volunteering in the community?*

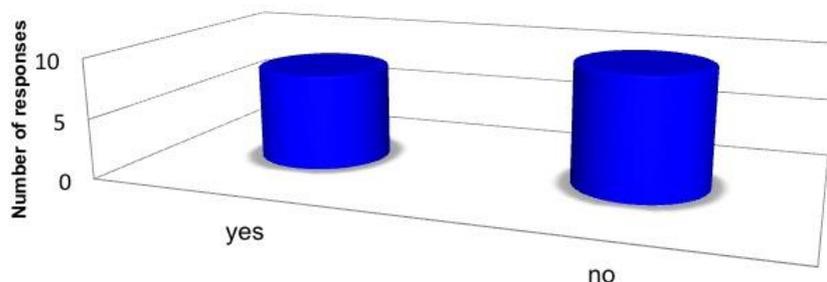


Figure 4.26 Pilot Question 26

Analysis and Interpretation – In total, 8 (44%) of participants indicated that they encouraged employees to participate in CSR. Whereas 10 (56%) of respondents

do not see the importance of CSR activities; and therefore do not encourage employee participation. There is an indication that many owner-managers do not have a good insight into the business case for CSR development.

Design Reflection – The main survey needs to investigate in what ways do employers encourage employees to participate in CSR activities and attempt to quantify or qualify engagement.

Q27. (Table 4.2) If formal codes of conduct do not exist, how does your organisation decide what is ethical and what is not?

Regulatory bodies within the industry
Signatories to the codes of conduct
I decide on what is ethical and what is not ethical
There is no requirement to decide what is ethical and what is not
Values are based on personal and business values of partners
To develop people fairly
To offer a rewarding environment
To employ people with equal opportunities

Table 4.2 Pilot Question 27

Analysis and Interpretation – Only 8 qualitative comments were made. One indication of this might be that whilst respondents do not mind completing questions of a quantitative nature they are not prepared to formulate a more complex qualitative response. All of the above replies, whilst interesting, were very different with no apparent trend in the data, however this is a very small sample, and therefore expected.

Design Reflection – Therefore, the main investigation will adopt a more qualitative approach through the interview process.

4.5 Pilot Conclusions

Overall, the pilot responses did not support the literature review outcome, suggesting that ethical codes of conduct are 'scant in SMEs' (Kaptein, 2008; Crane and Matten, 2010). The pilot illustrated a positive approach by owners-managers towards working ethically, importance of customer relationships, willingness to be trained in ethical aspects of business, taking responsibility for organisational ethics and the business benefits.

The pilot also identified areas for SME development; for example, few SMEs linked ethical behaviour/codes of conduct to their mission/vision statements, although 61% claimed to have formal written ethical codes of conduct. Greater clarification is needed with respect to 'rules' based documentation and 'values' based documentation and the implication that this may have on the employees and style of leadership in the organisation requires further research.

The pilot study also raised the issue of employee conformance to ethical behaviour, indicating limited objective evidence that employees adhere to ethical codes of conduct and that reward/punishment is not high on the agenda for employers. There was also considerable variation in employee consultation in devising ethical codes of conduct.

4.6 Pilot Design Conclusions

The analysis of each pilot question also identified learning messages with respect to the development of a survey as the next stage in the research process. Additional feedback from the participants of the pilot indicated that there was variation in the interpretation of what constitutes an ethical code of conduct. There were no issues with regard to the length and layout of the pilot, with comments that it was easy to complete. However, the researcher identified that the sequencing logic of 'not applicable' questions could be improved. Also, there was concern that participants of the pilot may be biased when reporting about the

company they were responsible for and so techniques to manage this in the main survey needed to be addressed.

4.7 Summary

Having completed the pilot, it became evident that whilst it provided valuable exploratory data, the next stage of the research investigation needed to progress towards an explanatory perspective, in line with the research methodology. Therefore, the outcome of the pilot was developed further in the first strand of the main investigation, the survey, which is discussed in the next chapter (Chapter 5.0 – Survey Investigation).

Chapter 5.0 – Survey Investigation

Chapter 5.0 - Survey Investigation

5.1 Introduction to Chapter

Leading on from the pilot a more elaborate investigation was instigated in the form of a survey. Therefore, this chapter discusses the theoretical issues of survey and vignette design, followed by the actual development of the final survey construction used in this research. The process of administering the survey is disclosed together with the method of analysis. Results of the individual survey questions are presented within the eleven themes. Conclusions are made for each theme, leading to the development of interview questions for the second strand of data collection process. Finally, overall conclusions of the survey investigation are undertaken.

5.2 Theory and Design of Survey

Initially, it is worthwhile considering the theoretical issues relating to the design of surveys in order to ensure validity and reliability throughout the survey process. According to Gill and Johnson (2010), open-ended questions allow for a greater depth and understanding of complex issues. However, Vinten (2000) argues that closed questions, from a respondent's point of view, are easier to answer and from a researcher's point of view minimises the chances of non-response. Malhotra and Birks (2007) support this statement and add that questions need to be straightforward to answer and not have more than one meaning. Sue and Ritter (2012) suggest that researchers should focus on two aspects when designing surveys. The first is to ensure 'logic' in terms of the sequencing of the questions and the second being the importance of the 'first question' as it should be easy to answer and only take respondents a few seconds to complete.

Scales, such as the Likert scale, can help collate responses as they measure the degree of difference in the preferences amongst respondents (Sekaran and Bougie, 2003). Matrices are another device that can be used in survey design as

they can present a series of different questions in one format, but use the same response options (Sue and Ritter, 2012). Gillham (2000) argues that page length is also crucial and that four to six pages are the usual tolerance maximum. The font used in the surveys has been the subject of many studies, for example, Bernard and Mills (2000); Morrison and Noyes (2003). Both studies found that fonts such as Arial, Verdana and Times New Roman are the simplest and clearest for participants. Finally, the role of instructions are important in soliciting valid responses, Sue and Ritter (2012) indicate that instructions should always be included, even when the procedure may seem obvious, with the need to avoid jargon and abbreviations throughout.

Having completed the pilot investigation, the next stage was to develop the first strand of the data collection, the survey. The specific questions included in the survey investigation were designed based on the following principles and issues:

1. Questions that were suitable from the pilot study were carried forward to the survey investigation.
2. Questions that were revised from the pilot or developed as a result of the analysis presented in the pilot (Chapter 4.0 – Pilot Investigation) were included.
3. Similar to the pilot, questions were created with consideration of the overall aims and objectives and the research questions of the study (Chapter 3.0 – Research Philosophy and Methodological Design).
4. It was ensured that questions were included which were fully related to the eleven themes depicted as a result of the literature review (Figure 5.1).
5. Questions were developed within the themes, which could inform the interviews in the second strand of the data collection.

6. An array of questions were introduced, comprising additional 'open-ended' questions in order to progress the research from an exploratory study to an explanatory study.
7. A series of vignettes were designed to act as a way to limit social desirability bias and to measure the extent that results were reliable.

Considering the eleven themes that were developed from the literature review, survey investigation questions were devised around each theme. It was ensured that each theme had at least one related survey question. Using the conceptual framework, which was introduced in Chapter 2.0 – Literature Review, this framework could be developed further as the research progressed. Therefore, Figure 5.1 presents the conceptual framework with the addition of the survey questions (by number) that were associated with each theme. The final developed questions are presented in Table 5.1.

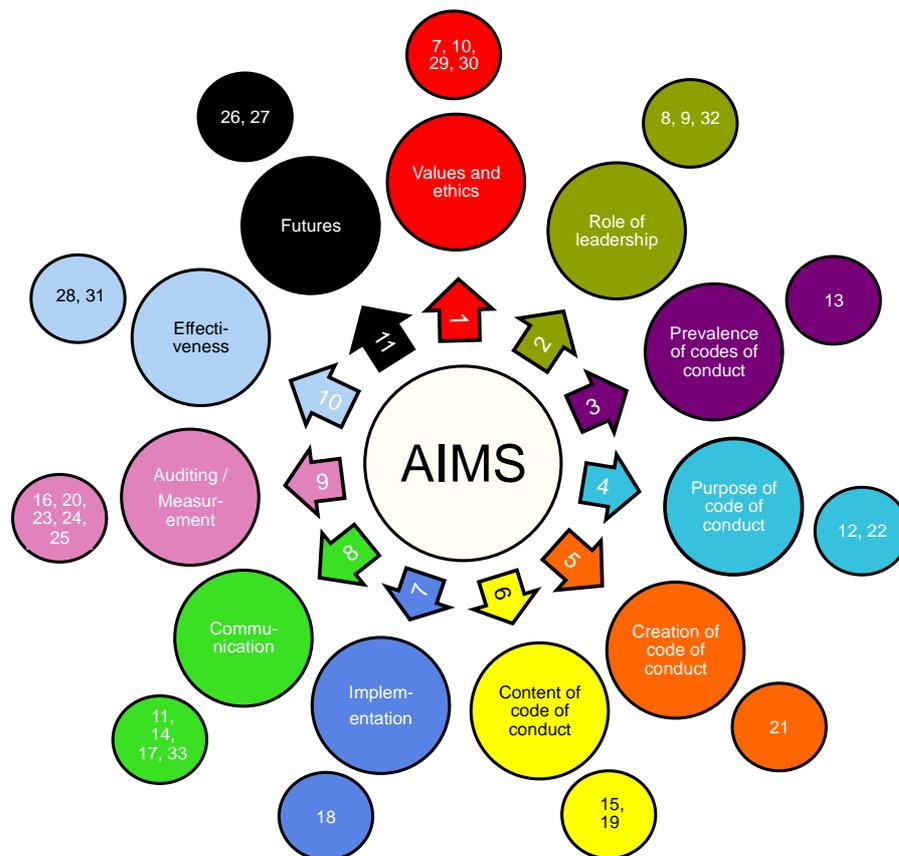


Figure 5.1: Conceptual Framework - Themes with Survey Questions

In total, thirty-three questions were included in the survey, six more than in the pilot; this was followed by eight vignettes questions. The overall layout of the survey consisted of five components:

1. Initial introduction to the study and participant consent.
2. Relevant demographic information
3. General ethical business practices.
4. Codes of conduct.
5. Vignettes, to compare and contrast with survey questions to confirm validity.

The definitive questions selected for the survey are presented below in Table 5.1. The original survey, provided to participants, is shown in Appendix 1

	Survey Questions
1	How many employees work in your organisation?
2	Is your organisation private sector, public sector or both?
3	Please identify the nature of your organisation
4	How many years has your organisation been in operation?
5	How many years have you been in a leadership role?
6	What is your position in the organisation?
7	Overall do you believe your organisation operates in an ethical manner?
8	What is the job position of the person who is responsible for ethical practices in your organisation?
9	Does your organisation have an ethical committee that oversees ethical procedures?
10	The ethical reputation of your organisation is important to you?
11	Does your mission/vision/values statement include reference to ethical business practices?
12	Do you believe that small businesses are required to act more ethically than multi-national organisations?
13	An ethical code of conduct has been described as, "A written, distinct and formal document which consists of moral standards used to guide employee or corporate behaviour" (Pater and Van Gils, 2003:764). Based on this definition which of the following terms best describes the ethical principles/code of conduct in your organisation?
14	Are your ethical principles/code of conduct written, verbal or both written and verbal?
15	Is your organisational code of conduct based on values or prescribed

	rules?
16	Do you believe that employees adhere to the organisation's code of conduct?
17	How does your organisation inform employees about the ethical principles/code of conduct?
18	At what stage do employees in your organisation receive information on ethical principles/code of conduct?
19	What sort of issues or topics are included as part of your ethical principles/code of conduct?
20	Are employees expected to sign a document signifying that they will adhere to ethical business principles/code of conduct?
21	Are employees consulted for their input when creating the ethical principles/code of conduct?
22	Do other companies in your supply chain require or demand that your organisation operates to an ethical code of conduct?
23	Are good ethical practices rewarded in your organisation?
24	Are unethical practices penalised in your organisation?
25	Is your organisation accredited to any of the following systems?
26	Have employees of your organisation attended training courses on ethical business practices?
27	Would you personally be willing to attend training sessions on ethical business practices?
28	Consider the following statement, 'ethical business practices are a worthwhile financial investment'.
29	Where do you believe people act more ethically?
30	Overall, do you share the values of your organisation?
31	Are your customers aware of your organisation's ethical values?
32	Are employees in your organisation encouraged to participate in corporate social responsibility activities, e.g. volunteering help in the community?
33	How does your organisation decide what is ethical and what is not?
Table 5.1: Final Survey Questions	

5.3 Vignette Design

As discussed in Chapter 3 – Research Philosophy and Methodological Design, vignettes were chosen as a method to reduce social desirability bias and to balance the responses from participants. According to Poulou (2001), surveys have often been criticised for the elicitation of misleading responses; this criticism has stemmed from the fact that surveys can often pose vague questions to respondents, who answer in terms of their own interpretation of the brief. Previous information on how to design vignettes has been classed as problematic in the literature (Mudrack and Mason, 2013). However, generally the literature

suggests they should be short, hypothetical and contain attitude statements (Finch, 1987). Poulou (2001:56) believes that vignettes, “clearly define the situations and the conditions under which the phenomenon under study takes place. They delineate the context of research to the respondents, so that their statements are not made in a vacuum”. However, Mudrack and Mason (2013) believe that previous studies, using vignettes have concluded that the vignette themes are frequently characterised by inherent ambiguity, which can taint results of matters they have the purpose of validating. Authors agree that vignette design should be based upon a ‘dilemma’ or ‘moral decision’ in which a protagonist is ordered to perform a questionable act (Shafer, 2002). Other than dilemma-based vignettes, Mudrack and Mason (2013) suggest there are other designs such as a more ‘case study’ approach or a ‘runaway trolley’ approach where respondents are forced to make a utilitarian decision, depicting the most favourable answer from two options. Slead et al. (2002) argues that a vignette methodology has the ability to capture links between statements participants make in the vignette and their actual behaviour in real life contexts. Mudrack and Mason (2013) argue that vignettes are difficult to design and that as an instrument for validity of ethical-based decisions, are still in their infancy. However, Crafter et al. (2010), claims they are a valuable tool, which can add to triangulation as they offer a lens, or a framework, which identifies the way in which human nature, can present differing reactions to similar issues internally and externally, thereby adding a level of confidence to the survey results.

As a result, the researcher carefully designed hypothetical questions related to business ethics issues, which related to questions asked in the main survey. The vignettes asked respondents to make a decision whether or not they felt a particular ‘grey area’ situation was acceptable or not. The results of these questions were then compared to the related survey question. Therefore, the hypothetical questions could be analysed against respondent replies to questions in the context of their own organisations. It was anticipated that the vignettes would provide a high confidence level with respect to the reliability of survey results and hence minimise social desirability bias’. Table 5.2 presents the eight vignettes that were designed for the study and indicates their corresponding

survey questions. The criteria for the selection of specific survey questions against vignettes are further discussed in Section 5.8.2.

Vignette Questions	
1	Some companies have their headquarters overseas in order to avoid U.K taxation. (Related survey question 10)
2	Many organisations exaggerate product sales in order to meet end of month financial targets. (Related survey question 7)
3	Some companies form partnerships with other businesses who have been found guilty of misconduct in the past. (Related survey question 22)
4	Many organisations are accredited to the ISO 9000 series, (Quality management Systems), yet do not always meet the needs of the customer. (Related survey question 7)
5	The manager of a particular company has fired an employee for disregard for the organisation's code of conduct. (Related survey question 24)
6	An organisation has disciplined an employee who has been observed acting unethically in the workplace by a colleague. (Related survey question 24)
7	The purchasing manager has discovered that one of their international suppliers is using 'child labour'. Although this practice is common in the supplier's country the contract has been cancelled. (Related survey question 7)
8	A multinational organisation has demanded that all potential suppliers provide explicit details of all sources of materials and operational processes before forming a partnership. (Related survey question 10)
Table 5.2: Vignette Questions	

5.4 Survey Administration

Whilst the pilot was administered in a face-to-face environment to a small sample, it was necessary to consider other potential options for the main survey in order to ensure the validity and the appropriateness of the sampling technique discussed in Chapter 3.0 – Research Philosophy and Methodological Design. The outcome of this review of options was to administer the survey ‘online’ to a large sample of respondents. In order to justify this decision the following literature review was undertaken.

According to Sue and Ritter (2012) online surveys can be fast, efficient, low cost and offer contingency questions. However, Sue and Ritter (2012) pinpoint negatives, including coverage bias, reliance on software and participants receiving too many surveys. Evans and Mathur (2005) have identified the major strengths and potential weaknesses of conducting online surveys (Figure 5.2).

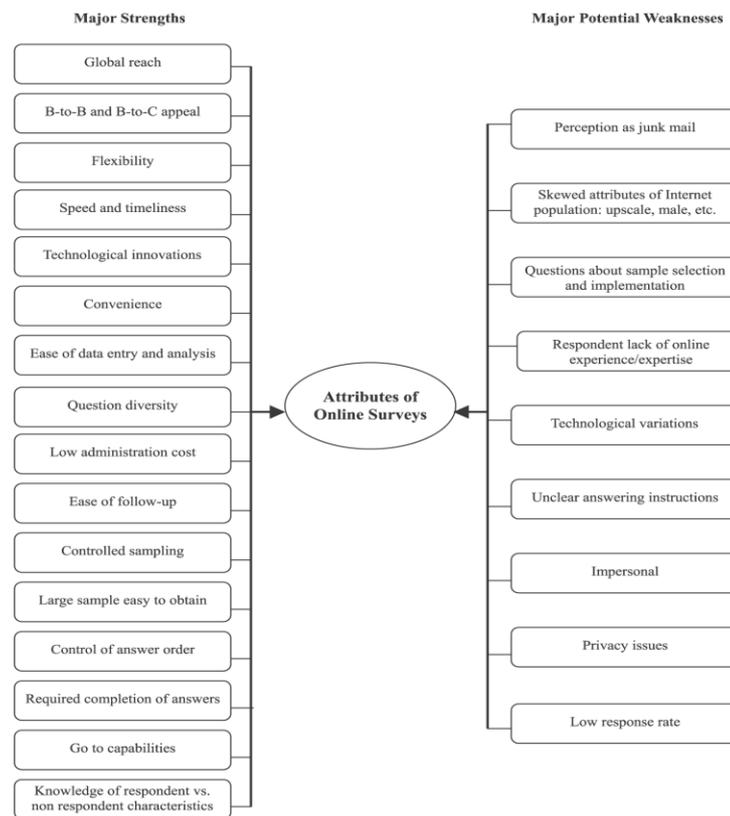


Figure 5.2: Identification of Positive and Negative Aspects of Online Surveys (Evans and Mathur, 2005).

Evans and Mathur (2005), demonstrate in the model above, many positive aspects, which can be considered to out-weigh the negatives aspects. Online packages, such as 'SurveyMonkey' and 'ThesisTools' allow for survey logic and can include questions that are: yes/no, closed, multiple choice, open-ended, ranked or comparison based (Evans and Mathur, 2005). Sue and Ritter (2012) argue that responses to digital surveys are greatest when respondents are pre-notified of the upcoming survey request.

The positive and negative aspects identified in Figure 5.2 were each evaluated by the researcher, prior to selecting the online approach. Overall, it was concluded that 'SurveyMonkey' was a suitable approach and that it would ensure a high response rate. The researcher had access to a large database, containing a population of over 700 SMEs, this further supporting the use of an online survey approach. A key component and benefit offered by online surveys is sequence logic, whereby irrelevant questions are skipped or diverted for specific participants. The result of this was that participants only had to answer questions that were relevant to them. Where possible, the researcher grouped questions together and kept the survey as short as possible, while at the same time obtained as much relevant information as possible. Finally, as the survey was conducted online, using the 'SurveyMonkey' software package the five sections identified in Section 5.2 were split into separate pages with a gauge at the bottom of each page to indicate to participants what percentage of the survey they had completed.

5.5 Survey Analysis

Sue and Ritter (2012) believe researchers should consider the method of analysis of data before the actual collection of data takes place. Gillham (2000) contends there are two stages to the data analysis of surveys, firstly is a descriptive stage where the results are presented in charts and graphs and the second is where these results are discussed, analysed and interpreted. However, SSC (2001) indicate three stages of data analysis, 1) exploratory analysis, 2) deriving of the main findings and 3) conclusions. There are a series of quantitative data analysis techniques from univariate analysis where a specific individual variable can be analysed to a more exploratory approach where tables and graph are presented and analysed (Bryman and Bell, 2007). Swift and Piff (2010) argue the importance of the numbers themselves in the analysis of quantitative data, stressing the significance of calculating the average, mode, median, distribution and variance of figures. However, Sekeran and Bougie (2010) argue that whilst it is important to analyse statistics, numbers do not offer a full explanation and so mainly offer results to test hypotheses or for initial exploratory studies. This latter viewpoint has been adopted in this research investigation.

The following analysis links each survey question with its associated theme. The results are presented in table or graphical form, followed by analysis and interpretation. Overall conclusions are made for each of the eleven themes, together with analysis and recommendations for the development of further investigative questions, which require a more qualitative approach in the second strand of the research data collection process – the Interviews.

In order to analyse the vignettes, they were directly compared to the related survey questions and the results presented. An overview matrix chart was created in order to capture the data of all the respondents from each vignette and corresponding survey question. This meant the researcher could test whether the responses were consistent or inconsistent before conclusions could be drawn. Overall, consistency levels were also calculated and presented. The adoption of data analysis software, such as SPSS, was considered, but was found to be inappropriate as the survey's aim was to initially explore the topic which could be analysed in more depth through the explanatory qualitative data strand. Therefore, statistical measures, such as medians and standard deviations were considered unsuitable. At this stage of the research investigation it was more important that the outcome of the survey could be presented in a format that was appropriate to develop and inform the next stage of the qualitative strand.

5.6 Demographic Survey Findings

In total owner-managers of 84 organisations completed the online survey. The 84 responses were collated from a sampling frame of 680 SMEs in the North-West of England. This provided the researcher with a response rate of 12.3%. The first question asked how many employees work in the organisation. The results indicated that all 84 organisations fitted into the criteria of an SME with fewer than 250 employees. The demographic questions confirmed that 66 of the companies were privately run and that 64% of the businesses were service based. Most of the organisations had been in operation over a significant time period, with 31% of respondents being in business for over 25 years. Overall, the respondents

signified that they were the owner-manager, the HRM manager, CEO or director. More detailed demographic results are presented in Appendix 2.

5.7 Survey Findings – Analysis and Interpretation of Themes

As previously stated, the findings from the survey relate directly to the eleven themes, developed in the literature review. This process ensured that thematic analysis could occur and that the theme summaries could assist in the design of the content of interviews, (in line with the sequential research design model that was adopted for this study). This approach provided consistency and ensured that the interviews were designed in line with the findings from the survey. As a result of the survey question exploration within each theme, more in-depth qualitative questions could be devised, which could be conducted at the interview stage. Therefore, the format of the survey analysis is shown in Table 5.3, showing survey questions directly related to each of the eleven themes.

Chapter/ Section	Eleven Themes	Related Survey Questions
5.7.1	Values and Ethics	7, 10, 29, 30
5.7.2	Role of Leadership	8, 9, 32
5.7.3	Prevalence of Code of Conduct	13
5.7.4	Purpose of Code of Conduct	22, 12
5.7.5	Creation of Codes of Conduct	21
5.7.6	Content of Codes of Conduct	15, 19
5.7.7	Implementation of Codes of Conduct	18
5.7.8	Communication of Codes of Conduct	11, 14, 17, 33
5.7.9	Auditing and Measurement of Codes of Conduct	16, 20, 23, 24,25
5.7.10	Effectiveness of Codes of Conduct	28, 31
5.7.11	Future of Codes of Conduct	26, 27

Table: 5.3: Survey Themes and Questions

Each of the eleven themes are considered alongside the survey questions which correspond to them. The survey responses are scrutinised with analysis and interpretation followed by 'Theme Conclusions' and 'Research Development for Interview Investigation', which identifies potential areas requiring additional data collection, via the interviews. In order to achieve triangulation and guarantee validity, this section also analyses the results from the vignettes and compares them to the main survey findings. The following figures were created using the 'SurveyMonkey' software, with the number of responses represented on the Y-axis and the selected answer presented on the X-axis in each case.

5.7.1 Theme One: Values and Ethics

Survey Question No 7

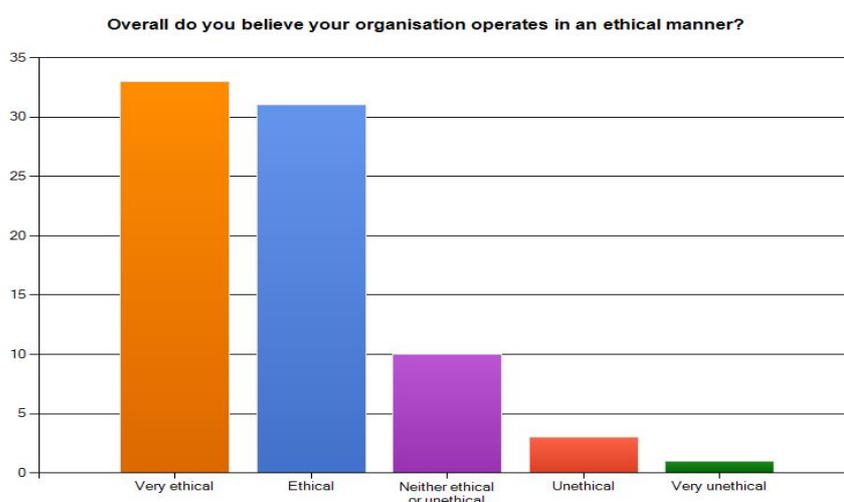


Figure 5.3: Survey Question No 7

Interpretation (Figure 5.3) – Overall, the graph indicates that the majority of owner-managers believe that their organisation is ethical; with 64 respondents (76%) claiming their company is ethical or very ethical. This response is not totally unexpected as it is highly likely that the owner-manager would not present or view their company in a negative manner. This question is further analysed in conjunction with a vignette later in this chapter. Overall, owners believe they operate ethically, which suggests an ethical culture is in place, which may be

documented, verbal or be in the form of a visual example. It is interesting that 10 respondents were unable to decide whether their organisation is ethical or unethical by stating neither ethical nor unethical. The reason for this choice may have been that they did not have a clear definition of what is ethical and what is unethical. For the final two categories, 4 companies (5%) claimed that their company operates unethically or very unethically. This statistic may be based on the fact that these respondents believe that being unethical or very unethical is good business practice and see it as a necessary survival management ploy, which may be typical of a particular industrial or commercial sector. Being unethical may be seen by some as a strong management style, this view is possibly associated with a lack of management training and development.

Survey Question No 10

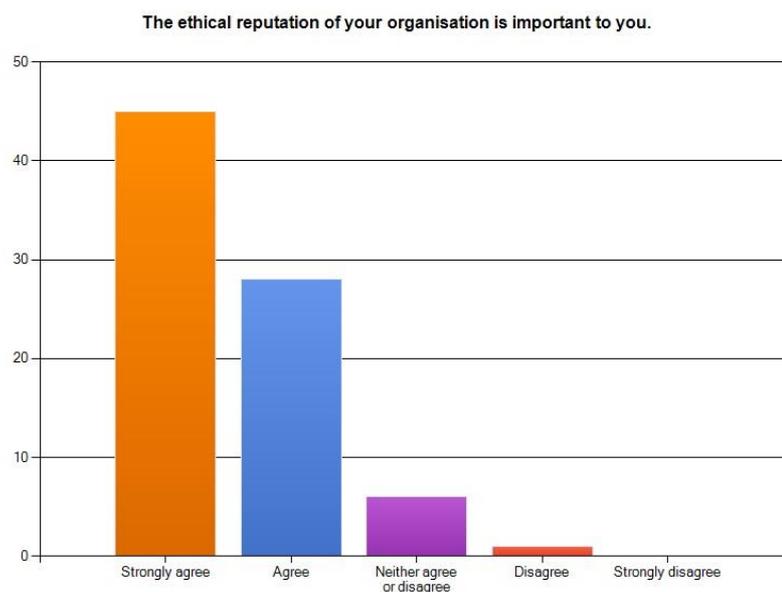


Figure 5.4: Survey Question No 10

Interpretation (Figure 5.4) – A massive 73 respondents (91%) claimed that the reputation of their company is important to them. Only 6 people (8%) neither agreed nor disagreed, with 1 (1%) person disagreeing with the statement. This indicates that for businesses to flourish and be financially successful the ethical reputation is important to the owner-manager. For 3 companies, there is a disconnect with the previous question as it is evident that some owner-managers

do not particularly feel their company is ethical, however, to the outside world and to stakeholders, such as customers, they believe it is important to have a good ethical reputation.

Survey Question No 29

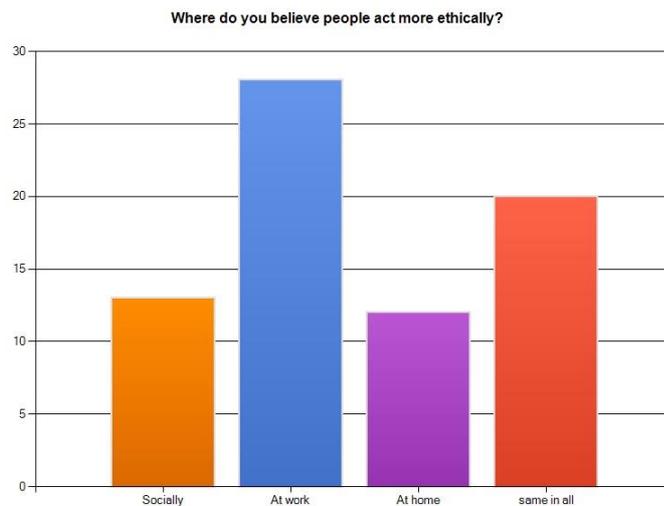


Figure 5.5: Survey Question No 29

Interpretation (Figure 5.5) – The highest response for this question was 28 with 40% of the owner-managers believing that people operate more ethically in the workplace. There may be several reasons for this result, for example, it might be that, in the workplace there are policies and procedures in place and in some instances punishment for those that do not comply. Also, peer or group pressure in the workplace may have a strong influence on employee behaviour, which may also be guided by cultural factors. The law, codes of conduct, and leadership style may also impact on the way people work. The lowest response to this question was that people act more ethically at home, 12 out of 84 respondents. These respondents appear to see a clearly defined line between the work and home situation that requires different behavioural patterns. A slightly higher figure of 13 (19%) respondents identified that they believe people act more ethically in the social environment, this may be due to the social norms of behavior that are

expected within particular social gatherings. Overall, 20 (29%) respondents opted for the 'same in all' suggesting that these people believe a person's values, beliefs and ethical behavior should be consistent at all times and not be influenced by the individual's environment.

Survey Question No 30

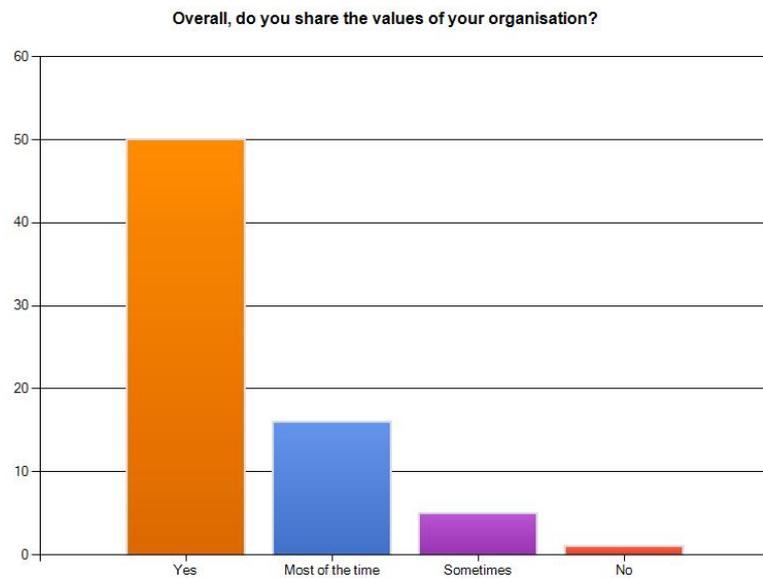


Figure 5.6: Survey Question No 30

Interpretation (Figure 5.6) – In general, most respondents (70%) believed that they share the same values as the company. This is probably due to the fact that it is the owner-manager that has stipulated the values and ethical behavior in the first instance and therefore this result was expected to be high. However, one respondent claimed not to share the values of the company, which might suggest that, in the main, the particular company in question may be strongly guided by government laws or other professional regulations for which the owner-manager may not agree. Also, this organisation may have joint ownership, which may result in this anomaly. Conversely, the owner-manager may have had impeccable values in the social environment, which were not transferred into the company. The final 21 (29%) respondents claimed that there are some inconsistencies and that personal values are sometimes brought into conflict with company values.

Theme One – Values and Ethics: Conclusions

Survey questions for this theme focused on whether or not owner-managers viewed their organisations as operating in an ethical manner. The majority agreed that, in practice, their organisations function ethically. 'Ethical reputation' achieved a high positive response rate and therefore was considered as being important to the viability of the organisation. Behaving ethically in different environments produced a wide variation in responses, with 'at work' being where people act ethically most. Finally, the topic of sharing organisational values was explored, with the majority of respondents agreeing that there was a correlation between their personal values and the values of the organisation.

Theme One – Values and Ethics: Research Development for Interview Investigation

- With regard to operating in an 'ethical manner' it was expected that this would be rated highly by owner-managers. This topic needs further confirmation by interviewing employees from different hierarchical levels within organisations in order to confirm if employees share the view of owner-managers.
- It is important to establish the various ways in which ethical reputation impacts on the organisation.
- Most owner-managers confirmed that their values were aligned with the company values. This needs to be further investigated at lower levels within organisations to establish if all employees share these values.

5.7.2 Theme Two: Role of Leadership

Survey Question No 8

Q8 What is the job position of the person who is responsible for ethical practices in your organisation? (All 12 different answers)		
	Job Position	Number of Responses
1	The Owner/ Managing Director	20
2	Director	9
3	Operations Manager	9
4	All Members of Staff	7
5	Human Resources	5
6	Partner	4
7	Nobody	4
8	Equality and Ethics Manager	3
9	Secretary	1
10	Compliance Manager	1
11	Head of Governance	1
12	Internal Manager	1
Table 5.4: Survey Question 8		Total 65

Interpretation (Table 5.4) – A series of answers were provided by the respondents in this text box question. A total of 38 (58%) of all participants indicated that the individual, responsible for the ethical practices, within their organisation was the owner-manager, director or operations manager. This indicates ‘good practice’ as top management is committed to the ethos of ethical behaviour and have not delegated responsibility to someone lower in the hierarchy who might be less influential in implementing ethical practices. The next fairly high response rate was ‘all staff members’ (11%), which is good from a point of view that ethical behaviour should impact on all employees and therefore, everyone is responsible. However, the design, implementation and application of, for example, codes of conduct, ideally needs to have a focal point for creation, compilation and issue within the organisation. Very often, in large organisations, responsibility for ethical practices is delegated to the Human Resource Department however, for the SMEs in the survey only 8% indicated this. From the findings it is evident that a small percentage, 6%, do not have anybody responsible for ethics. An interesting finding for this question was the identification by owners-managers of the following roles within their organisations; ‘Equality and Ethics Manager’, ‘Head of Governance’

and 'Compliance Manager'. In total 5 respondents (7%) claimed to have one of these roles within their organisation and that they acted as the focal point for ethics. These three categories indicate a strong commitment for SMEs to engage in ethical management practices.

Survey Question No 9

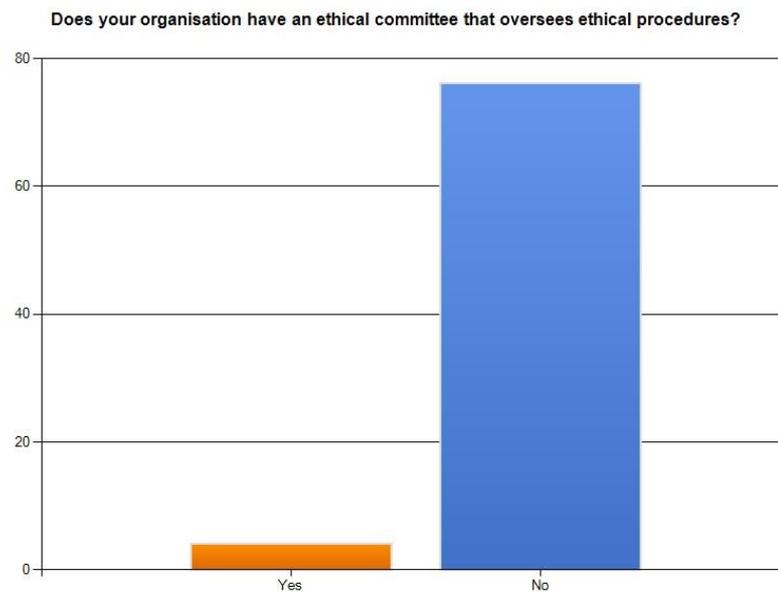


Figure 5.7: Survey Question No 9

Interpretation (Figure 5.7) – In total 76 (95%) of owner-managers claimed that their organisation did not have an ethical committee to oversee ethical procedures. Conversely 4 (5%) of participants indicated that they did have a committee to fulfill this process. This result suggests that an ethical committee is not necessarily an approach for SMEs to manage and audit ethics. Typically for SMEs the decision-making process is much shorter and quicker than in larger, multinational organisations and therefore, may negate the need for a formal committee. The four companies that do operate using the committee approach to ethical management may have different motives for doing so, for example, due to the company being part of a supply chain and needing to adhere to a larger companies' policies and procedures.

Survey Question No 32

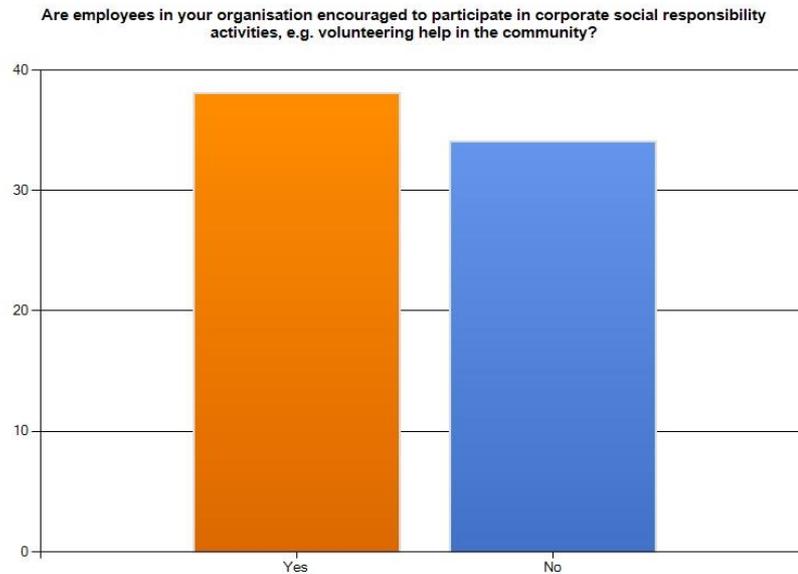


Figure 5.8: Survey Question No 32

Interpretation (Figure 5.8) – The results from this question indicate that a large number of owner-managers, 38 (53%), like to undertake charitable work and that their company does participate in some form of CSR activity. Although CSR is, by definition, an activity of corporations rather than SMEs, the findings of the survey suggest SME owner-managers clearly see their role in the local community as important. Engagement with such activities can enhance their reputation and consequently impact on their bottom line. Conversely, 34 (47%) of respondents asserted that they are not engaged with such events. One reason for this could be that SMEs traditionally focus on the business needs rather than issues external of the business.

Theme Two – Role of Leadership: Conclusions

The survey revealed overwhelmingly that senior management is responsible for ethics within the sampled SMEs. This indicates a 'top down' approach to ethical issues and implementation rather than a philosophy of ethics being everybody's responsibility. The 'top down' approach can result in an authoritarian style of leadership that might not produce employee 'buy-in' to the values and ethics of the

organisation. Linked to the powerful role of the leader is the fact that ethical committees are not seen as a management approach to the determination of ethical codes of conduct and their implementation. The participation of CSR in the sample is considerably high, indicating that leadership is providing organisational resources to employees/events in the form of sponsoring activities in the local community.

Theme Two – Role of Leadership: Research Development for Interview Investigation

- It is necessary to identify the working practices and activities that leaders undertake in the pursuit of organisational values and ethics and how these originate.
- There is a need to understand employees' perceptions of leadership style with respect to the way in which ethical values are built into everyday operations.
- Greater detail is required to determine if a focal point of ethical business practices exists within the organisations.
- To establish the level and intensity of CSR activity within SMEs, more qualitative questions need to be asked.

5.7.3 Theme Three: Prevalence of Codes Conduct

Survey Question No 13

An ethical code of conduct has been described as, "A written, distinct and formal document which consists of moral standards used to guide employee or corporate behaviour" (Pater and Van Gils, 2003:764). Based on this definition which of the following terms best describes the ethical principles/code of conduct in your organisation?

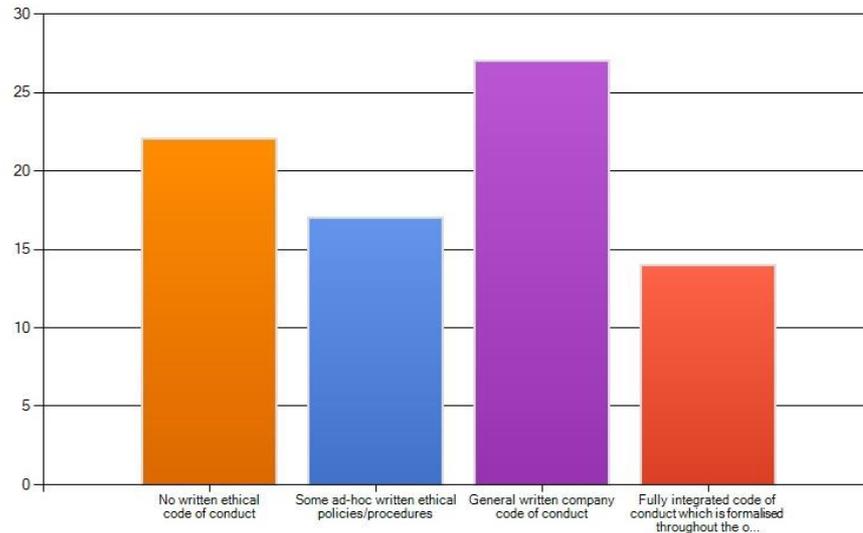


Figure 5.9: Survey Question No 13

Interpretation (Figure 5.9) – This question resulted in a wide range of responses. A definition was provided for the respondents, in order to avoid the confusion, which was evident in the pilot study. The four categories were devised based on information from the literature review. In total 41 of the 80 (51%) respondents who answered this question claimed to have a code of conduct in place, whether it be a 'general written company code of conduct' or one that is 'fully integrated and formalised throughout the organisation'. This clearly opposes the literature, which identified that most SMEs do not have codes of conduct: research of the evidence of the usage of codes of conduct in SMEs is minimal (Spence and Lozano, 2000). In total, 17 (21%) owner-managers identified that there were some ad-hoc ethical policies in place, and 22 (28%) claimed that there was no written code or policies.

Theme Three – Prevalence of Codes of Conduct: Conclusions

The sample clearly indicates that the prevalence of ethical codes of conduct is very high in SMEs. Overall, 72% of the companies questioned, declared to have some form of ethical policy, procedure or code, again counterclaiming previous research and literature on codes of conduct in SMEs.

Theme Three – Prevalence of Codes of Conduct: Research Development for Interview Investigation

- There is a requirement for more detailed information regarding the nature and format of ethical codes of conduct.
- There may be a correlation between stages of organisational development and level of sophistication of codes of conduct.
- It is clear from the literature review that 'ethics terminology' is an area of contention. Interviewing owner-managers and employees from other levels within organisations may provide greater insight into the definition of codes of conduct in the SME context.

5.7.4 Theme Four: Purpose of Codes of Conduct

Survey Question No 22

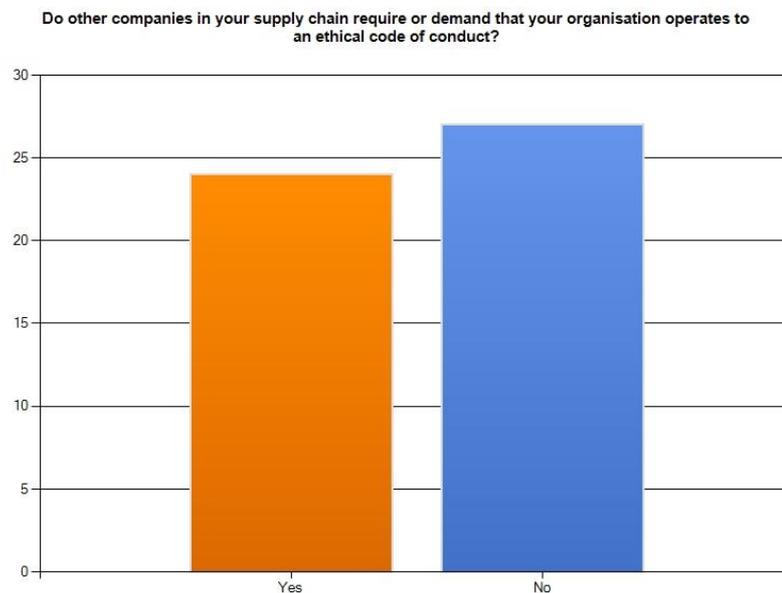


Figure 5.10: Survey Question No 22

Interpretation (Figure 5.10) – The responses from this question clearly demonstrate that many SMEs have external factors and pressures to consider, when conducting business. A total of 24 respondents (47%) claimed that other businesses in their supply chain required them to adhere to a code and act ethically. This may be an organisational code, a supplier code, an industry code or professional body code. An interesting statistic from this question was that only 51 owner-managers chose to answer this question, with 33 opting to avoid it. A reason for this may be that many owner-managers are not aware of the intricacies of the ethical practices of larger organisations whose supply chain they are in and therefore did not know if there was a code in place. However, many organisations in the sample do not have such external pressures and are free to set the ethical climate of the company themselves, with 27 (53%) companies indicating that no external ethical pressure from other companies was placed upon them.

Survey Question No 12

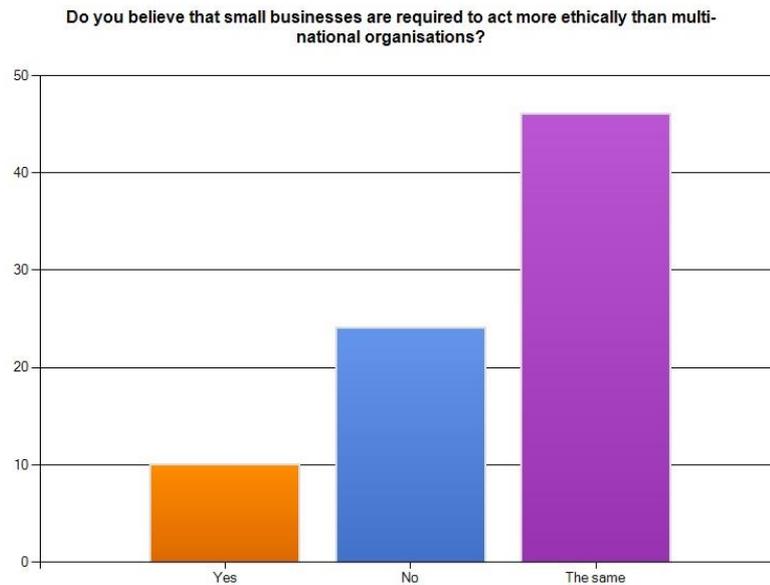


Figure 5.11: Survey Question No 12

Interpretation (Figure 5.11) – The majority of respondents believe that both small and large organisations are required to act in the same ethical manner, with almost two-thirds opting for this response, 46 (58%). However, 24 (30%) owner-managers believe that it is larger organisations, which have to be more ethical. This result may be due to the perceived public perception of larger companies and how the good reputation of large companies can eradicate with ease after ethical breakdown. Also, the internet allows mass communication to spread information quickly, further highlighting the importance of reputation and maintaining ethics. Conversely, some owner-managers felt that being a small business made it more important to be ethical, with 10 respondents (12%) answering ‘yes’. It could be argued that a small company would struggle to survive if their ethical reputation was damaged, whereas larger multinationals have systems in place to deal with and overcome any loss to reputation.

Theme Four – Purpose of Codes of Conduct: Conclusions

The survey questions have produced an initial perspective on the purpose of ethical codes of conduct. Nearly half of the sampled organisations are required to implement codes of conduct in order to satisfy other organisations in their supply

chain. Linking purpose of codes of conduct with the size of companies, results provided limited information with respect to the specific organisation's level of ethical business practice. Interestingly, 12% of the sample believe that SMEs should be more ethical than larger organisations.

Theme Four – Purpose of Codes of Conduct: Research Development for Interview Investigation

- The survey was not able to elicit the wider range of likely responses to 'why' organisations introduce codes of conduct and indeed, their understanding of the purpose. Therefore, this needs to be developed into interview questions.
- More detailed information is needed with regard to SME relationships with their customers, suppliers and other stakeholders that may be influential in impacting on the purpose of SMEs adopting ethical practices.
- Interviews could provide an historical perspective, in that the origin of codes of conduct could be revealed.
- Organisational reputation needs further investigation in order to determine its relationship to the purpose of codes of conduct.

5.7.5 Theme Five: Creation of Codes of Conduct

Survey Question No 21

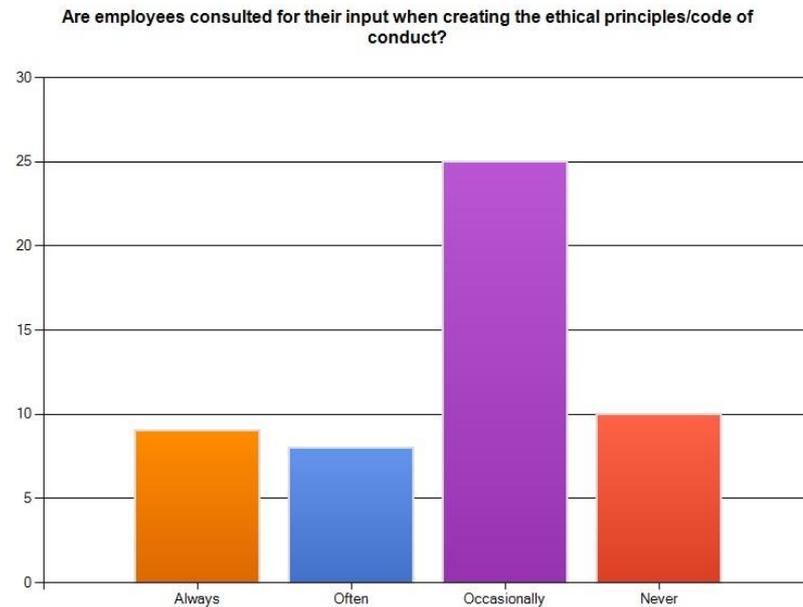


Figure 5.12: Survey Question No 21

Interpretation (Figure 5.12) – These results indicate that employees have little input into the codes of conduct or ethical principles of the organisation. It could be argued that in order to achieve ‘buy-in’ to the code, employees should have some form of contribution in its creation. ‘Occasionally’ and ‘never’ were the two most selected answers to this question with 35 (67%) owner-managers selecting none or very limited input from employees. However, 9 (17%) replies stated that employees were always consulted in the creation of ethical codes of conduct. Finally, it is important to note that only 52 (65%) of the sample answered this question, this, however, was due to questionnaire programming and logic which made the respondents who claimed not to have a code of conduct skip this question.

Theme Five – Creation of Codes of Conduct: Conclusions

The main emphasis of this survey question was to establish the role of employees in the creation of codes of conduct. The sample revealed that most employees are

not consulted on all aspects of ethical business practices when codes of conduct are created.

Theme Five – Creation of Codes of Conduct: Research Development for Interview Investigation

- Codes of conduct can be created internally or externally. The application of specific interview questions could reveal precise processes adopted by organisations in the creation of codes of conduct.
- Stakeholder involvement requires further investigation.
- Links between knowledge of ethical business practices and the creation of codes of conduct need to be explored in greater detail.
- Insights into the creation of codes of conduct and how this relates to aspects of organisational culture could be revealed via interview questions at different hierarchical levels within the organisations.

5.7.6 Theme Six: Content of Codes

Survey Question No 15

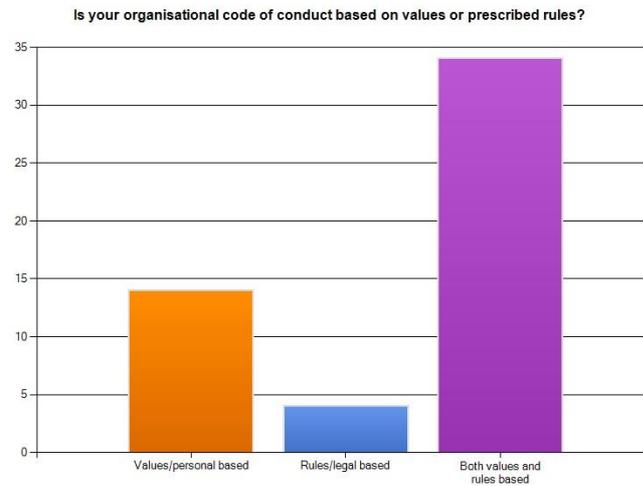


Figure 5.13: Survey Question 15

Interpretation (Figure 5.13) – This question was designed to test how codes of conduct in SMEs are written, in relation to language. Codes can be created with inclusive language which engages its reader, such as “we will strive to maintain our values at all times” or could include terminology which is more distant and compliant, e.g. “you must adhere to the values at all times”. This question tried to establish the style of the written code, whether it was more ‘values-led’ or ‘rules and law-led’. The result was that 34 respondents (65%) stated it was a mixture of both. On reflection, however, it may have been an error to offer a ‘Combination Answer’ and perhaps participants should have been limited to decide which one takes precedence. Values-based proved more popular with 14 (27%) selecting this option rather than rules-based 4 (8%).

Survey Question No 19

Q19 What sort of issues or topics are included as part of your ethical principles/code of conduct? (All 19 different responses)					
No	Issues or Topics	Responses	No	Issues of Topics	Responses
1	Diversity	11	11	Treatment of Suppliers	3
2	Equal Opportunities	9	12	Remuneration and Equitable Distribution of	2

				Resources	
3	Treatment of Customers	7	13	Expenses	2
4	Honesty	6	14	Sustainability	2
5	Respect	5	15	Disciplinary and Grievance	1
6	Personal Conduct	4	16	Links to Charity	1
7	Environmental Issues	3	17	Health and Safety	1
8	Bribery	3	18	Employee Rights	1
9	Accountability	3	19	Whistleblowing	1
10	Treatment of Stakeholders	3		Total	68
Table 5.5: Survey Question 19					

Interpretation (Table 5.5) – Question 19 was included to specifically establish the content of codes of conduct in the SME organisations. In total, 19 different answers were provided, with many owner-managers providing multiple answers. A text box was provided rather than options and so all responses are creations of the respondents. The popularity of the different issues have been placed in order. In total, 68 responses were collected, with 29% of the replies being either diversity or equality. It is interesting to note at the other end of the scale were issues such as health and safety, whistleblowing, links to charity, disciplinary and grievance and employee rights which all only registered one response each.

These five topics are usually highly prevalent in the codes of conduct of large multinational organisations, suggesting that the content focus of SME codes of conduct is specific to SME issues.

Theme Six – Content of Codes of Conduct: Conclusions

The theme of ‘content of codes of conduct’ is an area for which considerable research already exists, albeit, mainly relating to large organisations. The sample, in this investigation, provided a wide span of content areas with particular areas being the most common. In terms of the writing style of codes of conduct the

majority of respondents stated that both a 'values-led' and 'rules-led' style was used in their code.

Theme Six – Content of Codes of Conduct: Research Development for Interview Investigation

- Actual documented codes of conduct need to be reviewed in order to ascertain the mix of 'values-led' and 'rules-led' content. This could be a feature at the interview stage.
- A detailed analysis of content variation, across different organisations is required to be undertaken.
- The way in which content is written may be linked to the leadership style of the owner-managers. These insights could be a feature of interviews at different levels within the organisation.

5.7.7 Theme Seven: Implementation of Codes of Conduct

Survey Question No 18

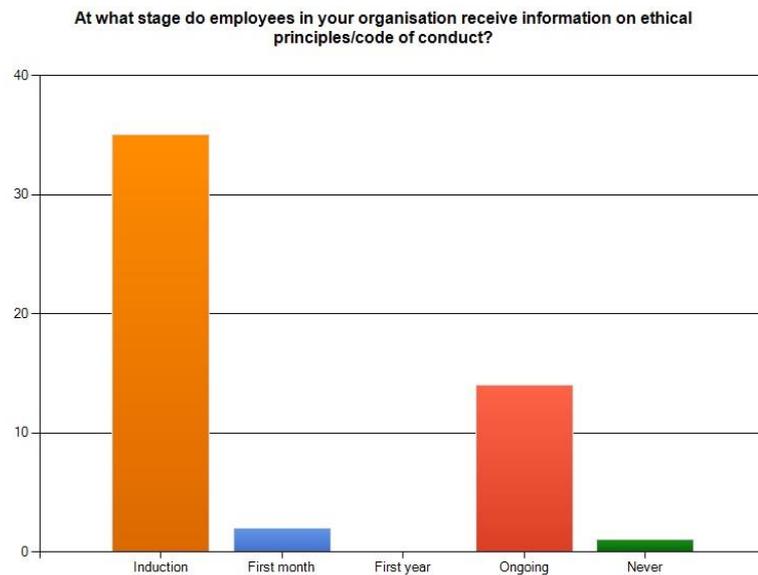


Figure 5.14: Survey Question 18

Interpretation (Figure 5.14) – Of the available answers to this question, ‘induction’ was selected as the most popular with 35 (67%) of responses. The indication here is that ethical codes of conduct are an integral part of the induction process. Induction activity varies considerably and are often presented as a ‘tick-box’ paper exercise that do little other than serve as a human resource process. To achieve a ‘living code’ this information must be ongoing. For a code to be real and useful, it must be updated, which can only occur if it is always being maintained and implemented on a consistent basis. Therefore, it could be argued that the 14 (27%) owner-managers who selected ‘ongoing’ have a code, which is better implemented, and ‘living’. Finally, a small number of respondents selected ‘first month’ (4%) and ‘never’ (2%) as to when the code is implemented.

Theme Seven – Implementation of Codes of Conduct: Conclusions

There are many features to be considered when establishing the effectiveness of any implementation process. The survey question focused the time frame for

which employees received training or information on ethical principles/ codes of conduct. The result being that the majority of respondents claimed that 'induction' was the focal time point for ethical procedural communication.

Theme Seven – Implementation of Codes of Conduct: Research Development for Interview Investigation

- The wider issues of the implementation process need to be investigated via structured and non-structured style questions at the interview stage of this research.
- There is a need to identify formal/informal aspects of code of conduct implementation.
- Other areas, such as communication and training, which overlap with other themes need to be considered from a viewpoint of implementation.
- An interview question could be designed to elicit if code of conduct implementation is associated with the length of time an organisation has been in operation.
- Responsibilities for the implementation process needs to be established.

5.7.8 Theme Eight: Communication of Codes of Conduct

Survey Question No 11

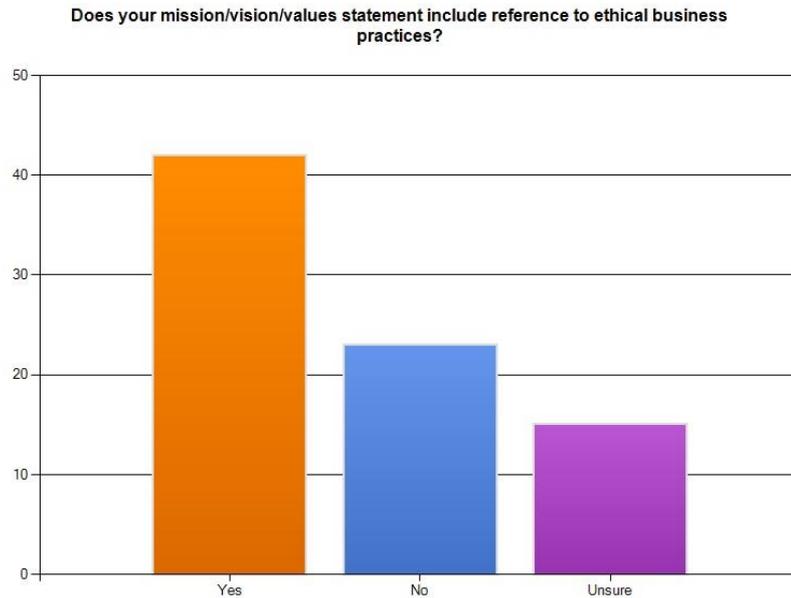


Figure 5.15: Survey Question 11

Interpretation (Figure 5.15) – In total 42 (52%) participants claimed their company has a mission and values statement that alludes to ethical business practices. A mission statement can be considered to be a key communication tool for employers to share the values of the organisation with employees and set an ethical culture. However, 23 (29%) of owner-managers indicated that there was no reference to ethical practices in their mission statements. The most interesting statistic from these results was that 15 (19%) of respondents selected ‘unsure’ suggesting that they are not familiar with the content or existence of their company’s mission.

Survey Question No 14

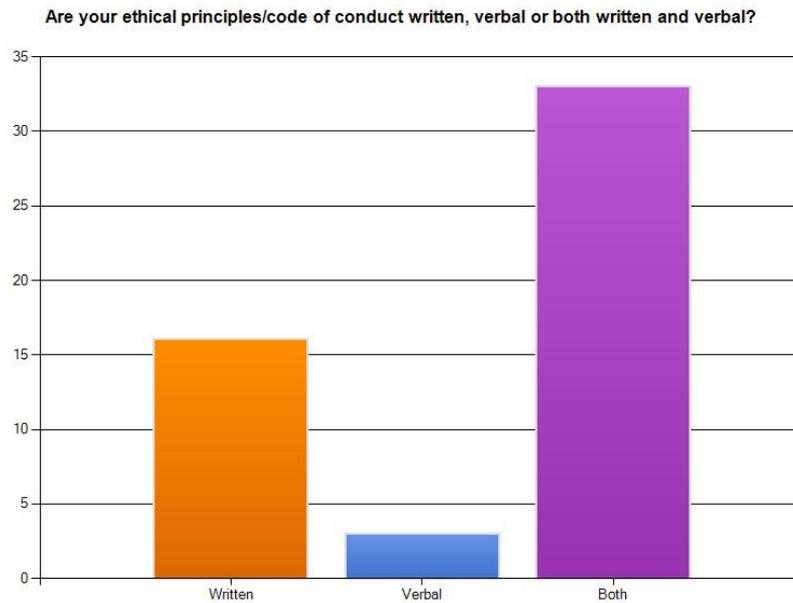


Figure 5.16: Survey Question 14

Interpretation (Figure 5.16) – The majority of recipients declared that they use both verbal and written ways to communicate their ethical message 33 (64%). Three respondents (6%) selected ‘verbal,’ possibly indicating that SMEs with fewer employees do not have to produce formal written codes of conduct to communicate effectively. Written codes of conduct were found to be relatively high for SMEs with 16 (30%) respondents selecting this option.

Survey Question No 17

Q17 How does your organisation inform employees about the ethical principles/code of conduct? (All 15 different responses)					
No	Issues or Topics	Responses	No	Issues of Topics	Responses
1	Regular Meetings	11	8	Recruitment/Selection	2
2	Induction	9	10	Policies	2
3	Intranet	6	11	Appraisal	1
4	Employee Handbook	6	12	Notice Board	1
5	Email	5	13	Newsletters	1
6	Training	4	14	Leadership/Management	1
7	Website	2	15	Away Day	1

8	Reading the Code	2		Total	54
Table 5.6: Survey Question 17					

Interpretation (Table 5.6) – This question attempted to find out in greater depth how codes of conduct/ethical principles are communicated. In total 15 answers were provided by 54 respondents. This question did not provide any pre-determined answers, a text box was provided. The most common answers included: induction (supporting the results from a previous question), the intranet, employee handbook and regular meetings. It is probable that the first three activities are written based, whereas the last one is verbal. The less popular responses included, notice boards, newsletters, leadership, appraisals and ‘away days’. Generally, the first two of these five activities are communicated through writing with the other three, more usually being communicated verbally.

Survey Question No 33

Q33 How does your organisation decide what is ethical and what is not? (All 11 different responses)		
	Ethical Decider	Number of Responses
1	Managing Director/Owner	10
2	All Employees	9
3	The Law	7
4	We Do Not Focus On It	6
5	Individual’s Should Decide	4
6	Common Sense	4
7	External Bodies	3
8	Customers/Other Stakeholders	2
9	Ethical Framework	2
10	Code of Conduct	1
11	No-one Decides This	1
Table 5.7: Survey Question 33		Total 49

Interpretation (Table 5.7) – This question tried to identify the different stakeholders and factors within the communication process that influence the behaviour and culture of SMEs. 11 different answers in total were provided to the

question, which asked, how does your organisation decide what is ethical. This question did not provide any pre-determined answers, a text box was provided. Managing Director/Owner was the top answer with 10 out of 49 (20%) respondents selecting this option. Other highly rated answers were, 'all employees' and 'what the law requires'. In this sample, the code of conduct scored the lowest response rate indicating that respondents did not believe that the code, by itself, greatly impacted on the behaviour of employees. Other less popular answers included: 'customers/other stakeholders', 'nobody' and the 'ethical framework'. Based on the responses it is clear that there is great variance within organisations as to how the values and ethics are decided within the context of organisational behaviour.

Theme Eight – Communication of Codes of Conduct: Conclusions

Communication takes on many forms within organisations and is the target for much criticism and the necessity for improvement initiatives. It is clearly a complex phenomenon and can be difficult to fully investigate. The survey questions were designed to obtain information from a number of communication perspectives. More than 50% of the respondents claimed to link ethical business practices to their mission. There is considerable variation in whether codes of conduct are written, verbal or both and also the way in which dissemination of information is undertaken. Finally, the analysis also indicated variation in the respondents' views of who decides what is ethical and what is not.

Theme Eight – Communication of Codes of Conduct: Research Development for Interview Investigation

- Interviews at different levels within the organisation will establish the effectiveness of communication.
- Verbal versus written codes of conduct needs to be reviewed.
- Discussion needs to take place, at the hierarchical levels, to establish other forms of communication that may be used.
- There is an overlap with the communication theme and the code of conduct content theme in asking 'how does your organisation decide what is ethical

and what is not'? However, this question needs to go across all levels to establish communication links and responsibilities.

5.7.9 Theme Nine: Auditing and Measurement of Codes of Conduct

Survey Question No 16

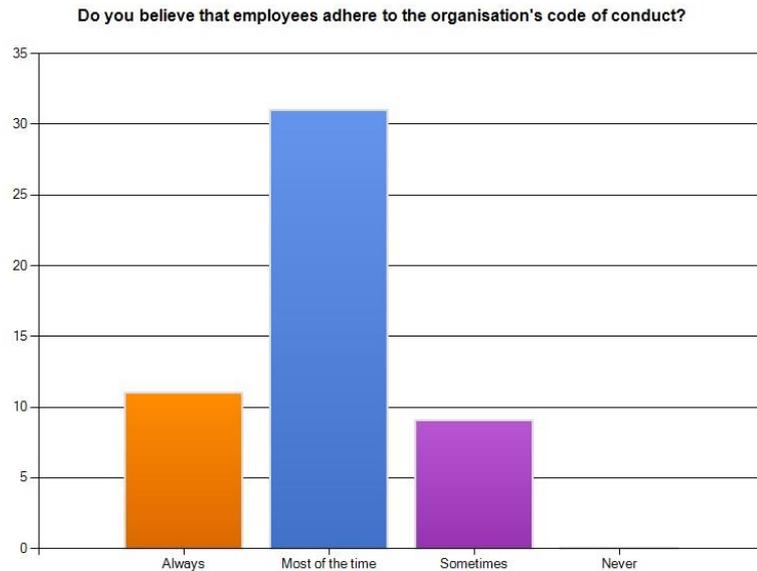


Figure 5.17: Survey Question 16

Interpretation (Figure 5.17) – Respondents to this question believe that employees generally adhere to the code of conduct that is in place within the organisation. 'always' was selected by 11 (21%) of participants, with 'most of the time' being the most popular answer with 31 (61%). The selection of 'most of the time' is an indication of employee conformance, however, it is not a sufficiently accurate measurement that could lead to continuous improvement.

A total of 9 (18%) recipients opted for 'sometimes' demonstrating that although they have a code it may not be fully enforced. This suggests that these organisations do not have a 'living code' and it is not integrated throughout the organisation. The option of 'never' was not selected by any respondents suggesting that those companies that have a code, see it as a useful management tool.

Survey Question No 20

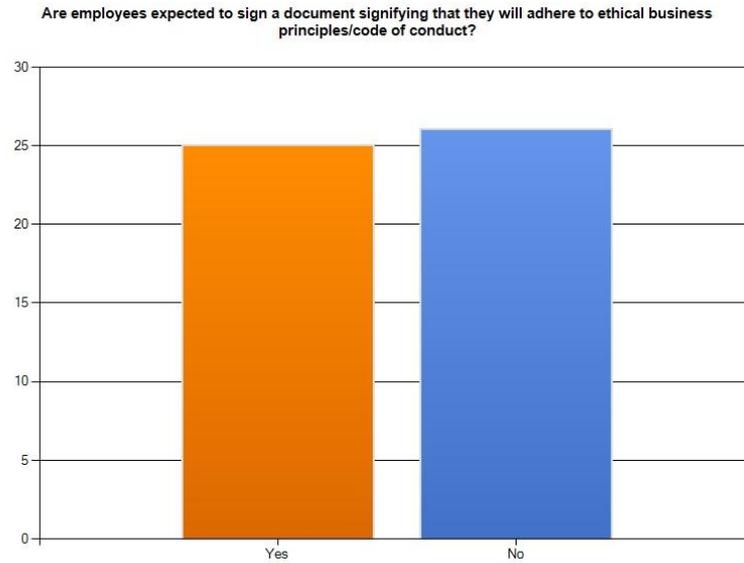


Figure 5.18: Survey Question 20

Interpretation (Figure 5.18) – This question produced a split in terms of the responses with 25 (49%) selecting ‘yes’ and 26 (51%) selecting ‘no’. This demonstrates that almost half of the companies surveyed use a signature as a way of enforcing and committing employees to adhere to the code. However, from the question it is not clear when this takes place. It suggests employees are expected to read and understand the code and then sign that they will conform to the requirements. Also it is not clear how the companies that selected ‘no’ enforce their ethical standards.

Survey Question No 23

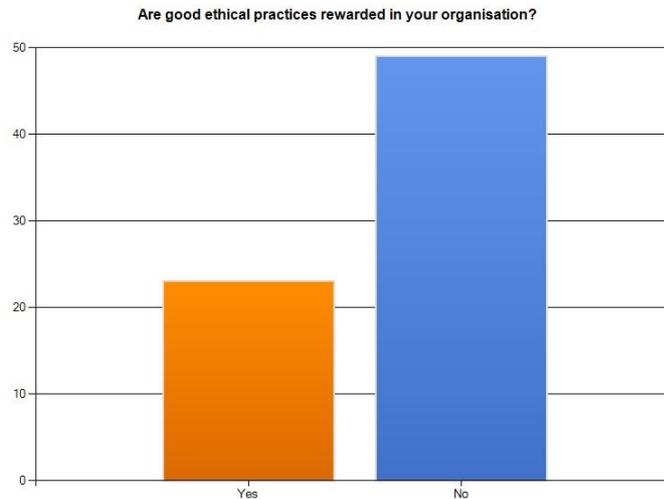


Figure 5.19: Survey Question 23

Interpretation (Figure 5.19) – The result of this question suggest that overall good ethical practices are not rewarded in companies with 49 (68%) owner-managers selecting this option. This suggests that, although good ethical practices are expected, reward is not offered. Conversely, 23 (32%) of the respondents offer some sort of reward to employees for good ethical behaviour. It could be that most owner-managers believe that ethical behaviour is simply part of the job and therefore should not be rewarded.

Survey Question No 24



Figure 5.20: Survey Question 24

Interpretation (Figure 5.20) – Whereas in the previous question, the majority of owner managers did not reward good ethical behaviour, the results from this question suggest that the majority of companies do punish their employees if they behave in an unethical manner. In total, 43 (61%) respondents selected 'yes' as opposed to 28 (39%) who selected 'no'. It seems possible to act unethically in 28 of the companies with no form of punishment being applied. However, it could be that punishment is not the correct term and that some organisations may use different management techniques to discourage unethical behavior.

Survey Question No 25

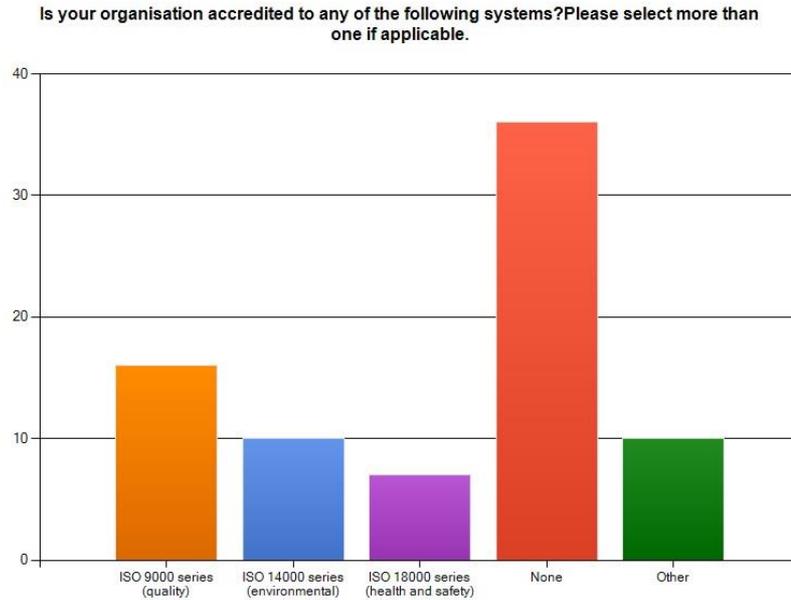


Figure 5.21: Survey Question 25

Interpretation (Figure 5.21) – The results from this question denote that most SMEs do not hold accreditations awarded by external bodies with 36 (57%) of owner-managers selecting ‘none’. However, 10 (16%) of owner-managers selected ‘other’ indicating that they do have some management system/award. Similarly, the three ISO awards have all been achieved by some SMEs. It is not clear if they have been achieved by different companies, as respondents were able to select more than one award. Based on the results in Figure 5.21 at least 16 companies have an ISO accreditation. This result means that to have obtained and retain these awards certain standards, auditing and measurement have to be implemented in relation to ethics. These external bodies usually audit companies themselves to ensure the SMEs are in adherence.

Theme Nine – Auditing and Measurement of Codes of Conduct: Conclusions

The five survey questions, related to the theme of auditing and measurement of codes of conduct, produced valuable insights into respondent’s views on auditing and measurement. Adherence to ethical codes of conduct via punishment and reward produced split results, with the majority of respondents claiming to punish

rather than reward ethical behaviour. Document signature of adherence to the code is a popular way for management to gain employee commitment. Companies with external accreditations will have been subjected to both internal and external audits and are therefore familiar with the auditing process.

Theme Nine – Auditing and Measurement of Codes of Conduct: Research Development for Interview Investigation

- Respondents view of whether or not employees adhere to codes of conduct was based on the criteria from their perspective and may not be consistent with other respondents. This issue needs further elaboration via the interview stage.
- The methods adopted by organisations to encourage adherence to codes of conduct needs further investigation in order to establish the range of 'stick and carrot' activities organisations adopt and the effect this has on employees.
- The impact of external accreditation needs to be further investigated to determine if this has an impact on ethical business practices.
- At the interview stage it will be possible to establish if auditing and measurement actually takes place and if there are clear guidelines for undertaking such activities.
- Examples of non-conformance to codes of conduct could be investigated at the interview stage.
- The reward system requires greater detail in terms of the form of rewards given by organisations and the impact this has on employees and the culture of the organisation.

5.7.10 Theme Ten: Effectiveness of Code of Conduct

Survey Question No 28

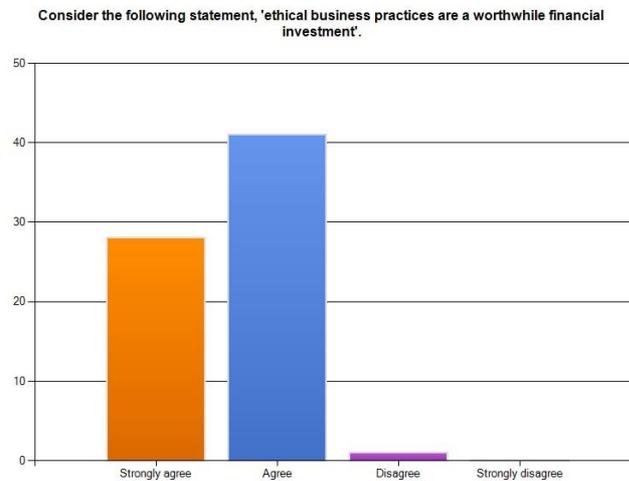


Figure 5.22: Survey Question 28

Interpretation (Figure 5.22) – This question sought to establish if owners-managers believed that the investment of ensuring ethical practices was a worthwhile cost. In all, 70 (99%) of the sample responded positively to this question, with only one participant indicating that they did not agree. In total, 41 (59%) of the respondents agreed that it is a worthwhile financial investment, with 28 (40%) strongly agreeing.

Survey Question No 31

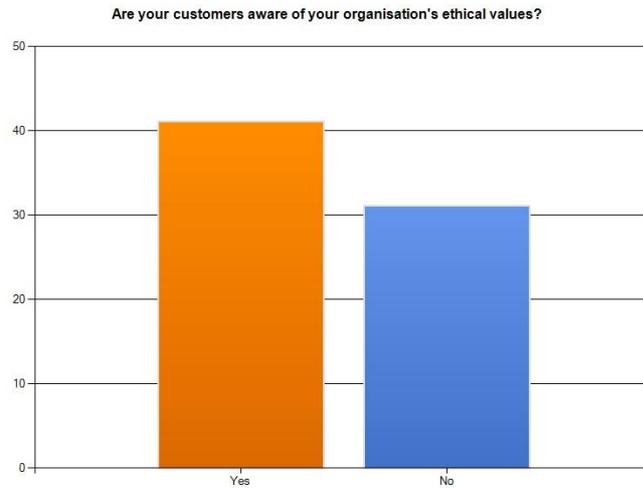


Figure 5.23: Survey Question 31

Interpretation (Figure 5.23) – Forty-one respondents (57%) believe that their customers are aware of their ethical practices, signifying effective communication and ethical awareness. However, 31 (43%) of the sample do not think their customers know about their ethical attributes. This seems to be a lost opportunity for many SMEs as; from earlier questions it is clear that some of these 31 organisations have ethical practices and codes in place. Therefore, it could be that they are missing out on custom and the opportunity to heighten their reputation in the local and global communities.

Theme Ten – Effectiveness of Codes of Conduct: Conclusions

Effectiveness of codes of conduct has many facets and these can be more pertinent to particular stakeholders. The survey questions attempted to pursue effectiveness through customer and financial gain. Virtually all respondents agreed that investment in business ethics practices is worthwhile. However, only 57% of respondents claim to promote ethics through their customers.

Theme Ten – Effectiveness of Codes of Conduct: Research Development for Interview Investigation

- Whilst the majority all respondents agreed that investment in business ethics is worthwhile, there is a need to qualify this statement and identify through the interviews the actual benefits.
- Further investigation is needed to explore the relationships and impact of the various stakeholders.
- Sharing values and codes and conduct with customers are areas for further analysis with advantages and disadvantages needing exploring.

5.7.11 Theme Eleven: Future of Codes of Conduct

Survey Question No 26



Figure 5.24: Survey Question 26

Interpretation (Figure 5.24) – It is evident from the survey that most SMEs do have some sort of ethical policy, practice or a specific code of conduct. However, from the results in Figure 5.24, very few organisations carry out training with just 11 (16%) of businesses agreeing that they conduct training on this subject. It could be that training does relate to ethics although it is not specific to ethical conduct and forms part of everyday training. Again, it does seem this is a missed opportunity to truly integrate and share ideas about ethics by conducting training on the subject. In total, 59 (84%) of the participants stated that their employees had not had any training on ethics. It could be argued that this could be a future consideration when discussing ethics in the future in SMEs.

Survey Question No 27

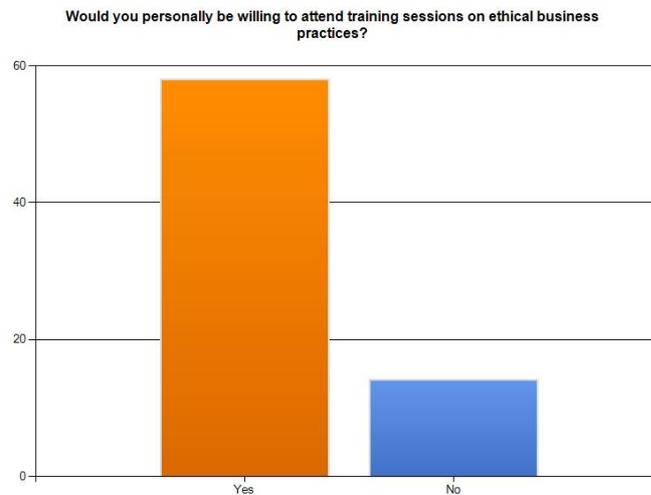


Figure 5.25: Survey Question 27

Interpretation (Figure 5.25) – This question was aimed at asking SME owners if they would be willing to attend ethics courses on ethical business practices, with the view that they can then share this knowledge with their staff or run ethics courses themselves within their companies. Conversely, to the previous question, most of the SME owner-managers claimed that they would be willing to partake in such training with 58 (81%) of recipients selecting ‘yes’. This suggests that the owner-managers want ethics and values training but may not feel comfortable or skilled to implement it themselves internally and therefore may require external assistance. In total, only 14 (19%) of the participants said they did not feel they needed ethics training. There are two ways to analyse this, either these are the companies with embedded ethical principles already in place, or they are the companies which do not have a code or feel the need for there to be one.

Theme Eleven – Future of Codes of Conduct: Conclusions

The future of codes of conduct requires a qualitative approach in order to understand the wider issues involved in the future development of codes of conduct. However, the quantitative nature of the survey narrowed the choices of topics for the future. Therefore, training was chosen with the outcome that very

little training is undertaken in ethics but there is a high level of willingness to be trained in this subject area.

Theme Eleven – Future of Codes of Conduct: Research Development for Interview Investigation

- Training is just one area for further development of codes of conduct. Interviews could establish other areas specific to particular organisations in relation to the future development of codes of conduct.
- Interview questions need to be developed to further understand the reasons why organisations do not take advantage of training courses.
- Stakeholder's viewpoints are another area for further investigation of the future of codes of conduct.

5.8 Vignette Analysis

As explored in the methodology, vignettes were designed as a procedure to reduce bias and ensure validity and triangulation in this research investigation. In this section the vignette results are analysed and then compared and contrasted to the results from the survey. In each case, the eight vignettes were matched up against a question from the survey to see if the participant provided a similar result when they were referring to a hypothetical situation as opposed to talking about their own organisation. The selection was based on trying to match a hypothetical question to an almost identical real-life survey question. The selected matches can be found in section 5.8.2 where the results are compared and consistency levels analysed.

5.8.1 Initial Results

The final section of the survey offered participants eight hypothetical questions. The questions were structured as a matrix and asked recipients to decide if they felt each hypothetical question were acceptable to them or not. This initial matrix

from the vignettes can be found below in Table 5.8, an average of 71 participants completed the vignettes. All possible responses from the vignettes were categorised alongside the matched question in the survey to deduce which responses were consistent and which were inconsistent.

Codes of Conduct in SMEs					
The following are hypothetical statements, please select one option for each of the statements.					
	acceptable	unacceptable	unsure	Rating Average	Rating Count
Some companies have their headquarters overseas in order to avoid U.K taxation.	16.9% (12)	69.0% (49)	14.1% (10)	1.97	71
Many organisations exaggerate product sales in order to meet end of month financial targets.	9.9% (7)	76.1% (54)	14.1% (10)	2.04	71
Some companies form partnerships with other businesses who have been found guilty of misconduct in the past.	21.1% (15)	59.2% (42)	19.7% (14)	1.99	71
Many organisations are accredited to the ISO 9000 series, (Quality management Systems), yet do not always meet the needs of the customer.	8.7% (6)	69.6% (48)	21.7% (15)	2.13	69
The manager of a particular company has fired an employee for disregard for the organisation's code of conduct.	67.1% (47)	11.4% (8)	21.4% (15)	1.54	70
An organisation has disciplined an employee who has been observed acting unethically in the workplace by a colleague.	82.6% (57)	7.2% (5)	10.1% (7)	1.28	69
The purchasing manager has discovered that one of their international suppliers is using 'child labour'. Although this practice is common in the supplier's country the contract has been cancelled.	80.0% (56)	12.9% (9)	7.1% (5)	1.27	70
A multinational organisation has demanded that all potential suppliers provide explicit details of all sources of materials and operational processes before forming a partnership.	88.6% (62)	2.9% (2)	8.6% (6)	1.20	70

Table 5.8: Vignette Entry Data

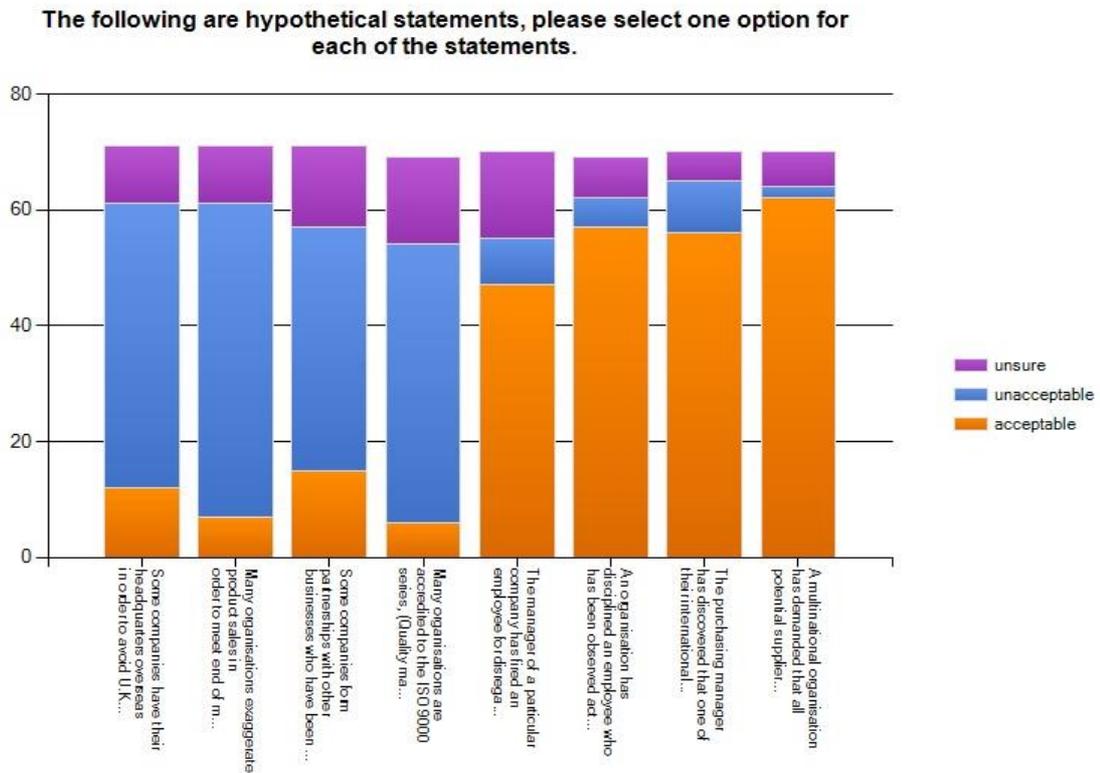


Figure 5.26: Vignette Bar Graph Analysis

The vignette bar graph above (Figure 5.26) identifies the eight vignettes and the data that was provided by the respondents. The vignettes were designed to be potential ‘grey’ areas and tested the respondent levels of acceptability. The eight vignettes have been placed in order from unacceptability to acceptability. The first four can be seen to have been deemed unacceptable compared to the last four, which have been identified as acceptable. However, these vignettes were created as a methodological tool rather than to be analysed as isolated questions. The results presented in Figure 5.26 identify differing opinions of the owner-managers of the grey areas and that overall four vignettes were considered more acceptable than the remaining four.

5.8.2 Vignette Analysis Comparison to Survey

Vignette 1 asked: Some companies have their headquarters overseas in order to avoid U.K taxation.

Survey Question 10 asked: If the ethical reputation of your organisation is important to you.

Vignette - 1	Related Question - 10	Consistency or Inconsistency	No of Matches
Acceptable	Disagree	Consistency	1
	Agree	Inconsistency	8
Unacceptable	Disagree	Inconsistency	0
	Agree	Consistency	47
Unsure	Disagree	Unknown	5
	Agree	Unknown	10
Table 5.9: Vignette 1/Survey Question 10			

The two questions (Table 5.9) were linked together because of the various scandals that have occurred in the last 5 years surrounding some business's decision to take advantage of tax loopholes, however this has had a large impact on reputation. From the results 48, participants demonstrated a level of consistency, which is a total of 68% of the sample. Only 8 recipients demonstrated a level of inconsistency or 11%. This meant that the other 15 (21%) of respondents to this vignette had an unknown consistency level. If the unknown statistic is ignored, 86% were consistent compared to 14% inconsistent. This high consistency of 86% indicates a high confidence level in the accuracy that participants have answered question 10 honestly and truthfully. Therefore, this result demonstrates that a large majority of owner-managers operate in reality as they would in the hypothetical vignette.

Vignette 2 asked: Many organisational exaggerate product sales in order to meet end of month financial targets.

Survey Question 7 asked: Overall do you believe that your organisation operates in an ethical manner?

Vignette - 2	Related Question - 7	Consistency or Inconsistency	No of Matches
Acceptable	Very ethical/ethical	Inconsistency	6
	Very unethical/unethical	Consistency	0
Unacceptable	Very ethical/ethical	Inconsistency	3
	Very unethical/unethical	Consistency	44
Unsure	Any answer	Unknown	18
Table 5.10: Vignette 2/Survey Question 7			

The two questions were linked together as the vignette offers a hypothetical example that would counter question 7 if the respondent believed their organisation does act in an ethical manner. The results (Table 5.10) indicated that 44 of the 71 participants (62%) demonstrated a level of consistency. 9 recipients demonstrated a level of inconsistency (13%). This meant that the other 18 (25%) of respondents to this vignette had an unknown consistency level. Ignoring the unknown statistic, 83% were consistent compared to 17% inconsistent. This high consistency of 83% indicates a high confidence level in the accuracy that participants have answered question 7 honestly and truthfully. Therefore this result demonstrates that a large majority of owner-managers operate in reality as they would in the hypothetical vignette.

Vignette 3 asked: Some companies form partnerships with other businesses who have been found guilty of misconduct in the past.

Survey Question 22 asked: Do other companies in your supply chain require or demand that your organisation operates to an ethical code of conduct

Vignette - 3	Related Question - 22	Consistency or Inconsistency	No of Matches
Acceptable	No	Consistency	5
	Yes	Inconsistency	4
Unacceptable	No	Inconsistency	15
	Yes	Consistency	13
Unsure	Any answer	Unknown	34
Table 5.11: Vignette 3/Survey Question 22			

Although these two questions were not direct opposites they were themes on the same topic and related to codes of conduct in the supply chain. The results indicated that 18 of the 71 participants (25%) demonstrated a level of consistency (Table 5.11). 19 recipients demonstrated a level of inconsistency or 27%. This meant that the other 34 (48%) of respondents to this vignette had an unknown consistency level. This high figure was due to the fact that many of the respondents did not answer this question due to the survey logic and based on the way they answered previous questions. Therefore, these unknown figures can be ignored. The result that 49% were consistent compared to 51% inconsistent. This level of consistency of 49% indicates a low confidence level in the accuracy that participants have answered question 22 honestly and truthfully. Therefore, this result demonstrates that just over half of the owner-managers would not operate in reality as they claim they would in the hypothetical vignette. However, this vignette/survey question combination may not have been a suitable match to be able to compare results.

Vignette 4 asked: Many organisations are accredited to the ISO 9000 series, yet do not always meet the needs of the customer.

Survey Question 7 asked: Overall do you believe that your organisation operates in an ethical manner?

Vignette - 4	Related Question - 7	Consistency or Inconsistency	No of Matches
Acceptable	Very ethical/ethical	Inconsistency	4
	Very unethical/unethical	Consistency	1
Unacceptable	Very ethical/ethical	Consistency	43
	Very unethical/unethical	Inconsistency	2
Unsure	Any answer	Unknown	19
	Any answer	Unknown	
Table 5.12: Vignette 4/Survey Question 7			

This vignette (Table 5.12) and question were linked together because of the association that in order to be operating to ISO standards the company would have to adhere to specific ethical standards that are a part of this accreditation. From the results 44 participants demonstrated a level of consistency, which is a total of 64% of the sample. Only 6 recipients demonstrated a level of inconsistency or 9%. This meant that the other 19 (27%) of respondents to this vignette had an unknown consistency level. Ignoring the unknown statistic, 88% were consistent compared to 12% inconsistent. This high consistency of 88% indicates a high confidence level in the accuracy that participants have answered question 7 honestly and truthfully. Therefore, this result demonstrates that a large majority of owner-managers operate in reality in this case as they would in the hypothetical vignette.

Vignette 5 asked: The manager of a particular company has fired an employee for disregard for the organisation’s code of conduct.

Survey Question 24 asked: Are unethical practices penalised in your organisation?

Vignette - 5	Related Question - 24	Consistency or Inconsistency	No of Matches
Acceptable	Yes	Consistency	31
	No	Inconsistency	15
Unacceptable	Yes	Inconsistency	5
	No	Consistency	3
Unsure	Any answer	Unknown	16
Table 5.13: Vignette 5/Survey Question 24			

This vignette was linked with this question due to the subject being around the punishment of unethical behaviour and breach of ethical codes of conduct. The results indicated that 34 of the 70 participants (49%) demonstrated a level of consistency (Table 5.13). 20 recipients demonstrated a level of inconsistency or 28%. This meant that the other 16 (23%) of respondents to this vignette had an unknown consistency level. Ignoring the unknown statistic, the result is that 63% were consistent compared to 37% inconsistent. This level of consistency of 63% indicates quite a low confidence level in the accuracy that participants have answered question 24 honestly and truthfully. A reason for this could be the wording used in the vignette as it states that the employee was fired for ethical behaviour, participants may not have agreed that firing would be the correct form of punishment but would have still punished the misdemeanor in real life.

Vignette 6 asked: An organisation has disciplined an employee who has been observed acting unethically in the workplace by a colleague.

Survey Question 24 asked: Are unethical practices penalised in your organisation?

Vignette - 6	Related Question - 24	Consistency or Inconsistency	No of Matches
Acceptable	Yes	Consistency	38
	No	Inconsistency	20
Unacceptable	Yes	Inconsistency	1
	No	Consistency	3
Unsure	Any answer	Unknown	7
Table 5.14: Vignette 6/Survey Question 24			

Vignette Six (Table 5.14) was matched with survey question 24, as the two items are almost identical. From the results 41 participants demonstrated a level of consistency, which is a total of 59.5% of the sample. 21 recipients demonstrated a level of inconsistency or 30.5%. This meant that the other 7 (10%) of respondents to this vignette had an unknown consistency level. Ignoring the unknown statistic, 66% were consistent compared to 34% inconsistent. This consistency level of 66% is quite low and could be the result of a number of reasons, one factor in this vignette, which must be taken into account is that, a fellow employee has observed the alleged misdemeanor. The inconsistency level might therefore be high as a result of owner-manager not wanting to punish staff on the basis of 'hear-say'. However, this vignette and vignette 5, concerning punishment is an area where there is inconsistency overall.

Vignette 7 asked: The purchasing manager has discovered that one of their international suppliers is using ‘child labour’. Although this practice is common in the supplier’s country the contract has been cancelled.

Survey Question 7 asked: Overall do you believe that your organisation operates in an ethical manner?

Vignette - 7	Related Question - 7	Consistency or Inconsistency	No of Matches
Acceptable	Very ethical/ethical	Consistency	47
	Very unethical/unethical	Inconsistency	1
Unacceptable	Very ethical/ethical	Inconsistency	5
	Very unethical/unethical	Consistency	3
Unsure	Any answer	Unknown	14
Table 5.15: Vignette 7/Survey Question 7			

The results of vignette 7 and question 7 (Table 5.15) indicated that 50 participants demonstrated a level of consistency, which is a total of 71% of the sample. Only 6 recipients demonstrated a level of inconsistency or 9%. This meant that the other 14 (21%) of respondents to this vignette had an unknown consistency level. Ignoring the unknown statistic, 89% were consistent compared to 11% inconsistent. This high consistency of 89% indicates a high confidence level in the accuracy that participants have answered question 7 honestly and truthfully. Therefore this result demonstrates that a large majority of owner-managers operate in reality as they would in the hypothetical vignette.

Vignette 8 asked: A multinational has demanded that all potential suppliers provide explicit details of all sources of material and operational processes before forming a partnership.

Survey Question 10 asked: If the ethical reputation of your organisation is important to you.

Vignette - 8	Related Question - 10	Consistency or Inconsistency	No of Matches
Acceptable	Yes	Consistency	56
	No	Inconsistency	3
Unacceptable	Yes	Inconsistency	0
	No	Consistency	0
Unsure	Any answer	Unknown	11
Table 5.16: Vignette 8/Survey Question 10			

The results of vignette 8 and question 10 (Table 5.16) indicated that 56 participants demonstrated a level of consistency, which is a total of 80% of the sample. Only 3 recipients demonstrated a level of inconsistency or 4%. This meant that the other 11 (16%) of respondents to this vignette had an unknown consistency level. Ignoring the unknown statistic, 95% were consistent compared to 5% inconsistent. This high consistency of 95% indicates a high confidence level in the accuracy that participants have answered question 10 honestly and truthfully. Therefore, this result demonstrates that a large majority of owner-managers operate in reality as they would in the hypothetical vignette.

5.8.3 Summary of Vignette Analysis

In total there were 561 vignette responses. Of this, 91(16%) of the answers provided in the vignettes were deemed inconsistent and did not match the results provided in the survey. 144 results cannot be deduced for consistency levels, as middle scores or 'unsures' were recorded for the survey question. Therefore, there were 417 results, which were either consistent or inconsistent. The final result

confirms that 323 responses were consistent (77%) and 94 (23%) were inconsistent.

A summary of the consistency levels of the 8 vignettes has been presented below in Table 5.17. The overall consistency average of the vignettes was 77%. It is believed that this score may have been higher if it were not for the results of vignette 3. It could be that there was not a close enough link between the vignette and the survey question and therefore not a suitable match, resulting in an invalid result. If this vignette was omitted the average would be 93%. As a result there were 5 out of 8 vignettes (shown in green), which scored above the individual average presented above.

Vignette	Consistency	Inconsistency
1	86%	14%
2	83%	17%
3	49%	51%
4	88%	12%
5	63%	37%
6	66%	34%
7	89%	11%
8	95%	5%
Average	77%	23%

Table 5.17: Vignettes Consistency Averages

Individual respondent results from the vignettes have been calculated and presented below in Table 5.18. The vignettes are represented in columns and the respondents represent each row. Therefore each line refers to an individual from the survey and compares their consistency from the survey to the vignette. The colour green indicates where a consistent match was made, red is inconsistent and yellow refers to results which could not be compared for consistency, due to the option selected in the survey by the participant (or example if unsure was selected). White boxes represent where participants did not answer the vignette or survey question. It is interesting to note that where there are inconsistencies they are often multiple inconsistencies with that specific individual; In one case all 8 results were either inconsistencies or unable to compare.

From an individual level it was calculated that each individual was likely to report honestly and accurately in the survey 75% of the time. This statistic was calculated based on the % of the time each individual was consistent throughout the vignettes analysis. Therefore this figure can be used as the benchmark and then considered again with each vignette. The final two columns in Table 5.18 indicate the overall scores of individual respondents, where the amount of consistencies are shown with the total number of vignettes that could be measured for consistency for that individual. The final column highlights each individual's % consistency, which averages out to 75% across the 71 respondents who completed the vignette questions.

No	Vignette 1	Vignette 2	Vignette 3	Vignette 4	Vignette 5	Vignette 6	Vignette 7	Vignette 8	Overall Scores	% Consistency
1	Green	Yellow	Green	Yellow	Yellow	Red	Yellow	Green	3/4	75
2	Green	Green	Yellow	Green	Green	Green	Green	Green	7/7	100
3	Green	Green	Yellow	Yellow	Red	Red	Green	Green	4/6	66
4	Yellow	Green	Yellow	Green	Yellow	Green	Green	Green	5/5	100
5	Yellow	Red	Yellow	Green	Red	Green	Red	Yellow	2/5	40
6	Red	Green	Yellow	Green	Red	Red	Green	Red	3/6	50
7	Green	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	3/3	100
8	Red	Green	Yellow	Yellow	Green	Green	Green	Green	5/6	83
9	Green	Yellow	Yellow	Green	Green	Red	Green	Green	5/6	83
10	Green	Green	Red	Green	Green	Green	Green	Green	7/8	87
11	Green	Green	Red	Green	Green	Green	Green	Green	7/8	87
12	Green	Yellow	7/7	100						
13	Green	Red	Green	Green	Green	Green	Green	Green	7/8	87
14	Yellow	Red	Yellow	Red	Red	Green	Green	Green	3/6	50
15	Green	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	3/4	75
16	Yellow	Green	Red	Green	Green	Green	Red	Green	5/7	71
17	Green	Red	Yellow	Red	Green	Green	Green	Red	4/7	57
18	Green	Green	Green	Green	Yellow	Red	Green	Green	6/7	85
19	Green	Yellow	Yellow	Green	Red	Green	Green	Green	4/5	80
20	Green	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Green	2/3	66
21	Yellow	Green	Green	Yellow	Green	Green	Green	Yellow	5/5	100
22	Green	Red	Red	Red	Green	Green	Green	Green	5/8	62
23	Green	Green	Green	Green	Green		Green	Green	7/7	100
24	Yellow	Yellow	Red	Yellow	Green	Green	Yellow	Yellow	2/3	66
25	Yellow	Yellow	Red	Yellow	Red	Red	Yellow	Yellow	0/3	0
26	Green	Green	Yellow	Red	Yellow	Yellow	Green	Green	5/6	83
27	Green	Green	Red	Green	Yellow	Green	Green	Green	6/7	85
28	Yellow	Yellow	Green	Yellow	Red	Red	Yellow	Yellow	1/3	33
29	Green	Yellow	Yellow	Yellow	Green	Green	Yellow	Green	4/4	100
30	Green	Yellow	Green	Green	Green	Yellow	Green	Green	6/6	100
31	Green	Yellow	Red	Green	Red	Red	Green	Green	4/7	57
32	Yellow	Yellow	Yellow		Yellow	Yellow	Red	Green	1/2	50
33	Green	Yellow	Yellow	Yellow	Green	Green	Yellow	Green	4/4	100
34	Red	Green	Green	Green	Yellow	Yellow	Green	Green	5/6	83
35	Green	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Green	2/3	66
36	Green	Yellow	Yellow	Yellow	Green	Green	Green	Green	5/5	100

Table 5.18: All Participant Survey/Vignette Matrix

No	Vignette 1	Vignette 2	Vignette 3	Vignette 4	Vignette 5	Vignette 6	Vignette 7	Vignette 8	Scores	% Consistency
37	Green	Green	Yellow	Green	Red	Green	Yellow	Green	5/6	83
38	Green	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow	1/2	50
39	Green	Green	Green	Green	Red	Red	Green	Green	6/8	75
40	Green	Green	Yellow	Green	Red	Red	Green	Green	5/7	71
41	Green	Green	Red	Green	Red	Red	Green	Green	5/8	62
42	Green	Green	Yellow	Yellow	Yellow	Red	Green	Yellow	3/4	75
43	Red	Green	Green	Green	Green	Green	Yellow	Green	6/7	85
44	Green	Green	Yellow	Green	Green	Green	Green	Green	7/7	100
45	Yellow	Yellow	Red	Green	Green	Green	Green	Green	5/6	83
46	Yellow	Green	Yellow	Yellow	Red	Red	Green	Green	3/5	60
47	Red	Green	Yellow	Green	Red	Red	Green	Green	4/7	57
48	Green	8/8	100							
49	Green	Red	Yellow	Green	Red	Red	Green	Green	4/7	57
50	Green	Green	Green	Green	Red	Red	Green	Green	6/7	85
51	Green	Green	Yellow	Green	Red	Red	Green	Green	5/7	71
52	Yellow	Green	Yellow	Green	Red	Red	Green	Green	4/6	66
53	Green	8/8	100							
54	Green	Yellow	7/7	100						
55	Yellow	Green	Red	Red	Green	Green	Green	Green	5/7	71
56	Green	Green	Red	Green	Green	Green	Green	Green	7/8	87
57	Green	Green	Yellow	Green	Red	Red	Green	Green	5/7	71
58	Green	Green	Red	Green	Green	Green	Green	Green	7/8	87
59	Green	Green	Red	Green	Yellow	Green	Green	Green	6/7	85
60	Green	Green	Yellow	Green	Yellow	Green	Green	Yellow	5/5	100
61	Green	8/8	100							
62	Green	Green	Red	Green	Green	Green	Green	Green	7/8	87
63	Green	Green	Red	Green	Green	Green	Green	Green	7/8	87
64	Green	Green	Yellow	Green	Yellow	Yellow	Red	Green	4/5	80
65	Red	Red	Red	Yellow	Red	Red	Red	Green	1/7	14
66	Yellow	Green	Yellow	Red	Green	Green	Red	Green	4/7	57
67	Green	4/4	100							
68	Yellow	Green	Green	Green	Yellow	Green	Green	Yellow	4/4	100
69	Green	Green	Yellow	Green	Green	Green	Yellow	Green	6/8	75
70	Red	Yellow	Yellow	Green	Green	Green	Yellow	Red	3/5	60
71	Red	Red	Red	Green	Green	Green	Green	Green	5/8	62
								Total		75%

Table 5.18: All Participant Survey/Vignette Matrix

Overall, while not a perfect measurement, vignettes were a beneficial device, offered the triangulation of results and suggested in most cases the survey results are valid and reliable. However, issues concerning design of vignette and the

applicability to match vignettes to specific questions was problematic for at least one vignette. Overall, vignettes are a useful method when asking owner-managers about their own company as it can detach them from being protective about their organisation and can reduce social desirability bias.

5.9 Survey Summary

The survey provided valuable data albeit in a mainly quantitative form. The analysis of the results provided an opportunity to develop greater in-depth qualitative questions, which would form part of the second strand of the data collection process – the interviews. Survey question responses provided the following insights into SME organisations, which were not in alignment with previous studies and the literature review:

1. Large prevalence of codes of conduct in SMEs
2. CSR activities high on the SME agenda
3. High owner-manager awareness of ethical business practices
4. Willingness to develop ethical business practices knowledge through training
5. High level of formal/informal ethical procedures

The vignette analysis provided a supportive method to validate the responses from the survey and thereby provide a level of consistency of results. The overall consistency between the survey questions and the vignettes was on average 77%. Analysis of the eleven themes provided a structural approach to the design of the survey questions and whilst the scope of questions were somewhat restricted due to the quantitative nature of surveys, the analysis and interpretation of each survey question relative to its theme, provided an opportunity to develop qualitative questions. These qualitative questions could only achieve adequate responses through visits to a small sample of SME organisations and use the interview technique of data collection across different hierarchical levels of the organisations.

The next chapter, Chapter 6.0 – Interview Investigation, discusses the second strand of the data collection methodology.

Chapter 6.0 – Interview Investigation

Chapter 6.0 – Interview Investigation

6.1 Introduction to Chapter

This chapter presents and discusses the findings from the interview investigation. With regard to the interview process, fifteen interviews were conducted across five 'typical case' SME organisations. In each instance, the Managing Director (MD), a Middle Manager and an Associate (lower level employee) were interviewed. Selection of the three levels was important in order to establish the level of communication of ethical codes of conduct throughout the organisations.

The layout of this chapter is as follows: firstly, issues related to the theory and design of the interviews are discussed. Secondly, interview administration is presented followed by data analysis techniques. Thirdly, a background of each of the five organisations is provided. Fourthly, for each of the eleven themes, a summary of interviews is provided, followed by analysis and interpretation resulting in emerging outcomes. Finally, the development process of the 'Company Ranking Analysis' is discussed prior to the application of this measuring instrument to each of the five SMEs.

6.2 Theory and Design of Interviews

In order to conduct successful interviews a series of processes need to be considered. The overall interview approach needs to be deliberated together with the type of questions to be asked before the role of the interviewer. Patton (2002) has identified four strategies for conducting interviews as a valid primary data collection method, these include: 1) the closed fixed response interview, 2) the standardised open interview, 3) the interview guide and 4) the informal conversational interview. Gubrium and Holstein (2003), Dillman (2000) and Flick (1998) all categorise interviews in three distinct approaches, structured and semi-structured or unstructured.

For this research investigation the researcher eliminated the closed fixed approach, as this does not provide sufficient flexibility for an exploratory investigation. It is evident that the other approaches can be adopted in conjunction with one another. Therefore, to ensure valid and richness of information, a mixture of the informal conversational interview technique and the interview guide approach proposed by Patton (2002) was adopted. This was achieved by using a semi-structured interview format (Gubrium and Holstein (2003).

The sequence and the spectrum of interviews is a contested issue, with authors focusing on the purpose of the interview being directly related to its structure (Dillman, 2000). Wengraf (2011), for example, has put forward a model which demonstrates the spectrum of the structure of an interview in relation to the possibility of forming or testing a model or theory (Figure 6.1). Based on the model and the data required for this research, it was necessary to work towards the 'Model-Building/Theory-Building' end of the model.

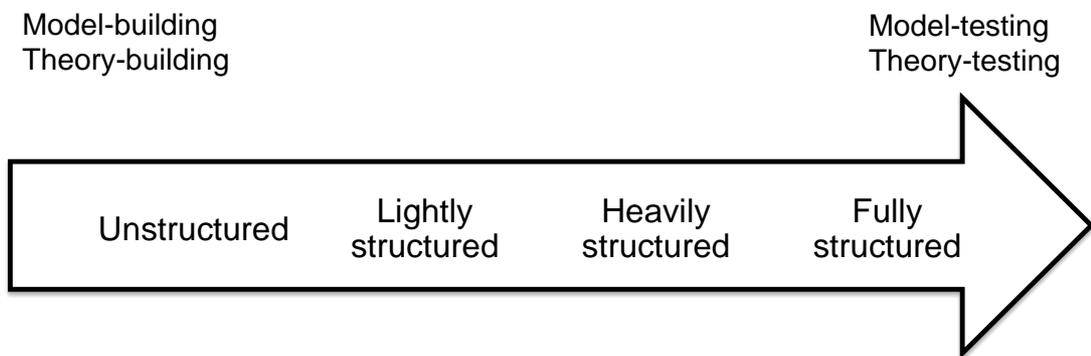


Figure 6.1: Spectrum from Unstructured to Fully Structured Interviewing and Possible Relationship to Phases in the Development of a Theory

Wengraf (2011) has advanced a strategic algorithm framework, with the purpose of keeping interviews on track and in line with the research questions and purpose of the research throughout the proceedings of the actual interview (Figure 6.2). This model, known as the CRQ-TQ-IQ/II: Pyramid Algorithm Model, can be used to design the interviews and analyse the received data. Overall, it is based on the

starting point at the top of the pyramid, where the research purpose (RP) is stated. From this, central research questions (CRQs) are formalised, which must then be 'spelled out' in a series of theory questions (TQs), which the interviews would then help to answer. Wengraf (2011) argues that at the bottom of the pyramid is a series of complicated intricate developments that the interviewer must plan for in advance and be ready to change throughout the interview. Therefore, the interviewer must not only be proactive and plan the questions but also think of intervention questions both before and during the event that will keep the interview on track and ensure validity.

For this research investigation the interviewer's research questions led to a series of planned Interview questions (IQs) and Interview Interventions (IIs). Adopting this approach ensured that the research would be reliable, valid and within a coherent conceptual framework (Wengraf, 2011).

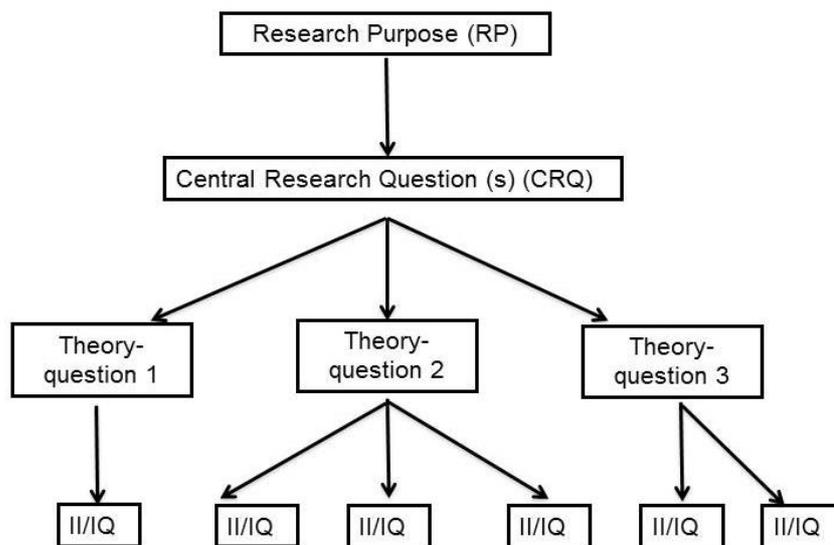


Figure 6.2: CTQ-TQ-IQ/II: Pyramid Model

In the seminal work of Spradley (1979) when devising an interview schedule, he recommends that a series of different types of questions should be used. He depicts the four types of open-ended questions are as follows:

1. Descriptive questions (prompts interviewees to give a general account of issue).

2. Structural questions (questions which explore how the interviewee organises knowledge).
3. Contrast questions (questions that allow the interviewee to make comparisons between events and experiences).
4. Evaluative questions (questions that enquire about an interviewee's feelings about the phenomenon).

The interview strategy of this research investigation was directly based on the eleven themes, which were developed in Chapter 2.0 – Literature Review and formulated from the initial pilot and survey questions. Consequently, questions were developed within each theme, however it was believed that by discussing the themes rather than specific questions, participants were not restricted and able to express their responses in their own terms. Therefore, a semi-structured approach was adopted. Within each theme, a series of 'open' questions were designed for participants of each level of the organisation.

6.2.1 Development of Interview Questions

Based on the survey question analysis (Chapter 5.0 – Survey Investigation), interview questions were devised to ask owner-managers, middle management and non-management employees of the five different SME organisations during the semi-structured interviews. It was expected that by having three initial questions for each theme and a series of intervention questions, this would be a suitable starting point to examine the topic and then to expand as required through each semi-structured interview. The diagram below (Figure 6.3) illustrates the development process of linking interview questions to aim and objectives, literature review, themes, and survey questions.

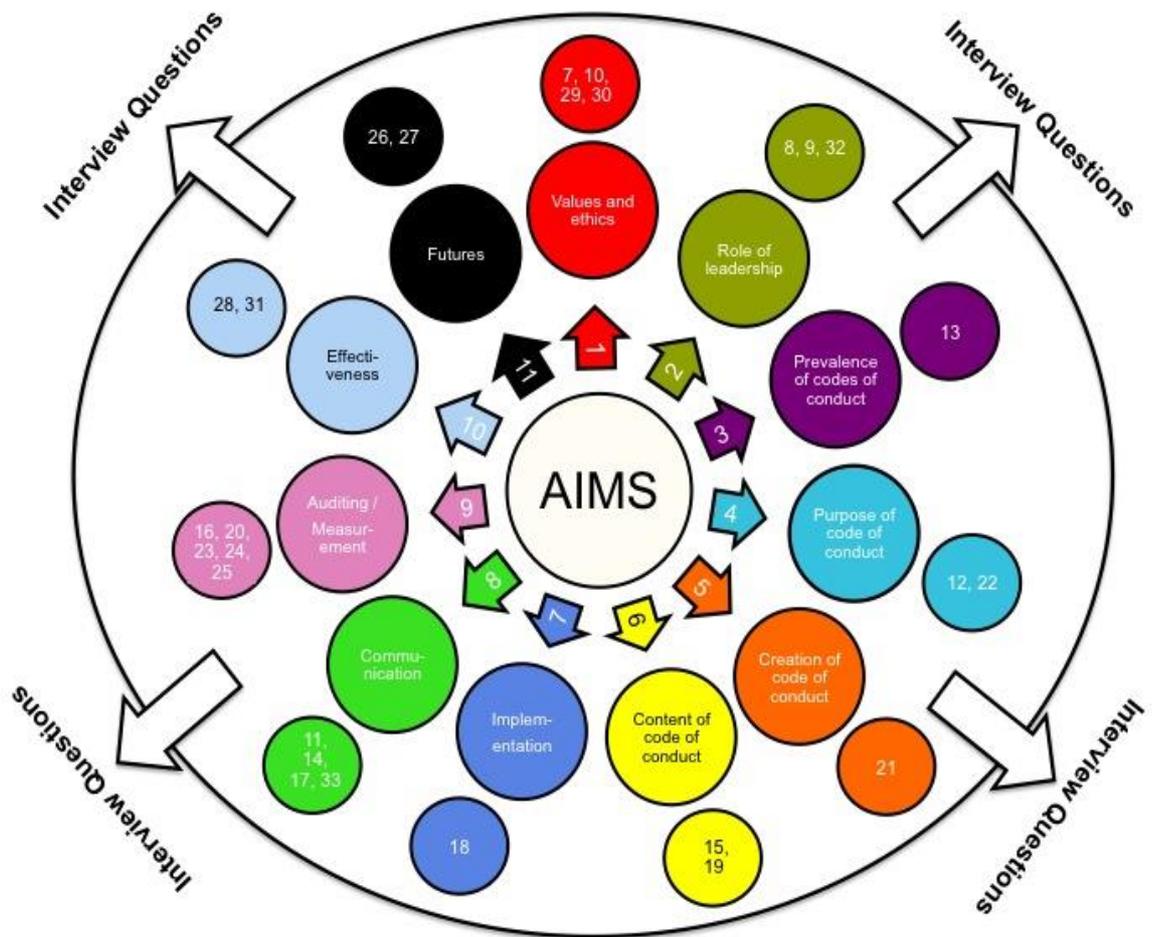


Figure 6.3: Development of Themed Interview Questions

The specific questions included in the interview investigation were designed based on the following principles and issues:

1. Similar to the survey, questions were created with consideration of the overall aim and objectives (Chapter 1.0 – Introduction) and the research questions of the study (Chapter 3.0 – Research Philosophy and Methodological Design).
2. It was ensured that questions were included which were fully related to the eleven themes depicted as a result of the literature review (Figure 6.3)
3. Questions were developed from the results of the survey that asked initial exploratory questions within each theme, which required further explanation.

4. Semi-structured questions were used to introduce participants to the themes, but questions were designed so that participants could explain the phenomenon in their organisational context in order to enhance the explanatory nature of the study.
5. Questions were designed with consideration of the theoretical models above, including Wengraf (2011) CRQ-TQ-IQ/II Pyramid Algorithm (Figure 6.1) and Model-Building/Theory-Building models (Figure 6.2).

6.3 Role of Interviewer and Interview Administration

Interviewers play a pivotal role in the collection of data and must decide to what extent they will actively participate. The researcher must therefore decide whether to take a 'backseat' role and allow the interviewee to speak openly and naturally or to be actively involved and help construct the way in which the data is obtained from the interviewee (McCracken, 1988). Interviewer decisions during the interview itself are crucial as Wengraf (2011) argues that these decisions may produce different effects to the results and that the skill of interviewing is one that requires careful review and practice.

In this research investigation, interview data was collected over a six-week period. Organisations were contacted who, in the first data strand, the survey, selected themselves for consideration in the second strand, the interviews. A criterion was used to select 'typical cases' as presented in Chapter 3.0 – Research Philosophy and Methodological Design. In total five organisations were selected and were visited once over the six-period week. Interviews were conducted face-to-face with the three people in each organisation, the owner-manager, a middle manager and an associate. In total each visit lasted approximately four hours. The researcher digitally recorded the data in order to prepare transcripts, which could be later analysed. They were recorded with the interviewee's permission with each participant completing a consent form.

6.4 Interview Transcriptions and Thematic Analysis

The transcription of interviews has been described as having multiple advantages, such as allowing the researcher to examine thoroughly what people have said after the event as well as correcting the natural limitations of human memory (Sekeran and Bougie, 2013). Although an audio recording best captures all the information stated verbally, if not the nuances of the communication, the data converted into a transcript is much more accessible, easier to examine and more suitable for analysis.

Thematic data analysis has been defined by Braun and Clarke (2006:76) as a way of analysing and reporting patterns and themes within qualitative data. Thematic analysis is used within grounded theory or interpretive studies and is a suitable approach of inquiry through the use of coding. Coding can be defined as “the process whereby data is broken down into component parts, which are given names” (Bryman and Bell, 2007:725). According to Basit (2003) coding is arguably one of most significant steps taken during data analysis to help make sense of textual data. Braun and Clarke (2006) argue that the quality of coding rests in the quality of the transcription; they state that this is the ‘bedrock’ of the analysis process. However, Boyatzis (1998) argues that thematic analysis is much more complicated than organising and reporting patterns, indicating that it can help interpret various aspects of the research topic. A theme is classed as something important about the data in relation to the research questions, and represents a patterned response or meaning within the data (Braun and Clarke 2006). Tuckett (2005) argues that the primary steps of thematic analysis starts before data collection at the literature stage as this can enhance the resulting analysis by sensitizing researchers to the more subtle features of the data.

For this research investigation, initial themes were identified from the literature review as a result of analysis from previous studies and theory concerning the topic. However, during the transcript writing and initial data analysis emerging themes were selected, based on two characteristics: prevalence and uniqueness. Themes were selected if they were prevalent across the whole data set, which

ensured that emerging outcomes developed from several of the original themes and therefore representative of the data. Emerging outcomes also evolved, based on their uniqueness to the context of SMEs, as predominantly the literature had focused on codes of conduct in MNCs.

One of the main complaints of qualitative research relates to the lack of structure that it provides, including the use of thematic analysis (Braun and Clarke, 2006). According to Saunders et al. (2003) due to the nature of qualitative research a standardised approach for analysis for interviews has not been developed. Conversely, it can be argued that thematic analysis does offer a framework to structure the data. For example, a fifteen-point checklist was devised by Braun and Clarke (2006:96) to ensure validity and rigour when using thematic analysis (Table 6.1). The fifteen-point outline acts as a guide through the whole research process, starting at transcription and ending with the creation of the written report. The researcher used this list while conducting the research to certify cogency and reliability.

Table 6.1: The Criteria of Good Thematic Analysis		
Process	No.	Criteria
Transcription	1	The data has been transcribed to a suitable level of detail, and the transcripts have been checked against the recordings for exactitude.
Coding	2	Each data item has been given the same attention throughout the coding process.
	3	Themes have not been generated from a few isolated examples, but instead the coding process has been thorough, inclusive and comprehensive.
	4	All relevant extracts for each theme has been collected.
	5	Themes have been checked against each other and checked against the original dataset.
	6	The themes are internally sound, reliable and distinctive.
	Analysis	7
8		Analysis and data match one another. The extracts demonstrate the analytical claims.
9		Analysis presented provides a well-organised journey through the data and topics.
10		A balance is provided between the analytical narrative and illustrative extracts is provided.
Overall	11	Enough time and resources have been provided to complete all phases of the critical analysis.
Written Report	12	The assumptions about, and specific approach to, thematic analysis are clearly explicated.

	13	There is consistency of the process and what is explained will be done is carried out to the final write up.
	14	The language and concepts used in the report are consistent with the epistemological position of the analysis.
	15	The researcher is positioned actively in the research process and themes do not simply emerge.
Source: Braun and Clarke (2006:96)		

6.4.1 Coding Data for Thematic Analysis

The coding of the data is considered to be a crucial stage in the data analysis. Coding can be defined as “the process whereby data is broken down into component parts, which are given names” (Bryman and Bell, 2007:725). Basit (2003:144) argues that the process of coding offers the researcher the ability to systematically comprehend textual data. He argues,

Codes act as labels for allocating units of meaning to the descriptive or inferential information compiled in a study and are attached to words, sentences or whole paragraphs, connected or unconnected to a specific setting.

According to Charmaz, (2006) interview coding is used to capture what is in the interview data, to learn how people make sense of their experiences and act on them. Further, Charmaz (2006) ascertains that coding is the first step of data analysis, as it helps to move away from particular statements to more abstract interpretations of the interview data. Maxwell (2005) argues that researchers have a series of analytical options: falling into three categories: (1) *memos*, (2) *categorising strategies*, and (3) *connecting strategies*. It can be argued that a combination of these strategies is required when coding data, examples of these strategies include reading the transcripts and observation notes on many occasions, writing memos, developing and evolving coding categorisations and applying these themes to the data, concluding in building contextual relationships between themes in the data.

Bringer et al. (2004) argue that the researcher must be transparent in their use of computer software and explain all the elements concisely and thoroughly.

Ashworth (2008) depicts validity where findings reflect phenomena of interest and where the research investigates exactly what it set out to do, demonstrating a consistent message. Proponents of analysis software see it as the genesis of a new age in qualitative research (Buchanan and Jones, 2010). It is generally accepted that software packages offer a level of organisation, which is hard to manage manually (Basit, 2003). Additionally, computer based analysis is useful at cutting, sorting, reorganising and collecting the tasks which the researcher has previously done using note cards, scissors and coloured pens (Weitzman and Miles, 1995). According to Welsh (2002), it can also offer a level of transparency and can provide higher accuracy than manual analysis. When conducting qualitative studies using NVivo software, for example, Welsh (2002) found that it was helpful while building a rigorous database for the data. Similarly, she found that it demonstrated very clearly all the coded data and the way it had been coded. Further, she found that the management of these long data files was very easy using NVivo. Opponents argue that conducting analysis electronically can result in methodological impurities when data is transferred digitally, into an environment of 'ones and zeros' (Buchanan and Jones, 2010). Further, this may result in a misrepresentation or simplification of the multi-dimensional qualities of the original data. Willig (2009) suggests that software-assisted data analysis may encourage too much scrutiny of specific words and phrases rather than the interpretation the data as a whole. Another argument emphasises the usefulness of computers in counting and producing numbers. Welsh (2002) believes this may force researchers into the trap of turning qualitative accounts into semi-quantitative analysis by enumerating the facts rather than interpreting them. It has been argued that no amount of electronic coding can produce new theoretical insights without the application of disciplinary knowledge and the creative imagination of the researcher (Coffey and Atkinson, 1996). Willig (2009) argues that software can often distance researchers from their data.

Overall, the research community is divided in regard to the deficits and benefits of digital intervention in what is fundamentally a human endeavour (Basit 2003). However, in a study of using both manual and computer-based (NVivo) analysis techniques together, Welsh (2002:9) found that "in order to achieve the best

results it is important that researchers do not reify either electronic or manual methods and instead combine the best features of each”.

The researcher maintained an open mind when deciding whether the coding should be conducted manually or electronically. The various electronic options were evaluated and the pros and cons identified above were considered. The researcher initiated the interview analysis by searching for themes manually in the transcripts. When this was completed, the researcher also inputted the data into the Nvivo10 software package. However, after coding the material using the software and observing the reports that were provided the researcher believed that it was a tool best for organising and presenting data only. It was evident that the package did not offer anything new in terms of emerging outcomes, especially as the codes had to be inputted manually. Overall, Nvivo10 was considered incapable of providing the level of analysis required for this investigation. A further reason for this was that the researcher was aware of the organisational setting and context of the data, which a computer could not comprehend. This approach is supported by Patton (2002) who argues that text, by itself, offers limited interpretation.

For manual data analysis and coding (Miles and Huberman 1994) suggest a ‘best practice’ approach whereby the researcher prepares a provisional ‘starting list’ of codes prior to fieldwork, which emanates from the theoretical framework, literature review and research questions. This approach was adopted for this research, the eleven themes were selected as the provisional list and subsequent codes or emerging outcomes were deduced as a result of the analysis.

Based on the work by Braun and Clarke (2006) the analysis of the interviews was conducted as follows:

	Phase	Description of the Process
1.	Conduct Interviews	Conduct fifteen interviews (three interviews in each of the five companies), record interviews digitally.
2.	Create Transcripts	After each company visit, transcript each interview as soon as possible, to reduce chances of errors, while interviews are fresh. This process ensures the researcher familiarises themselves with the data.
3.	Initial organising data	Begin to code the data. The initial coding will guarantee that all relevant material is primarily allocated to the eleven themes.
4.	Code Data	Code material within each theme to highlight patterns and emerging outcomes. Each potential emerging outcome was colour coded on a print out of the fifteen individual transcripts.
5.	Review Codes	Codes were reviewed to ensure accuracy.
6.	Name Codes	Emerging outcomes of each theme were named and analysed.
7.	Analyse and Present Data	Key aspects from the interviews were presented. Following this, the data was analysed and presented within each theme. Emerging outcomes, as a result of the coding, for each theme were also deduced and presented.
8.	Compare Findings from survey and interviews	Based on this mixed method study, findings from the survey and interview were then analysed and conclusions formed.
Table 6.2: Coding and Analysis of Interviews (Based on the work of Basit, 2003)		

6.5 Demographic Interview Findings

Table 6.3 provides an overview of the background of each of the five companies that participated in this research.

	Company A	Company B	Company C	Company D	Company E
Industry	Manufacturing of Plastics	Vehicle Hire Company	Fencing and Construction	Child Safety Products	Professional and First Aid Training
Interviewees	1. Managing Director/Owner 2. Operations Manager 3. Machinist	1. Managing Director/ Owner 2. Branch Manager 3. Sales/Rental Associate	1. Managing Director/Owner 2. General Manager 3. Builder	1. Managing Director/Owner 2. Sales Manager 3. Associate	1. Managing Director/Owner 2. Operations Manager 3. Administrative Support
Length of Time SME in Operation	30 years	25 years	20 years	14 years	10 years
Number of Staff	23 employees	42 employees	52 employees	19 employees	19 employees
Ethical code of conduct or values statement	Employee Handbook	Professional code and Employee Rental Handbook	Employee Handbook	Values Statement	'WISE' Statement
Length of time of ethics implementation	Fomalised 2005, values go back further than this. Document is regularly updated	Professional code since 1989, employee handbook regularly updated	Employee handbook created within the last year, created with external consultant	Values statement is 2 years old, however values of business go back 14 years	Values in place for 10 years. WISE document introduced 6 months ago
Table 6.3: Overview of Five Companies					

6.5.1 Introduction to Company A

Company A are a North-West based organisation who print, create and manufacture credit cards, catalogues and other plastic based materials. The company website claims that they produce high quality, durable, encapsulated plastic products. Currently the company is the largest supplier of library cards in the UK and claim to be passionate about quality and the environment and hold both ISO 9001 and ISO 14001 certifications. The company has won several awards; such as the national 'learn direct achievement award' and the Independent Print Industries Association (IPIA) Best Trade Manufacturer 2011.

6.5.2 Introduction to Company B

Company B is a car rental company, which generally sources the North-West area. According to their website they offer a series of diverse and quality cars, vans, 4x4s, trucks and minibuses for hire from 1 day through to 4 years. The company was set up in 1989 and remains in the hands of the owner-manager today. The company is a member of the British Vehicle Rental and Leasing Association (BVRLA), a governing body and accreditation for automotive rentals and also the United Rental System (Britain's biggest vehicle rental network). They claim to be hassle-free car and van rental that you can trust. The company has five separate locations in the North-West

6.5.3 Introduction to Company C

Company C provides external fences, both wooden and iron to both domestic and large companies within the UK. They work mainly with large housing construction firms such as Balfour Beatty and Persimmon to provide fencing for the plots of new housing developments. According to their website they are dedicated to the fencing industry, and with over 20 years experience, they remain a family business providing quality fencing solutions. They provide a wide diversity of applications including security fencing, school fencing, sports fencing, acoustic fencing, mesh fencing, agricultural fencing and animal enclosures. The company operates over multiple sites in the North-West of England.

6.5.4 Introduction to Company D

Company D is a North-West based organisation who provide safety solutions to both individual and companies throughout the UK. Their products can be found in children's play areas, supermarkets, fast food restaurants, leisure centres and private homes. They have both small and large customers, which include individuals and primary schools. The company website claims that they are a family owned business that is passionate in its approach to providing total customer satisfaction. They also state that they are "a socially responsible company that takes pride in reliable and trustworthy child door safety products". The company

was established in 1999 and has become the largest supplier of child door safety products to schools and nurseries throughout the United Kingdom. They claim to have supplied their products to an estimated 7,000 educational premises nationwide.

6.5.5 Introduction to Company E

Company E is a North-West based organisation that provides specific health and safety training and products throughout the UK. They have both large and small customers, which include Starbucks, Shell and Farmfoods. The company website claims that they are the second fastest growing first aid training company in the UK. Company E has celebrated its 10th anniversary of operation in 2013 and currently employs 19 staff members. The company has recently applied to be considered in the small company category of the 'Best Place to Work Award' in the UK. The company has its own charity and has the following values statement, known as WISE. Which according to their website stands for the following;



6.6 Interview Findings – Analysis and Interpretation of Themes

Having produced some basic company background information for each SME, the following provides a summary of each interview, which has been taken from the transcripts for each company and based on the responses from the semi-structured interview questions. Following this each theme is then analysed and an interpretation is provided.

6.6.1 Theme 1 – Values and Ethics of the Organisation

Summary of Interviews	
Level: Managing Director (MD)	Theme 1: Values and Ethics of the Organisation
Company A	
<ul style="list-style-type: none"> • Company ensures that it operates within the requirements of the Law • Ethics/Values are driven through the whole company by the Managing Director • “Treat customers the way we would wish to be treated”, customers expect ethical behavior • Financial aspects of the company undertaken within the requirements of the Law • All ethical issues are referred to the MD by the Senior Management Team for action • Ethical behaviour is directly related to staff retention • Rule Book and Procedures in place covering ethical behaviour and operations • If ethical procedures are broken employees are reprimanded with documented evidence in place 	
Company B	
<ul style="list-style-type: none"> • MD very positive in terms of the importance that all employees operate ethically • The company’s ethics are based on the MD’s values and beliefs • The MD is the driving force behind the ethical operation of his company • Long-term employees share these values • The hiring of new staff is based on the acceptance of these values • The MD expects a positive attitude towards ethical behaviour by all employees 	
Company C	
<ul style="list-style-type: none"> • MD believes that the company acts ethically as he started the company from ‘grass roots’ • The MD’s guiding principle is, ‘treat everybody the way he wants to be treated’ • The MD stated, “ it is not about making money, its about doing something right” 	
Company D	
<ul style="list-style-type: none"> • MD very passionate about operating ethically • The company’s ethics and values were created by the MD and a number of employees after training and development • Values based upon how employees believed the way individuals and the company should behave and operate 	
Company E	
<ul style="list-style-type: none"> • The MD stated that the company has operated ethically for over ten years of existence • MD stated, “that the company has good codes of conduct and strong values”. These are embodied in the company’s values statement; known as WISE (World-Class, Integrity, Supportive and Excellence) • Company is currently focusing on the ‘Great Place to Work’ award • Vision, Mission and Values forms part of induction and on-going training • Bonus scheme based, in part, on the company’s values • Recruitment of new employees is based on the acceptance of values 	

Summary of Interviews	
Level: Middle Management	Theme 1: Values and Ethics of the Organisation
<i>Company A</i>	
<ul style="list-style-type: none"> • The interviewee stated that they believed the company operated in an ethical manner. This was based on twenty one years based in the company • The company has rules in place which are fair • Middle management claim to have an input into the formulation of ethics and values • Written procedures are in place and followed, and modified as required • The company has formal training and appraisals, which help to enforce ethical behaviour 	
<i>Company B</i>	
<ul style="list-style-type: none"> • The interviewee indicated that the company works in an ethical manner and the MD drives this. • Ethical behaviour is also driven by the customer • Part of the middle management's job is to communicate ethical behaviour throughout the company and to be a role model. • The company values have been integrated into the operations of the business since the company was formed 	
<i>Company C</i>	
<ul style="list-style-type: none"> • The interviewee believed that the company operates in an ethical manner • The company is a family led firm and the values are based on treating people well • There are disciplinary procedures in place should unethical behaviour be reported • The individual only had been working for the company for ten months, however was familiar with ethical codes of conduct from his previous employment which was in a large company 	
<i>Company D</i>	
<ul style="list-style-type: none"> • The interviewee stated that the company very much works to an ethical code of conduct and have an integrated values statement, used throughout the organisation • The individual stated, "the company has a family 'feel' to business and all employees are important" • All new staff sign up to the values statement accepting that they understand the content and work to it on a daily basis • The company is not money driven as products relate to child safety • Transparency is an important value to the operation of the company and the way in which they treat their customers 	
<i>Company E</i>	
<ul style="list-style-type: none"> • The individual strongly advocated good ethical working practices and the ethical culture had remained through a time of company growth • Ethical values are culminated in an overreaching code of conduct entitled "WISE" (World-Class, Integrity, Supportive and Excellence • Recruitment of new employees is based on the acceptance of the company's ethical code of conduct • The company operates strongly as a team culture 	

Summary of Interviews	
Level: Associate	Theme 1: Values and Ethics of the Organisation
Company A	
<ul style="list-style-type: none"> • The associate claimed to share the values of the company and believed that they were fair • Ethical values predominantly emanated from interviewees parents and have a clear personal definition of what is right and what is wrong • The company is very supportive of the individual and this in turn creates a loyalty towards the company • The associate indicated they had worked for the company for fifteen years and at one stage left for a short period of time, believing that they had made a mistake and stated, “I did not realise how good I had it” and therefore returned to the company 	
Company B	
<ul style="list-style-type: none"> • The associate strongly indicated that the company has a set of ethical values and works to them • The individual stated, “that my individual values match the values of the company” • She suggested that not all staff members are ethical, an example was provided concerning the usage of mobile phone whilst on company business • The interviewee stated they have worked for the company for thirteen years 	
Company C	
<ul style="list-style-type: none"> • The associate believed that the company are ethical in its operations • The company requires things to be done in the correct way • The individual stated that they share the values of the company • It was felt by the respondent that not all staff within the company were ethical and do not have the same values as the company • The company cares for its employees and operates in a suitable way towards its customers 	
Company D	
<ul style="list-style-type: none"> • The associate stated that, “this company is the most ethical place I have ever worked” • The employee related a wide definition of ethical behaviour, including the company, the community and the environment • The company provides staff with the means to do your job properly and targets are realistic • Training is provided in a way in which staff deal and interact with fellow employees and situations • The associate explained that in his previous company, most people in sales were complicit in terms of unethical behaviour. However, this is not the case in this company 	
Company E	
<ul style="list-style-type: none"> • The associate indicated that good ethical behaviour is encouraged throughout the company • The individual expressed strongly that she shared the company values but believed that other staff members may not share these values in total as the company grows • The company is very fair, across the board towards employees, suppliers and customers • The associate stated that “there is nothing misconstrued or hidden...I do not feel there is a hierarchy” • Transparency is important to this company according to the individual • The induction programme emphasises the WISE philosophy and permits new employees to be integrated into the company quickly 	

Theme 1: Values and Ethics of the Organisation – Analysis and Interpretation

All five company MDs responded positively with respect to their businesses operating in an ethical manner. It was evident that the MDs were the instigators in driving ethical values throughout their companies. This statement was supported strongly by the middle managers of each company; however, this was not the case at associate level, where three of the five associates responded that not all employees act ethically. This can be interpreted that overall, all five companies believe they operate ethically as a business, but not necessarily at individual employee level. A potential reason for this could be associated to the ineffective communication and training of values and ethics throughout the hierarchy of all companies at all levels. In addition to this, not all employees may share the same values as expressed by the company.

It was evident that all five companies had a culture of ethical behaviour, however the extent of this culture varied in scope and deployment. Ethical behaviour in the five companies is based on a number of key foundations: firstly, the MD's personal values, secondly, being established on family-based values, thirdly, on employee involvement, fourthly, on customer/client requirements, and finally, the influence of external consultancy. Therefore, it is apparent that these factors shape the ethical culture, values and behaviour of each of the companies.

In all five of the organisations the MD was also the creator and owner of the business and therefore was influential in establishing the initial ethical culture which was based on his/her values. Also, in reviewing all companies at all levels, the basis of ethical behavior appears to have evolved from family based values, originally instilled by the upbringing of the MD. It was evident that these family based values were then shared throughout the organisations and interpreted by the companies as a whole. As the organisations grew they were able to maintain the family based values approach in their operations.

Another motivator of a company's ethics and values has been the employees. Two of the five companies specifically involved their employees in the

development of ethical values and operating procedures. Company D established their values statement during training workshops facilitated by the MD. Company E designed their WISE values statement in consultation with all employees. It can be argued that this activity contributed considerably to employee ethical engagement. However, Companies A, B and C did not initially use employees in the development of their ethical values.

Another contributing influence of the companies' values and ethics has been requirements stipulated by customers, clients and regulating bodies. Company A was generally guided by the requirements of government law rather than clients or professional bodies. In Company B, a professional body, BVRLA (British Vehicle Rental and Leasing Association) are significantly involved in the practices of the company which includes the way in which customers are treated and how the business is run in a fair and ethical manner. Therefore, in Company B the values extend to the standards promoted by the BVRLA. Company C, is a supplier to a number of major nationwide building contractors. In order to win tenders they are required to demonstrate specific conformity to building specifications and ethical practices. Company D's values and ethics are influenced by the field in which they operate. As a producer of baby and child safety products they have to adhere to certain standards as promoted by the CHAS accreditation (Contractors Health and Safety Assessment Scheme). Similarly, Company E, as trainers of health and safety, are also subjected to CHAS. It can be argued that both Companies D and E must adhere to a high level of ethics in order to maintain their reputation within the marketplace.

Finally, the involvement of external consultants in the development of the ethics and values of the organisations has been considered. Both Companies A and C engaged with external consultancy companies to produce documentation in order to adhere to the requirements of the law. This approach was adopted in order to protect the company and its employees. However, both companies claimed to have informed the external consultant of their individual values when they met to formalise the values and ethics of the organisation.

It was evident that an outcome, which emerged from establishing the values and ethics of the organisation, was recruitment; more specifically how values are shared and detected through the recruitment process. For example, Companies B, D and E, demonstrated that values and ethics are considered when recruitment takes place. They expressed that they look for a values match between the culture of the company and the potential employee. Company D and E were proud that they take a long time to hire for each vacancy so that they can achieve this match and not make a recruitment error. This was supported at middle management level; they felt that leadership drove the values and that they have been given the responsibility to follow this and to train new employees in the culture of the business.

Middle managers from both Companies D and E supported the MD in indicating the values and ethics of an individual are assessed throughout recruitment. Companies B, D and E viewed the recruitment stage as an opportunity to spread the values of the business and ensure that a possible values match occurred, thereby enhancing the current culture and reducing potential ethical indiscretions.

Interviewees at the associate level were also supportive, with at least three associates claiming that the company was the most ethical they had ever been employed by. It was stated that as the businesses expand they believed that difficulties could arise in the recruitment process. Overall, it was concluded that ethics and values are a prominent part of the recruitment process in SMEs. However, it was suggested by the associates that not all other employees are as ethical as themselves.

The topic of discipline also emerged from the interviews when discussing ethics and values of the businesses. All MDs stressed the importance of all employees adhering to a high level of ethical behaviour and performance. Company A stated that employees are reprimanded if they do not adhere to the required documented standards. In terms of middle managers, Company C confirmed there were disciplinary procedures, should perceived unethical behaviour takes place. Other middle managers stressed the importance of adhering to the rules and ethical culture but stopped short of instigating discipline. Interestingly, none of the

associates referred to discipline or punishment; rather they focused on the opposite and how the company harnesses a positive ethical culture.

Theme 1 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 1 – Values and Ethics of the Organisation), several emerging outcomes became apparent. These are presented below in Figure 6.4.

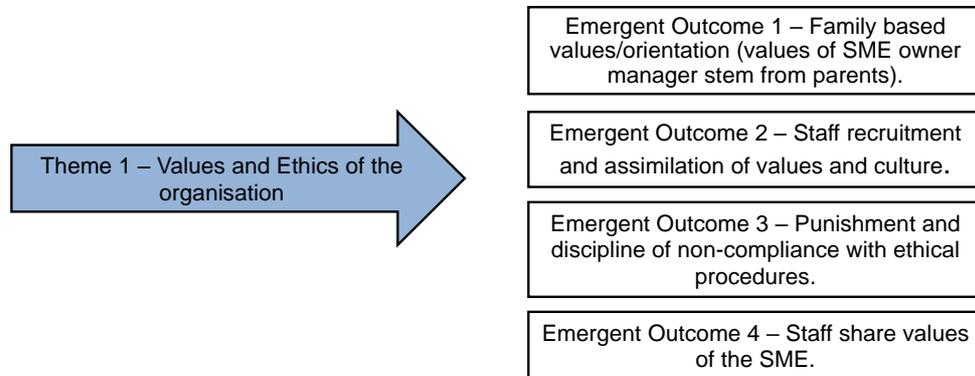


Figure 6.4: Theme 1 – Emergent Outcomes

6.6.2 Theme 2 – Role of Leadership

Summary of Interviews

Level: Managing Director

Theme 2: Role of Leadership

Company A

- Ethical policy and procedures initially raised by the MD
- Changes and maintenance of procedures facilitated by the MD and implemented by the management team
- Daily management team meetings provide a forum for building ethical behaviour into the culture of the company
- MD has “open-door” policy allowing staff to approach them concerning ethical issues
- The MD spends time with new employees regarding employee behaviour and culture of company
- MD leads by example in terms of ethical behaviour, however middle management are also responsible for ensuring employees behave ethically
- MD considers her role to enforce good ethical behaviour extending to customer and supplier relationships
- Limited community activity undertaken, however the company has contributed to breast cancer research and McMillan

Company B

- It is believed by the MD that all levels of management should be responsible for ethical behaviour
- The MD stated that, “We have set of intrinsic values which have developed over time”
- The MD stated, “not really” to the question “Do you feel personally responsible for ethical behaviour in your company” and indicated that it is everybody’s responsibility
- The company have benchmarked their values and ethics to exceed the requirements of the professional body BVRLA

Company C

- The MD stated they he was responsible for setting the ethical standards, and communicating this to the management team
- New members of staff, when they join the company are expected to meet the ethical standard laid down by the MD

Company D

- The ethical values in place are a result of the MD and his management style
- Values are closely linked to the culture of the company
- The MD confirmed that the company’s values “are a set of beliefs that should come naturally in their day to day operations”
- The company donates to charity and the MD sees his role as an opportunity to support these charities through organisational activities

Company E

- The MD saw his role as setting the ethical values and culture of the organisation
- Implementation was seen as an important management role in terms of having a consistent approach to ethical behaviour
- The role of management was to instigate disciplinary action for breaches of ethical conduct
- The MD confirmed that he has established a charity that operates in the same field as the company’s products and services and he maintains an ambassadorial role

Summary of Interviews	
Level: Middle-Management	Theme 2: Role of Leadership
Company A	
<ul style="list-style-type: none"> • The interviewee saw themselves as being responsible for ethical behaviour through the use of procedures and the handbook • Communication of changes to procedures was considered the role of middle-management 	
Company B	
<ul style="list-style-type: none"> • The middle manager believed that his role “was operational and to ensure that employees work to good ethical practices” • Customer experience and reputation maintenance was seen as an important role of middle management, together with transparency throughout the whole organisation • Company employees and management are involved in the local community and charities 	
Company C	
<ul style="list-style-type: none"> • The interviewee saw their role as being a fair and honest manager who addresses personal and work related issues • The role of ethics was deemed to be a management team activity as it is they who are in contact with clients and the public • It is the role of management to remind employees of ethical behaviour 	
Company D	
<ul style="list-style-type: none"> • Middle manager saw her responsibility as ensuring good ethical behaviour, especially with new employees was always upheld • The interviewee stated that the company participated and engaged with multiple charities and community projects. These activities were both personally and company based 	
Company E	
<ul style="list-style-type: none"> • The middle manager stated that the MD constructed the values based on “the most important aspect of the company is its people” • Training of values was depicted as a middle management task • Middle manager operates an open door policy and encourages employees to contribute and engage as appropriate • It is within their role to contribute to the local community and charity and have set up their own charity 	

Summary of Interviews	
Level: Associate	Theme 2: Role of Leadership
Company A	
<ul style="list-style-type: none"> • Management discusses ethics and provide training courses to all staff and he felt that management were aware of the importance of providing training • The interviewee stated that “The MD’s values are passed down and employees are expected to behave professionally” 	
Company B	

<ul style="list-style-type: none"> • The associate stated that the role of management was to care for employees • Management give recognition to employees who work hard
<p>Company C</p> <ul style="list-style-type: none"> • The associate only had one comment, “management make it clear what is expected of employees”
<p>Company D</p> <ul style="list-style-type: none"> • The associate reported that every staff member was treated equally with regards to ethical behaviour • The associate stated that “management have a good recruitment process in selecting people that fit the company culture” • The role of management is to act as role models and the associate confirmed that this was the case • The associate confirmed that the MD explains the core values to all new employees
<p>Company E</p> <ul style="list-style-type: none"> • The associate explained that management set the values and culture and communicate this to all employees • All employees can easily communicate any issue with the leadership of the company • It is important to the MD that the family feel of the business is maintained • Charity activities are important to the leadership of the organisation

Theme 2: Role of Leadership – Analysis and Interpretation

It was evident from the research that all MD roles included setting up their businesses to operate in an ethical manner, with all five interviewees believing that they are involved in all aspects of their business. However, while four of the MDs viewed it as their responsibility to implement ethical business practices, the MD of Company B believed ethics was a group issue and needed to be guided and maintained by all employees. This may have also been due to the fact that Company B had an external industry code of conduct in place, from the BVRLA, who promote values to be adopted. The MDs were seen to lead by example in regards to ethics and values. Across the board they, themselves, believed they were the motivators and creators of the ethical culture and they allocated responsibility down the line to middle management and associates. In Companies A, C and D the MDs believed that part of their role was to discuss and meet with new employees so that the ethical culture could be shared and maintained, allowing new starters to fully understand the values of the MD and hence the business. This demonstrates the role of coaching as an essential activity of

ethical leadership in SMEs. Similarly, the MDs in Companies A, C and D all stressed their role in communicating to their middle management teams so that some of the responsibility was shared for the implementation of values. This can be seen as an approach to enhance the ethical values and to ensure successful implementation. All five companies indicated that their businesses were expanding and that it was essential that the role of leadership encouraged ethical values to all new employees.

Consistency, transparency and discipline were all mentioned when interviewing the MDs. These were seen as crucial components of their ethical infrastructure, so that staff viewed their MD as fair and approachable and that there was a consistent message to all employees. The MD of Company E stressed punishment was a component of ethical leadership if employees made any ethical breaches. Although the other MDs did not refer to punishment it was referenced at other levels of the organisations.

Overall, the middle managers viewed their own role a little differently to the MDs. Generally, they confirmed that their role was to communicate the values of the organisation to other employees and to act as a 'go-between', between the MD and the remaining of the employees. Companies B and C also stressed the importance of customers in relation to their ethical leadership role. Companies B, D and E all indicated the close links between the business and the local community, underlining the importance of their role in charity and community projects. Middle managers B, C, D and E all expressed that their role was primarily operational and believed it was their duty to manage the values, envisioned by the MD, throughout the organisation.

The associates all focused on discussing the role of the MD when answering questions about leadership in terms of ethics. An activity that associates referred to was training. Both associates in Companies A and B considered the availability of training courses to be an important aspect of the ethics of the leader. Associates from Companies A, C, D and E all stressed that communication of ethics and values were in place and that all employees were made aware of the culture and the way their organisation does business. This indicates that some

implementation techniques are in place for this message to be consistent through all levels in four of the five businesses.

A key duty or role, which was shared amongst several of the interviewees, at all levels of the organisation, was an 'open door policy' in relation to ethics and values. MDs, middle managers and associates all felt comfortable with the topic of ethics and values, generally believing that they had the freedom to discuss any related topics. Several interviewees at different levels stated that the ethical culture, fairness and values simply existed and that it was a natural phenomenon that has emerged in the business, without the need for constant reiteration. As these businesses have been created by the MDs and grown, there is an element that ethics is natural and emanates from the MD.

Another topic, which emerged at all levels of the organisations, was the involvement of the companies in community work, especially with charities. All five MDs indicated that they were involved with specific charities or do some sort of community work. Company B indicated that they had been called upon to loan vehicles for charitable causes, and Company D were running a 'Movember' campaign involving men's health awareness at the time of this research. The companies were engaged with charities in varying degrees, with Companies A and C donating to specific charities and Company E having a charity registered to them. Although Corporate Social Responsibility (CSR) is not a term used in the companies, these actions clearly demonstrate that small businesses do engage in the communities in which they operate and participate in ethical business practices. It was evident that the five organisations all gained benefit by engaging in such charitable activities and that there were business benefits by taking part, such as strengthening the ethical culture and performance of the business.

Overall, based on the analysis above it is evident that the role of leadership is pivotal. The leaders are involved in all aspects of the business and although ethics, values and culture are important stand-alone issues they affect all aspects for the business. It is apparent that the leaders questioned take their role seriously and believe they act as ethical leaders and business people. It is also clear that a balancing act of maintaining an ethical culture, being a role model,

keeping the business viable, providing quality to customers and supporting employees and the community are all facets of this role. The challenge for the leaders is to maintain and achieve a balance of these tasks without wavering from their beliefs and values.

Theme 2 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 2 – Role of Leadership), several emerging outcomes became apparent. These are presented below in Figure 6.5.

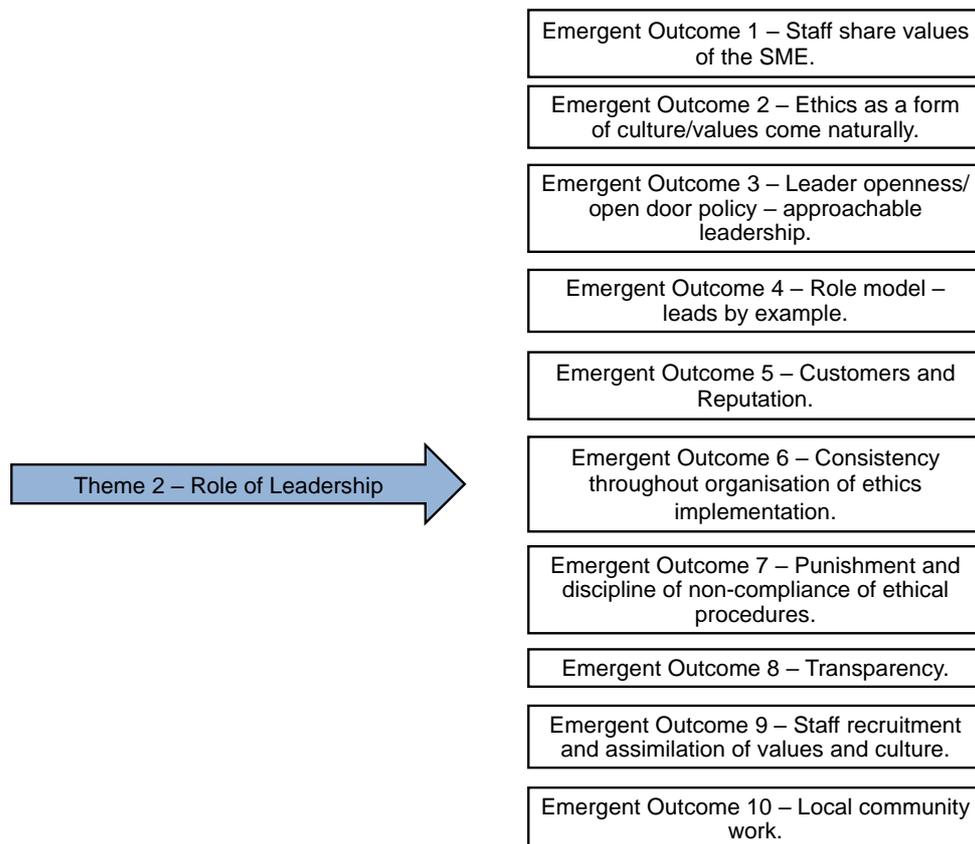


Figure 6.5: Theme 2 – Emergent Outcomes

6.6.3 Theme 3 – Prevalence of Code of Conduct

Summary of Interviews	
Level: Managing Director	Theme 3: Prevalence of code of conduct
Company A	
<ul style="list-style-type: none"> • MD has created a documented procedure system covering a range of activities from clocking in to misconduct • There is a system of rules based procedures, however the terminology 'code of conduct' is not used • Documented procedures and employee handbooks were made available to all employees • The MD indicated that the main motive for the documented system was based on the requirements of the law, as well as organisational performance 	
Company B	
<ul style="list-style-type: none"> • The MD described that the company operates to the BVLRA industry code of conduct. He went on to say that the has instigated additional procedures which go beyond the requirements of the industry code of conduct • The MD stated that the terminology of 'ethical codes of conduct' is not used on a day to day basis and that the documented procedures are in the form in the employee's rental handbook, which is available to all staff 	
Company C	
<ul style="list-style-type: none"> • The MD explained that there is a handbook in place, which mainly covers human resource and law requirements • The handbook has been created jointly with external Human Resource consultancy and has been in place for one year • The handbook is made available to all employees • Although the MD indicated that the company did not have a specific code of conduct, they have to adhere to their clients ethical requirements and codes 	
Company D	
<ul style="list-style-type: none"> • There is an ethical code of conduct available to all employees in the form of a handbook and company value statement 	
Company E	
<ul style="list-style-type: none"> • The MD described the adoption of a core set of values called WISE (world-class, integrity, supportive and excellence) • The core set of values (WISE) is visibly displayed in strategic positions in the company, for example, in the building entrance reception area and on company stationary • In addition to WISE the MD explained the introduction of an employee handbook, covering the wider issues of employment and operation 	

Summary of Interviews	
Level: Middle-Management	Theme 3: Prevalence of code of conduct
<p>Company A</p> <ul style="list-style-type: none"> • The procedures have been developed and changed over a number of years to meet the requirements of modern day production and ethical standards • These procedures were originally initiated twenty one years ago • Middle-manager confirmed that there is an employee handbook and procedures in place and readily available to all staff 	
<p>Company B</p> <ul style="list-style-type: none"> • Middle manager confirmed that they have adopted the professional code of conduct from the external body, BVLRA • It was expressed that the company have gone beyond the requirements of this industry code • The middle manager explained that the company has been involved with the development of the BVLRA code 	
<p>Company C</p> <ul style="list-style-type: none"> • The middle manager was unsure if there was a company ethical code was in place. However he understood the terminology from his experience in previous employment in a larger company • It was clear that the middle manager had not been exposed to the company's policies and procedures • He explained he was a new starter, however his induction did not cover ethics 	
<p>Company D</p> <ul style="list-style-type: none"> • Middle management stated that "yes, we have values statements and a company handbook which supports the values statement" • These documents were available to all employees and communicated at all levels • The values statement had been signed by all employees and displayed in the main office 	
<p>Company E</p> <ul style="list-style-type: none"> • Middle management described the availability of the staff handbook, which is further supported by the WISE core values • The middle management did not use the terminology of 'ethical code of conduct' to describe the content of their employee handbook, which includes, quality, equity, diversity, and whistle-blowing 	

Summary of Interviews	
Level: Associate	Theme 3: Prevalence of code of conduct
<p>Company A</p> <ul style="list-style-type: none"> • The associate indicated that procedures are available to staff and that all employees are required to sign, indicating that the content is understood • Procedures are updated from time to time, and communicated on a regular basis 	
<p>Company B</p> <ul style="list-style-type: none"> • Procedures available to all staff and are used in the induction process • The associate stated "procedures are linked to the BVLRA professional body" but go beyond their requirements 	
<p>Company C</p> <ul style="list-style-type: none"> • Associate was not familiar with the terminology of a code of conduct • He was aware that a company handbook was available, however, he was not familiar with 	

the content
<p>Company D</p> <ul style="list-style-type: none"> • The associate stated “he was given a copy of procedures by the managing director and they discussed them together at his induction”. • The associate confirmed that having accepted the company’s values statement, signing the document was then required
<p>Company E</p> <ul style="list-style-type: none"> • The terminology of ethical code of conduct not used by the associate, however she was aware of the values statement (WISE) and employee handbook, stressing both are available.

Theme 3: Prevalence of Code of Conduct – Analysis and Interpretation

It was evident from the interviews with the MDs that in direct opposition to the literature, SMEs do indeed, have what can be considered as ethical codes of conduct. However, it was clear that the term ‘ethical code of conduct’ was not used by any of the interviewees. The MDs from Companies A, B and D all confirmed this term was not relevant and was considered to be more suitable for larger organisations. All five organisations had documented procedures, which included aspects of ethics and values. It was evident that the MDs all used different terms for their documented procedures, these are presented in Table 6.4.

Company	Terminology Used for Ethics Document
A	Handbook and Company Policies Manual
B	The Employee Rental Handbook
C	Employee Handbook
D	Values Statement and an Employee Handbook
E	Core Values (WISE document) and Employee Handbook
Table 6.4: Terminology Used by SMEs	

From this data it is clear that there is no set format used or adopted by SMEs in terms of stating and engaging with their ethics and values in documented form. It is evident that ethics is a topic relevant in the SME context; however, the indication is that it is on a smaller scale compared to MNCs. While all companies claimed to have a code of conduct, Companies A, B and C, had a handbook, covering many aspects, of which ethics was just one. Companies D and E both had specific documents related and exclusively dedicated to ethics and values. Companies A, B and C claimed that their ethical documentation was driven by Human Resources and Law requirements. Further, it was suggested

that another factor, that affected the prevalence of these documents, was the requirements of customers and clients. Overall, it was evident that the MDs had a different interpretation of the term code of conduct. In terms of prevalence and longevity of the ethical documentation, Company A and B stated that their handbooks had been in place for over twenty years. Company C had a handbook, written with external assistance and had been in place for one year. Companies D and E had both conducted the exercise recently by assessing and formalising their values, with Company D having their values statement for three years. The WISE statement in Company E was six months old. While both Companies D and E had other documents in place for several years, it was this formalisation and creation of a specific values document that was a more recent inclusion in their businesses, mainly as a result of the growth of their businesses and the need to enhance and maintain their ethical culture.

Overall, in all five organisations the documentation was available and accessible to all employees and in four cases this documentation served as an induction tool for new employees. The middle managers, apart from Company C, all supported what was said by the MD, in terms of the prevalence of the code, and was not aware that one existed. This highlights a serious lack of communication within the management team of Company C.

All associates were also aware of the prevalence of their company's codes. In Companies D and E, at all levels of the organisation the message was very similar, suggesting effective communication and implementation techniques of the code. The associates from Companies A, C and E confirmed that 'code of conduct' was not a term that was expressed by the staff or the company. The associates explained their role was to read the document and to sign that they had understood the principles contained in the document. Finally, in Companies A, D and E it was indicated that the associates believed the values were communicated throughout the business, that they are encouraged to approach the leadership in relation to the topic and that the values are reconsidered at regular intervals. However, Companies B and C had a static handbook with which the associates had less involvement.

Theme 3 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 3 – Role of Leadership), several emerging outcomes became apparent. These are presented below in Figure 6.6

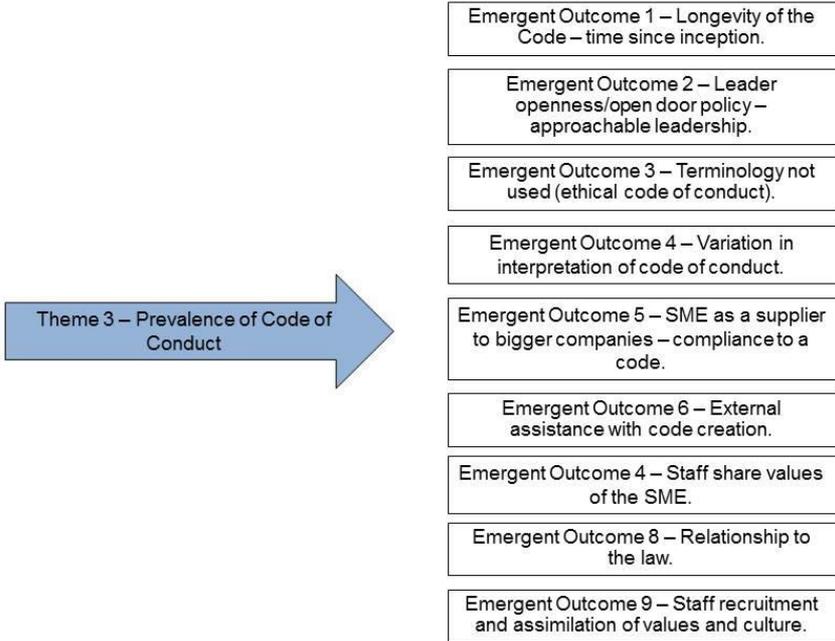


Figure 6.6: Theme 3 – Emergent Outcomes

6.6.4 Theme 4 – Purpose of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 4: Purpose of Codes of Conduct
<p>Company A</p> <ul style="list-style-type: none"> • The MD stated that “Ethical reputation is important to the company as we want to be better than the competition” • Having a code of conduct allows our work to be consistent • Customer confidentiality is important to the company, “they must be able to trust us” • Having a code of conduct helps us to retain staff • The MD states that she believes, “There is a positive correlation between ethics and profit” 	
<p>Company B</p> <ul style="list-style-type: none"> • The code of conduct ensures we must be “transparent and honest, it gives us a competitive advantage” • The MD stated, “High ethical behaviour results in good company profits” • Having the industry code of conduct is a unique selling point and publicises our reputation with customers 	
<p>Company C</p> <ul style="list-style-type: none"> • The MD referred to an incident of an employee grievance and felt documented procedures needed to be put in place to protect the organisation • The MD believed that the purpose of introducing documented procedures was to facilitate growth of the organisation and to cover the law requirements • Another purpose was to assimilate new staff into the company, so they were aware of the standards 	
<p>Company D</p> <ul style="list-style-type: none"> • The MD believed that the values of the company were directly linked to the performance and processes of the business • The MD stated “The formalisation of ethical standards was so our people have a reference point and to ensure we, as a company, are always fair” • The MD stated that recruitment procedures are closely linked to codes of conduct/values • As a result of growth the company felt the need to introduce documented procedures to formalise its ethical culture 	
<p>Company E</p> <ul style="list-style-type: none"> • The introduction of WISE was to ensure consistency in working practices and behaviour • As a result of growth the company felt the need to introduce documented procedures to formalise its ethical culture • The MD stated that the values of the business had been in place for 10 years, but now needed to be codified in order to ensure consistent dissemination of values. 	

Summary of Interviews	
Level: Middle-Management	Theme 4: Purpose of Codes of Conduct
<p>Company A</p> <ul style="list-style-type: none"> • The middle-manager believed that procedures are in place to ensure consistency of operations • An attainment of high quality levels was also referenced as purpose for the implementation ethical standards 	

<p>Company B</p> <ul style="list-style-type: none"> • The middle-manager stated that the purpose of the code of conduct “to reassure customers that the company works to and is accredited to the external professional body (BVRLA)” • Having a code of conduct reduces the need for more stringent government regulation in the industry • The BVRLA code of conduct provided businesses with legal assistance and advice
<p>Company C</p> <ul style="list-style-type: none"> • Middle-managers stated that there is a link between procedures and customer/client requirements • It was suggested that the purpose of the code of conduct was focused on the way in which the company was managed rather than individual employee behaviour
<p>Company D</p> <ul style="list-style-type: none"> • The middle-manager stated that the main purpose of the code of conduct “Is to ensure all employees work ethically and consistently” • As the company produced products that were of a child safety nature documented ethical procedures were in place to ensure customer and safety requirements were met • The code of conduct also acts a way of describing the unique culture of the company
<p>Company E</p> <ul style="list-style-type: none"> • The purpose of the code of conduct is to communicate to all staff consistent values and working practices, especially during a period of growth • The middle-manager stated that the values statement acts as a basis of attracting potential employees via the recruitment process

Summary of Interviews	
Level: Associate	Theme 4: Purpose of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The associate explained that procedures are handed down in order to meet the requirements of the customer 	
Company B	
<ul style="list-style-type: none"> • The interviewee stated that the purpose of the code of conduct was “for the benefit of the customer/client as it is important that the customer trusts the company” • Having these procedures increases the opportunities for new business and competitive advantage 	
Company C	
<ul style="list-style-type: none"> • The associate indicated that he was aware that procedures were in place but was unfamiliar with the purpose of these documents 	
Company D	
<ul style="list-style-type: none"> • The purpose of the documentation is to ensure that any grievances within working practices are properly managed • The associate went on to say that the company’s values statement provides an infrastructure for handling ethical issues accordingly 	
Company E	

- The associate stated that as the company has grown, the WISE statement provides new starters with an insight into the culture they are joining
- The associate claimed that over time the range of people's age in the organisation has broadened with new employees having alternative values that that of the company. Therefore the WISE statement has helped to formalise a cohesive set of values, acceptable to all

Theme 4: Purpose of Codes of Conduct – Analysis and Interpretation

When asked about the purpose of the code of conduct/ethical documentation, the MDs all provided many differing answers, however there were some similarities (see Table 6.5). Each MD provided at least four reasons for implementing his or her ethical documentation. Company A indicated that it gave them an advantage over their competitors, this reasoning was supported by both Companies B and D. This suggests that having documented ethical procedures is not something all companies have and that the companies in this research investigation believe it contributes to their bottom line. Consistency was a topic that was also raised by multiple MDs. Company A suggested it meant that the production of products was consistent and Company E also identified 'consistency of working practices and behaviours' as the purpose for their ethical values inception. Reputation was a further aspect that was referred to by all MDs, this was in relation to customers and other stakeholders. Companies B, D and E all explained that being transparent, fair and honest were key drivers in the creation of their values documents. Growth, was another reason offered and the requirement for the organisations to formalise their values and culture as they expanded and hired more employees. Company B described the purpose of their handbook was to protect the company against any potential staffing issues. This suggests the main purpose for their documentation was to adhere to legal legislation. While the results are varied it is clear that there are also some similarities for the reasons of adopting ethical codes of conduct. The variation of answers provided by the MDs suggests there are sufficient reasons to adopt such documentation. A summary of the responses by the three levels of each of the organisations has been provided below in Table 6.5 with a colour key to indicate the different levels.

Purpose	Company A	Company B	Company C	Company D	Company E
Ethical Reputation	✓	✓✓		✓	
Competitive Advantage	✓	✓			
Consistency of Behaviour				✓✓	✓✓
Consistency of Work	✓✓			✓✓✓	✓✓
Enforces Trust	✓	✓			
Retains Staff	✓				
Creates Profit	✓	✓		✓	
Transparency, Honest and Fair		✓		✓	
Protect the Organisation			✓		
Facilitates Growth (Formalisation)			✓	✓	✓✓✓
Compliance with Law			✓		
Help Assimilate New Staff			✓		✓
Helps Recruitment				✓	✓
Describes Ethical Culture				✓✓	✓✓
Quality Assurance	✓				
Reassures Customers		✓			
Avoids Government Legislation		✓			
Provides Legal Assistance		✓			
Customer/Client Requirement's	✓	✓	✓	✓	
To Explain Rules			✓		
To Ensure Employees are Ethical				✓	
Provides an Ethical Infrastructure				✓	
Key - blue ✓ - Managing Director red ✓ - Middle Manager green ✓ - Associate					

Table 6.5: Purpose of Codes of Conduct Responses

At middle manager level, again, various answers were provided, however differences from the MDs included, Company A stated the purpose was for quality, Company B to reassure customers and to avoid government legislation, Company C for client requirements within their supply chain, Company D to explain the unique organisational culture and Company E to attract new employees.

At associate level, fewer reasons were provided. The associates of Companies A and C could not provide the researcher with any reason for the purpose of the ethical documentation. Whereas, associate in Company B agreed with the other levels of their organisation, explaining it was for competitive advantage, to ensure trust and to meet the requirements of their clients and customers. Similarly, associates from Companies D and E supported some of the reasons stated by their managers, for example, by stating that it was created to provide an infrastructure to handle ethical issues (Company D) and to ensure new starters understood the culture and to help with company growth (Company E).

Table 6.5 identifies a total of twenty-two different purposes offered by the fifteen interviewees. From this table a level of consistency in response can be seen in both Companies D and E. However, there is very little consistency in Companies A, B and C. In one case in both D and E all levels of the hierarchy agreed on one of the purposes of the ethical documentation. For both these companies other purposes also have consistency arose two levels of the organisation. No consistency at any level was apparent in Company C.

Overall, it is evident that although many reasons were provided by the companies, the fact that there were so many answers and differences in responses suggests the communication at all levels of the organisations is not always clear or focused in terms of the purpose of each company's ethical code.

Theme 4 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 4 – Purpose of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure 6.7.

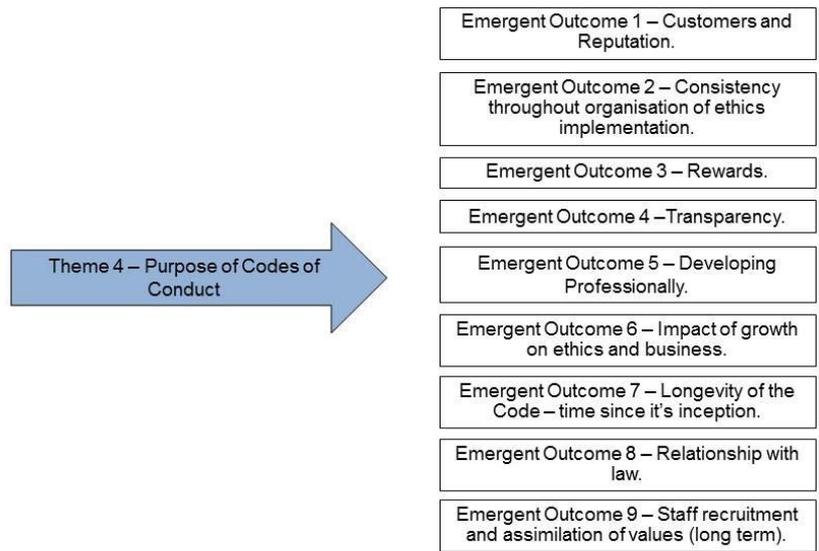


Figure 6.7: Theme 4 – Emergent Outcomes

6.6.5 Theme 5 – Creation of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 5: Creation of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • In terms of the creation of the rulebook and work procedures, these were based on the MD’s values and beliefs • The creation of the company documentation was initially created by the MD with advice from an external consultant, with respect to employment law • Continuous updates are discussed and agreed at monthly meetings, with feedback and input from employees at all levels 	
Company B	
<ul style="list-style-type: none"> • The MD stated that he initially created the company documents, including the handbook, guidelines and policies and also used pertinent content of the BVRLA industry code of conduct • In answer to the creation of the documents the MD stated they were based on his family values and beliefs • As a result of developing the company professionally, the updating of documentation has included the contribution a number of stakeholders, for example, employees, customers and the BVRLA 	
Company C	
<ul style="list-style-type: none"> • The MD confirmed that he had hired a personnel management consultancy company to provide documented procedures, with input from the company themselves • These documented procedures were more related to HR issues and the law than specifically values or ethics based. 	
Company D	
<ul style="list-style-type: none"> • The foundation of the values statement originated from the MD • The MD then stated that he “Facilitated a series of workshops with the staff to create the agreed values of the company” 	
Company E	
<ul style="list-style-type: none"> • The original values were created by the owner/MD of the SME • As the company grew the platform of WISE was introduced by the senior management team 	

Summary of Interviews	
Level: Middle-Management	Theme 5: Creation of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The middle-management argued that the creation of the procedures was emanated from the actions and beliefs of the MD • The interviewee stated that “Some of the documents have been developed as a result of customer input” 	

<p>Company B</p> <ul style="list-style-type: none"> • The middle-manager emphasised that the creation and the maintenance of procedures was conducted by an advisory service, specialising in aspects of employment law
<p>Company C</p> <ul style="list-style-type: none"> • The middle-manager was not aware of how the original values and procedures of the company were created • He went on to state, that “As a result of growth, it was realised that working practices had to be formalised and therefore a handbook was created”
<p>Company D</p> <ul style="list-style-type: none"> • The middle-manager stated that “the MD originally created the values statement, however the staff were then involved in the final agreed version” • The values statement was also influenced by particular and client requirements
<p>Company E</p> <ul style="list-style-type: none"> • The Middle-manager stated that “The managing director originally created the values statement. This was then developed into the WISE document” • She confirmed that the WISE document was then passed to staff for consultation before publication

Summary of Interviews	
Level: Associate	Theme 5: Creation of Codes of Conduct
<p>Company A</p> <ul style="list-style-type: none"> • The associate stated the “The creation of procedures was devised by the MD and is updated on a regular basis” 	
<p>Company B</p> <ul style="list-style-type: none"> • The associate believed that policies and issues are discussed in formal meetings and changed are made where appropriate 	
<p>Company C</p> <ul style="list-style-type: none"> • The associate explained that he had no involvement in the creation of procedures and that they had simply been passed down to him 	
<p>Company D</p> <ul style="list-style-type: none"> • The associate stated that he had only recently joined the company and to this day, had not been involved in the creation of the values statement • However his own values aligned with the company’s and he willingly accepted them and signed the values document 	
<p>Company E</p> <ul style="list-style-type: none"> • The associate claimed that she was not involved in the creation of the WISE document and that is appeared on the wall one day 	

- However she stated that “I am sure that its creation was deeper rooted than that”

Theme 5: Creation of Codes of Conduct – Analysis and Interpretation

In terms of the creation of ethical codes of conduct it is evident that it is the MDs that set the values of the business that form the basis of the codes of conduct or documented procedures. According to four of the five MDs they initiated and created this document, with Company C claiming that an external consultancy firm created their policies and procedures. As the SMEs have been set up by these individuals it is not surprising that they would have a leading role in creating these documents. As the companies are small it is expected that the MDs would use their own personal values as a starting point for code creation. As explored earlier these values were often family based, passed on by the MD’s parents.

It was clear that, while most of the companies have been in existence for several years, with all five companies operating for over ten years, the creation of the values statement or codes of conduct has been quite recent, for example Companies D and E, have created their values statements within the last two years. However, the values that support their codes have been in place for many years.

While four of the MDs believed their codes emanated from their own values and beliefs, three of the five (Companies A, B and C) also enlisted some external support to help in their creation as the MDs did not possess the knowledge or skills to produce such a document. These three companies indicated that they needed additional support in relation to both human resources and the law and expressed these were difficult areas to keep up to date and wanted to ensure their procedures were correct. The MDs of both Companies D and E, who had ethical value statements, expressed that their management teams and junior employees were involved in their creation, suggesting a broader organisational approach.

In relation to the middle managers, three of the five interviewees (Companies A, D and E) all supported that it was the MD from whom the values had emanated and who created the code. However, the middle manager from Company C was not

aware of how the ethical values of the company came into existence, suggesting a lack of communication throughout the hierarchical levels of the organisation. An issue that was raised by two of the interviewees (Companies A and D) was that they believed that their customer or clients had an input into the creation of the code of conduct/ethical procedures of the business. However, the MDs did not mention this when asked the same question. It was indicated that clients and customers involvement was due to the requirement of quality control and maintaining high standards of service and production.

At associate level, there was a disconnect between what was stated and the messages portrayed by the MDs. Three associates (Companies C, D and E) associates had no knowledge as to where their code or ethical procedures originated and explained that they were not involved. This indicates that the creation of the code of conduct is not a topic discussed with associates. It could be that the procedures have been in place over several years and therefore when new staff join the company they are not aware of the origin of the code of conduct.

Overall, there seemed to be some conflict within some of the organisations in relation to the results, which were obtained. In Company B, the MD stated that the company ethical documents, including the handbook, guidelines and policies were initiated by himself, whereas the middle manger believed an advisory service was used to create these documents. Conversely, the associate believed that policies were changed when necessary by all staff. This highlights differing points of view and confusion at all levels of the organisation. Interestingly, in Company A it was clear that the associate had more knowledge about the creation of the ethical documentation than the middle manager. This was not expected as it was assumed that knowledge on this topic would be greater at the higher levels of the organisational structure. In Company E there was also some disagreement as the higher levels of the company suggested employee input in the creation of the WISE statement, but the associate claimed it simply appeared.

Theme 5 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 5 – Creation of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure 6.8.

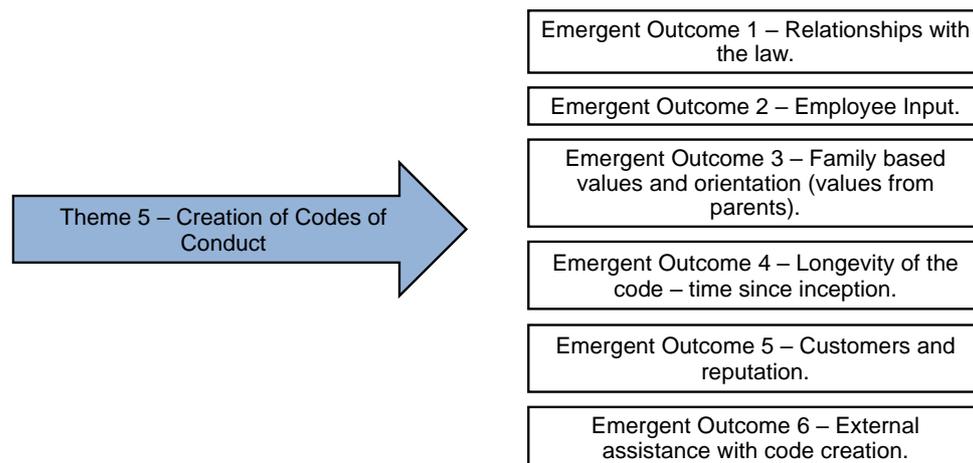


Figure 6.8: Theme 5 – Emergent Outcomes

6.6.6 Theme 6 – Content of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 6: Content of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The MD stated that “The content comprises formal employment guidelines and how employees conduct themselves” • A specific example the MD offered in regards to a topic covered by the code was the retirement legislation as this had changed recently • The MD argued that “overall the content is both values and rules based” 	
Company B	
<ul style="list-style-type: none"> • The MD explained that while he did not formulate the content he reviewed the documented to ensure it is fair and aligns with his values • The interviewee discussed the importance of the content of the code of conduct needing to be in simple language in order that it can be successfully understood at all levels • The content has a wide scope but is supported by the MD’s values 	
Company C	
<ul style="list-style-type: none"> • The MD stated that the documentation is very comprehensive, covering areas of law and HRM requirements, however he was unable to reference a specific examples • He stated that the documentation was “personable as much as it can be but also pretty precise” • On review of the documentation by the researcher it was clear that the written style of the procedures were compliance and rules based rather than company values based • Further, the researcher noted that content included, equal opportunities, harassment, diversity, training and development, benefits and disciplinary procedures 	
Company D	
<ul style="list-style-type: none"> • The MD made specific reference to the companies values statements in terms of quality, innovation, customers and employees • On review of the documentation by the researcher it was evident that the content was based on the values of the company which emanated from the MD, for example in terms of innovation and risk the MD stated that “we celebrate mistakes and we learn from them” 	
Company E	
<ul style="list-style-type: none"> • The MD described that the content is “based on the inter-relationships with all our employees and stakeholders, both internal and external” • The MD stated that the content of the WISE document provides guidance in a wide range of areas, which supports all company activities • The interviewee was able to explain the content of the WISE statement to the researcher, based on Worldwide, Integrity, Supportive and Excellence • He also emphasised the importance of using simple and plain language in the content of the WISE document, to ensure staff understand and can relate to it 	

Summary of Interviews	
Level: Middle-Management	Theme 6: Content of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The middle-manager could only recall that the documentation covered the following topics: sickness, benefits, lateness, discipline, holiday entitlement, health and safety, ISO 9000 requirements • On review of the documentation of the researcher, other areas included employment law requirements and training records for employees 	
Company B	
<ul style="list-style-type: none"> • The middle-manager explained that the content was values based, focusing on openness and honesty with particular reference to customer requirements and how to best treat them • He also stated that the main content is linked to the guidance from the BVRLA industry code • Rather than discuss the specific content of the company documentation, reference was made to the professional body's (BVRLA) industry code 	
Company C	
<ul style="list-style-type: none"> • The interviewee was not familiar with the code of the relevant documentation and assumed that it deals with suppliers and customers 	
Company D	
<ul style="list-style-type: none"> • The middle-manager had a clear understanding of the difference between the values statement and the general operating procedures and rules (employee handbook). She stated that the content of the values statement was based on "how to treat each other within the company and external customers" • She explained that the content of the values statement included: how the company treats customers, the quality and safety of the products, acceptable agreed levels of service and how company personnel behave throughout all organisational activity 	
Company E	
<ul style="list-style-type: none"> • The middle-management described the content of the values statement (WISE) as including: the way in which the company undertakes customer service and how employees behave towards each other 	

Summary of Interviews	
Level: Associate	Theme 6: Content of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The associate was not fully familiar with the content but suggested it would cover accidents, sickness and health and safety • The associate indicated that having rules in place is an important aspect in terms of employee and company protection 	
Company B	
<ul style="list-style-type: none"> • The associate was not totally familiar with the documentation but indicated that the rulebook covered employees induction, health and safety aspects and employee contracts 	

<p>Company C</p> <ul style="list-style-type: none"> • The associate had no knowledge of the content of the documentation but guessed that health and safety would be covered
<p>Company D</p> <ul style="list-style-type: none"> • The associate indicated that the content of the documentation included mission and vision statements, “how we work and treat each other”, openness and involvement of all staff in organisational activities • He indicated that the content included the methods in which problems and issues are handled by staff
<p>Company E</p> <ul style="list-style-type: none"> • The associate was able to describe the content in terms of the WISE document, specifically stating the importance of working with integrity, acting as a supportive team on all issues and their behavior towards each other and their customers

Theme 6: Content of Codes of Conduct – Analysis and Interpretation

All MDs were able to discuss and report on the content of the company codes of conduct or ethical statements. In general the statements were considered by the MDs to be led by values. However, while this may be true in terms of the creation, having inspected the documents the researcher can confirm that the content of three Companies, A, B and C are in the main rules and compliance based. Whereas, Companies D and E were mainly values based. This is supported by the fact that rather than call the document a code of conduct, Companies D and E refer to their documentation as values statements. This analysis is in line with the previous findings, which established that Companies A, B and C had external assistance in the creation of their ethical documentation. It was also evident that the MDs of Companies D and E had more significant knowledge about the content of their codes, which may be a result of the fact that they were heavily involved in the creation stage.

Legal and HR aspects were a main component of the code of conduct of Companies A, B and C. There was also a correlation between this and the fact that the MDs believed their documents to be comprehensive. The law was seen as a driver to include certain aspects within the content. A further characteristic, which was established, was that the content needed to be written in a way that was user friendly and that all employees at all levels could understand. The

content of Companies' D and E was much broader in approach and tackled all aspects of the business, but acted as a guide rather than an in depth detailed way of behaving in all situations. A summary of the content topics has been provided below in Table 6.6. The differentiation however, in responses may be particularly reflected by the variation in the interpretation of what is defined as a code of conduct.

Company A	Company B	Company C	Company D	Company E
Retirement legislation	Fairness	Documentation is very comprehensive	Quality and innovation	Based on inter-relationships and stakeholders
Employment guidelines	Aligns with MD's values	Covers law and HRM aspects	Customers and employees	Provides guidance in a wide range of areas
Rules and values based	Simple language	Personable and precise	Based on values of the company	Way in which we do customer service
Sickness, benefits, lateness and discipline	Content has a wide scope	Compliance based	Risk	Behaviour towards one another
Holiday entitlements	Values based	Not aware of content	How to treat one another at work	WISE statement
Health and Safety	Openness and honesty	Health and Safety	How to treat external customers	Integrity
ISO 9000	Customer requirements		Quality and safety of products	Acting as a supportive team
Employment law requirements	Linked to BVLRA code		Agreed levels of service	Treatment of customers
Accidents, sickness	Induction for employees		Mission and vision	Treatment of each other
Health and Safety	Health and Safety aspects		How we treat and work with each other	
Employee and company protection	Employee contracts		Involvement of staff in organisational activities	
			Openness	
			How to handle problems	
Key - BLUE – Managing director RED – Middle-Management GREEN - Associate				
Table 6.6: Content of Organisation's Ethical Documentation				

Table 6.6 highlights a significant number of different aspects that are contained within the five companies' codes of conduct. It is clear from this data that significant differences in terms of interpretation as what means 'content' exists across the companies as well as within them. While some respondents referred specifically to activities related in the code, others refer to broader issues such as stakeholders, purpose, language and the style of the document. It was also

evident that the three interviewees in Company C had minimal knowledge of the content of their code.

Middle managers were less able to recall and explain the content of their ethical documents, for example in Companies B and C the interviewees were not able to state any specific issue or topic covered by the code. It was evident that there was a lack of communication from the MD in relation to content. Conversely, the middle managers in Companies A, D and E all were able to discuss the content in their documents and had clearly reviewed this material recently. Company A explained specific topics, whereas interviewees from Companies D and E could explain the general meaning of the code, what it stood for and the key values emanating throughout the document.

At associate level, the respondents from Companies A, B and C all had very little or no knowledge about the content of the code of conduct and it was evident that some of them had never seen this document. Contrariwise, in Companies D and E, the associates knew and could explain the content of their values statements. There is a direct link therefore, between the companies who created their document themselves, which is based on the values of the firm and is 'lived' and communicated within the company compared to the companies whose code is legalistic and created with external assistance. It is evident that for the latter companies, communication processes are somewhat limited.

Theme 6 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 6 – Content of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure 6.9.

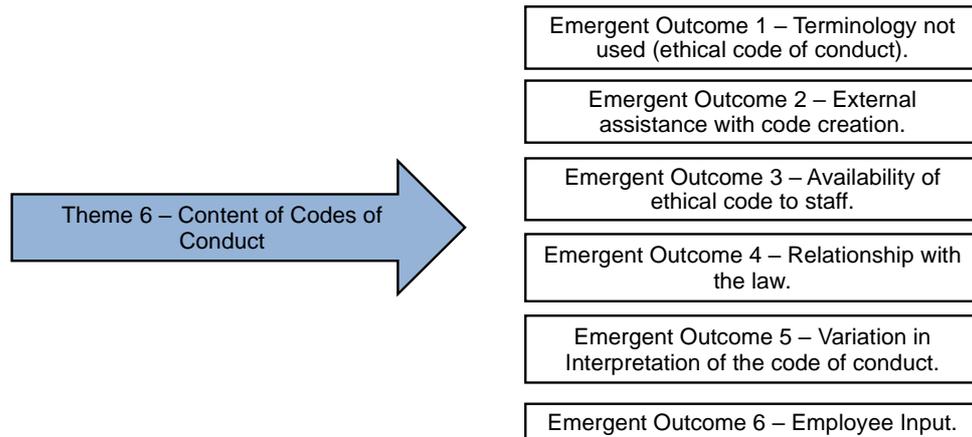


Figure 6.9: Theme 6 – Emergent Outcomes

6.6.7 Theme 7 – Implementation of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 7: Implementation of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The MD stated that she takes the lead in regards to implementation of procedures and documentation and that these are re-enforced by daily production meetings • The MD sees that within her role she is responsible for the design and maintenance of handbook and company procedures manual 	
Company B	
<ul style="list-style-type: none"> • Implementation of the employee rental handbook is based on the requirements of the BVLRA, for which the MD is responsible for maintenance and compliance • The MD has instigated an intensive programme of training for employees including the implementation of ethical procedures 	
Company C	
<ul style="list-style-type: none"> • Initial implementation of procedures (based upon consultancy advice) was instigated by the MD • The MD stated that “The employee handbook is issued to each employee at time of contract of employment” and is also available on workplace noticeboards 	
Company D	
<ul style="list-style-type: none"> • The MD stated that he is responsible for the design, implementation and maintenance of the values statement • Implementation is through a series of training sessions facilitated by the MD • The staff induction programme includes one-to-one discussions regarding the values attempt with the MD • A major review of the values statement is undertaken at least once a year 	
Company E	
<ul style="list-style-type: none"> • The HRM manager is responsible for the design, maintenance and control of the WISE document • All employees attend an induction programme which enforces the culture of the organisation and the WISE values statement • Implementation initially takes place during induction, where a two day event includes discussion of the values and mission statement as well as company policies 	

Summary of Interviews	
Level: Middle-Management	Theme 7: Implementation of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • Middle-manager was not aware of the implementation process of documentation. However, 	

explained the ethical issues are discussed at the daily production meetings and actioned
<p>Company B</p> <ul style="list-style-type: none"> • Middle-management described that implementation of the employee rental handbook is undertaken at induction stage and ongoing training sessions, which includes the companies core competencies • The interviewee also stated that the “customer” is the driving force for the implementation process • A part of the implementation process includes a question and answer session with middle-management
<p>Company C</p> <ul style="list-style-type: none"> • Middle-management stated that staff handbook procedures are informally discussed at induction and through ad-hoc reactive training on the job • Most discussions on ethical issues are conducted on a one to one basis as they arise
<p>Company D</p> <ul style="list-style-type: none"> • Middle-management stated that “the implementation process is driven by the leadership of the company” • Every employee receives one to one discussion with the MD in relation to ethical issues and this is supported by ongoing training • A focus of the implementation process is to ensure the right match between new employees and the culture of the company
<p>Company E</p> <ul style="list-style-type: none"> • It is the HRM, whose role it is to implement the values statement. However it is the responsibility of the quality manager to undertake the auditing of company documentation and procedures

Summary of Interviews	
Level: Associate	Theme 7: Implementation of Codes of Conduct
<p>Company A</p> <ul style="list-style-type: none"> • The associate stated that they were not aware of the implementation process 	
<p>Company B</p> <ul style="list-style-type: none"> • The associate stated that new rules and procedures have been added during the growth of the company and that new policies are sent to all employees via email • Implementation is also a part of the induction training process 	
<p>Company C</p> <ul style="list-style-type: none"> • Associate confirmed that basic training occurs during the induction process and newsletters provide updates 	
<p>Company D</p> <ul style="list-style-type: none"> • The culture of the company and ethical values are implemented via the induction training by the MD 	

Company E

- Implementation of the WISE statement is the responsibility of the HR manager
- The associate stated that “If any ethical issues arise these can be dealt with by either the HR manager or my line manger”

Theme 7: Implementation of Codes of Conduct – Analysis and Interpretation

All MDs claimed that the implementation process of ethical codes of conduct or values documentation was within their role. All MDs apart from Company B indicated that they designed the implementation process and are responsible for its maintenance, although in Company E, maintenance is the HR manager’s duty. Company B indicated their implementation was driven by the requirements of the BVRLA. According to four of the MDs the implementation process was ongoing and that revisions were constantly made. Interviewees discussed a number of techniques adopted in the introduction of their codes of conduct, for example, Companies B and D referred to an intensive training programme, which includes ethical procedures. Companies A and C referred to the implementation process in terms of documentation and noticeboards. Companies D and E indicated that implementation is more encompassing and is delivered through induction, one-to-ones with the MD and is driven into the culture of their businesses. Companies D and E also specified that the values statements are regularly reviewed and the process of implementation is improved continually.

Middle managers had less knowledge in regards to the implementation process and while most of them suggested techniques and methods, they were often not specific to ethical codes of conduct or values statements. They did not discuss ‘how’ a system of implementation was incorporated into the organisation or refer to ‘change’ strategies or systems, which would ensure that the company, kept up to date. Middle management in Company B believed that implementation was driven by customers rather than the business itself. None of the middle managers believed that implementation was their responsibility, and in some cases, Companies A, B and C were not aware of the implementation process. Instead these interviewees mainly referred to their document/ethical policy or in

the case of Company B to the BVRLA rather than implementation processes. It was evident that in general, implementation was not discussed between the MDs and the middle managers and while the companies have ethical policies and documents in place, not all of them were fully enforcing ethical practices throughout all aspects of the business. It was clear that the communication of this issue is not shared with the second tier of management.

At associate level, knowledge of implementation processes was very poor, with some respondents not able to answer the question or being aware of any implementation techniques (Companies A and C). Some of the associates referred to training and policies, but in general, associates from Companies B, D and E were not able to discuss actual implementation processes. The lack of knowledge at this level indicates that the process of implementation is unknown.

Overall, it can be deduced from this theme that there is a lack of formal implementation processes across the organisations. While two of the Companies, D and E have some implementation methods in place, all companies could improve in terms of process application. While all the companies have ethical documents in place, the physical process of implementation is not known beyond the level of the MD in Companies A, B and C. However, a more active process was evident in Companies D and E, who conduct training and implementation through different forms of communication.

Theme 7 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 7 – Implementation of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure 6.10.

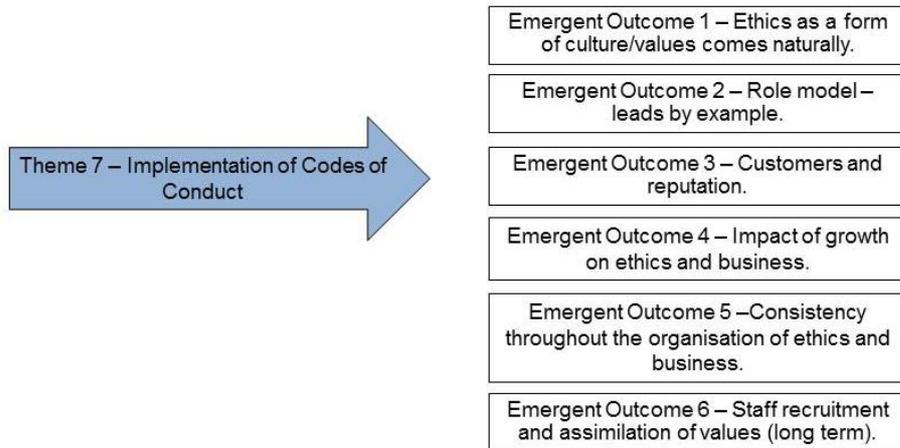


Figure 6.10: Theme 7 – Emergent Outcomes

6.6.8 Theme 8 – Communication of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 8: Communication of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • Communication takes place through daily operations meetings, where constant review of all issues takes place • The MD saw their role as the key in terms of communication of ethical standards • The terminology of ethical code of conduct, however, is not used • The handbook and company policies manual are a form of communication of ethical standards • Training sessions are also used a form of communication 	
Company B	
<ul style="list-style-type: none"> • The MD stated that the communication of ethics emanates from himself to senior managers. Senior managers are then expected to pass this information downstream • This information is communicated through procedures and training sessions • A weakness he stated in the organisation is that “It tends to be one-way communication with little feedback upstream” 	
Company C	
<ul style="list-style-type: none"> • The MD stated that they do a lot of training, however this training is mainly based on broader issues, rather than specific to ethics, such as health and safety • The employee handbook was handed out to all staff, they were requested to read it and ask any questions staff may have • Communication is conducted through a lot of production meetings, where ethical issues may arise • The MD indicated that communication boards in the staff room are a further method for sharing information 	
Company D	
<ul style="list-style-type: none"> • Ethical values statement is communicated through work team meetings and regular informal social events • The MD stated that communication is “Open, fluid, and continuous” • The values statement, located on the wall, signed by all employees is the result of the one to one induction session all staff have with the MD • The MD referred to regular charity events, which supports the culture such as Freaky Fridays and Wacky Wednesday • Team building events were also referred to as key components of communication 	

Company E

- The MD referred to communication as ongoing and continuous, with it being delivered by induction and team meetings
- The senior managers are responsible for ensuring that communication takes place at different levels of the business
- HR oversee that the communication process is effective
- WISE documentation is in place and is shared throughout the business
- Implicit communication of the WISE statement is undertaken via company stationary straplines, employee noticeboards and reception area artwork.
- All the above are supported by ongoing training

Summary of Interviews	
Level: Middle-Management	Theme 8: Communication of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The middle manager indicated that communication was heavily described by the attainment of sales and customer requirements • When discussing ethical values the interview focused on values in terms of the customer only 	
Company B	
<ul style="list-style-type: none"> • Training is based on competencies, however the interviewee stated that training was developed external of the company and not specifically related to ethics • General communication is through email, branch meetings, the employee rental handbook, one to ones, an online depository and noticeboards • Communication is based on a combination of verbal and documented evidence 	
Company C	
<ul style="list-style-type: none"> • The interviewee had little knowledge of communication processes in regards to ethics and values • All other communication is via the MD and middle management, mainly associated with health and safety aspects 	
Company D	
<ul style="list-style-type: none"> • The interviewee stated that they were the focal point of communication of ethical values, via the MD • Communication takes the form of, weekly company newsletters, emails, the handbook, induction, recruitment and the values statement • The size of the company allows for “close knit group communication” 	
Company E	
<ul style="list-style-type: none"> • The interviewee stated that the size of the company meant communication was easy to manage on a daily basis • Communication takes the form of the WISE statement, the handbook, induction and training • HRM was referenced as the focal point for ethics and values 	

Summary of Interviews	
Level: Associate	Theme 8: Communication of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • As a small company the associate stated that most communicated was by “word of mouth” • He also stated that “openness is the approach to communication by senior management and the MD, however this statement was general and not specifically related to ethics • He stated that he feels comfortable in approaching his line manager 	
Company B	
<ul style="list-style-type: none"> • Communication is conducted by induction, training and meetings, however the associate did not specifically refer to the communication of ethical issues or values 	
Company C	
<ul style="list-style-type: none"> • Communication is conducted through training sessions, team meetings and appraisals • The associate stated that he “Had been given the company handbook, however had not read it” 	
Company D	
<ul style="list-style-type: none"> • The associate stated that as a small company they are able to communicate freely and informally • The values statement is given to all staff for signing, indicating that they understand and accept the values and culture of the company 	
Company E	
<ul style="list-style-type: none"> • The associate referred to one to one and team discussions of the WISE statement, which occur on a regular basis and is re-iterated from time to time 	

Theme 8: Communication of Codes of Conduct – Analysis and Interpretation

All MDs explained the various techniques used by the organisation to communicate their ethical values and procedures. A summary of the responses can be found in Table 6.6. From the answers provided the two most common communication techniques were, through the MD and via training, both of which were featured in all five companies. However, it was evident that Companies D and E adopt many more and differing communication techniques to share their values statement. While all MDs considered communication initially as their responsibility some of them expressed that the term ethical code of conduct was not used within the business. However, based on the responses it is clear that both Companies D and E were specific about ethical values.

Similarly, Companies A, B and C all discussed how communication mainly flows in one direction, top down, and is conducted through methods such as production meetings and training sessions. This indicates ethical issues are only explored when and if they occur. Conversely, the MDs of Companies D and E suggest ethics and values are continuously communicated through a suite of activities and methods. These include, recruitment, staff inductions, team building events and informal activities. This result is similar to the other themes, where both the MDs of Companies D and E have made a decision to implement and achieve high ethical standards across the business.

Middle managers of Companies A, B and C did not feel it was their responsibility or duty to communicate ethics, whereas middle managers of Companies D and E were very specific in their response that it was they who were directly responsible. The pattern of responses was similar to that of the MDs in that the middle managers of Companies D and E were able to discuss at length how the communication of the values was implemented. Conversely, middle managers of Companies A, B and C offered far less in terms of methods and were mainly talking about communication in general business terms rather than ethics or values.

A similar situation was observed at associate level as it was evident that some of the interviewees, when discussing communication, were talking broadly and were not specific to ethical codes of conduct or values statements. This was especially true for Companies A, B and C, however Companies D and E were focused on the communication of their values statements. It can therefore be stated that more effective communication techniques are in place throughout all levels of Companies D and E.

Overall, it is evident that there is not a heavy emphasis on ethical communication in Companies A, B and C, with the process mainly limited to documentation. However, Companies D and E have a more integrated approach and have adopted more varied methods to share the information throughout the levels of the organisation. With reference to Table 6.7, Companies D and E implement

approximately double the amount of the communication methods than Companies A, B and C and have adopted more innovative and informal approaches to ensure the messages are shared throughout the company. These approaches have included, weekly newsletters, company stationary and through charity and team events. By adopting these techniques, communication is much more embedded through Companies D and E. However, a further issue is related to the size of the organisation, both Company D and E stated in the interviews that communication was relatively straightforward, ongoing and manageable due to their size. Both these companies have 19 staff, compared to Companies B and C which all have between 40-52 staff and Company A with 23 employees. This fact may result in why these organisations have adopted more formal procedures and approaches to communication such as training, meetings and policies, rather than some of the informal approaches adopted by Companies D and E.

Method of Communication	Company A	Company B	Company C	Company D	Company E
Daily Production Meetings	√		√		
The Managing Director	√	√	√	√	√
Company Handbook	√		√		
Training Sessions	√	√	√	√	√
Company Policies/Procedures	√	√		√	√
Appraisals			√		
Senior Management		√			√
Notice Board		√	√		√
Team Meetings				√	√
Informal Social Events				√	
Induction				√	√
One to One Meetings with Management		√		√	
Charity Events				√	
Team Building Events				√	
Ongoing Communication				√	√
Weekly Newsletters				√	
During Recruitment				√	√
Human Resources					√
Company Strategy					√
Company Stationary					√
TOTALS	5	6	6	12	11

Table 6.7: Techniques For Communication of Ethical Codes of Conduct

Theme 8 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 8 – Communication of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure 6.11.

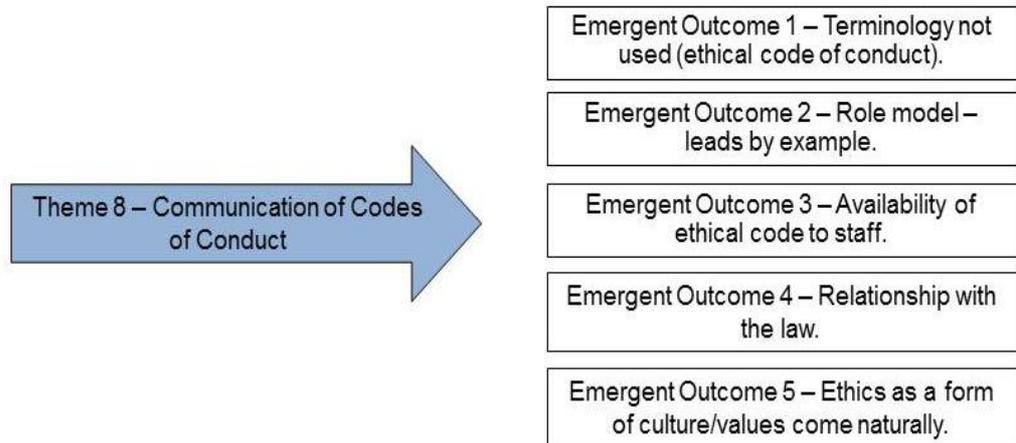


Figure 6.11: Theme 8 – Emergent Outcomes

6.6.9 Theme 9 – Auditing and Measurement

Summary of Interviews	
Level: Managing Director	Theme 9: Auditing and Measurement
Company A	
<ul style="list-style-type: none"> • The MD stated that there are no mechanisms for the auditing for ethical procedures, however all staff are required to sign that they have understood the company procedures and rulebook • The company is audited through the accreditation of ISO 9000, which includes ethical aspects 	
Company B	
<ul style="list-style-type: none"> • The external body (BVRLA) undertakes audits of the company, however these are of a wider nature • The company uses mystery shoppers in order to gain customer feedback • The MD stated that “audit information is very important to the company’s reputation” 	
Company C	
<ul style="list-style-type: none"> • Only health and safety is audited and this is based on client requirements 	
Company D	
<ul style="list-style-type: none"> • The MD described the auditing and measurement of ethics is undertaken at two levels, informally in relation to the employees and more formally in relation to the company • In regards to employees auditing is in the form of employee appraisals, one to one meetings and through the companies performance measurement system • With regards to the company, the organisation is accredited to CHAS (The Contractors Health and Safety Scheme), who conduct regular on-site audits 	
Company E	
<ul style="list-style-type: none"> • The MD stated that the services that the company provides are audited by the external body, “City and Guilds” • The interview also stressed that a number of employees have expertise in the auditing processes and they provided an auditing service to other external companies • The company also has the following audited accreditations, ISO 9000, Investors in People, “Great Place to Work” – Bronze status 	

Summary of Interviews	
Level: Middle-Management	Theme 9: Auditing and Measurement
Company A	
<ul style="list-style-type: none"> • The Middle-manager stated that “ISO 9000 quality system auditing is undertaken in the company” 	
Company B	

<ul style="list-style-type: none"> • The interviewee stated that “We are audited by BVRLA on a regular basis” • He also stated that the performance of employees is audited annually through an appraisal system. • He stated that “Ad-hoc disciplinary issues are formally documented”
<p>Company C</p> <ul style="list-style-type: none"> • Middle-management are responsible for ensuring that work is carried out to the client’s requirements and that they meet health and safety regulations. This is a necessary action in order for the company to meet the requirements of tenders from larger organisations • No evidence of auditing and measurement of ethical issues
<p>Company D</p> <ul style="list-style-type: none"> • The middle-manager referred to several partnerships and accreditations with which they are either members of, or audited by, these include, Cfeft, The National Day Nursery Association, the IAPA accreditation (Counseling Accreditation) and CHAS (The Contractors Health and Safety Scheme) • The middle-manager believed that these accreditations were designed for larger companies and so they are at a disadvantage in terms of implementing the requirements • However the middle-manager was not able to explain the content of the company’s green policy, although they knew there was one in place
<p>Company E</p> <ul style="list-style-type: none"> • The middle-manager expressed that the company is accountable to an external quality auditor on an annual basis (ISO 9000) • She also explained that the company has just completed the Great Place to Work Scheme questionnaire and have awarded the Bronze level (an improvement on previous status)

Summary of Interviews	
Level: Associate	Theme 9: Auditing and Measurement
Company A	
<ul style="list-style-type: none"> • Associate had no knowledge of auditing and measurement of any documents or procedures 	
Company B	
<ul style="list-style-type: none"> • The Associate had no knowledge of auditing and measurement of any documents or procedures 	
Company C	
<ul style="list-style-type: none"> • The Associate had no knowledge of auditing and measurement of any documents or procedures 	
Company D	
<ul style="list-style-type: none"> • The associate had not been involved in auditing and measurement and therefore had little knowledge of the process 	
Company E	
<ul style="list-style-type: none"> • Auditing takes place with respect to the way in which the company delivers its services 	

Theme 9: Auditing and Measurement – Analysis and Interpretation

Most of the information provided in relation to this topic was attained from the MDs. While the MD from Company A stated that there was no specific or auditing or measurement undertaken for ethical issues and procedures. However, ISO 9000 requires auditing which also does includes aspects of ethical assessment. Similarly, for Company B, the external auditor (BVRLA) conducts audits, mainly on organisational processes. Company C is not subjected to any auditing other than to confirm specific production requirements made by clients. Conversely, both MDs of Companies D and E explained a series of measurement and auditing techniques that have been integrated into the company. Their responses mainly focused on measurement at two different levels, staff and the company as a whole. Both MDs discussed the use of appraisal schemes and inductions to measure and audit staff. They also referred to external auditors and accreditations such as the ISO series, CHAS and Investors in People. It was stated that being accredited by such organisations enhances reputation and can assist organisational performance. These accreditations and awards provide a confidence level that organisational behaviour is continually assessed and improvements made. Auditing and measurement is an aid to consistency of operations can provides effective transition at times of growth.

The middle managers supported what was stated by the MDs, with Company A referring to the ISO series, Company B to the audits of the BVRLA and Company C confirming that any measurement is conducted as a result of the requirements of their customers or clients. The interviewees of both Companies D and E were specific in the accreditations and awards their companies had aquired. It was clear that the middle managers were involved with this measurement and the accreditation process and were proud to be involved. Company E, for example, discussed how they had gone from standard to Bronze in the 'Great Place To Work Scheme' award. It was evident that middle managers believed these awards and accreditations were important to their companies, assisted their reputation and acted as a measurement of their culture and ethical values. Overall, it was evident that only the middle managers of Companies D and E

discussed ethical statements and values when interviewed on the topic of auditing and measurement.

At associate level, across the board, the associates provided very little information. It was evident that measuring and auditing was not an activity for which they had involvement. The interviewees at Companies D and E, had a little more knowledge on the subject, in that they knew that auditing takes place in the company in regards to ethical processes, however they were not sure of the specific processes. Overall, it is clear that communication of the intricacies of measurement and auditing does not reach the lower level of the hierarchy in the SMEs.

Theme 9 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 9 – Auditing and Measurement), several emerging outcomes became apparent. These are presented below in Figure: 6.12.

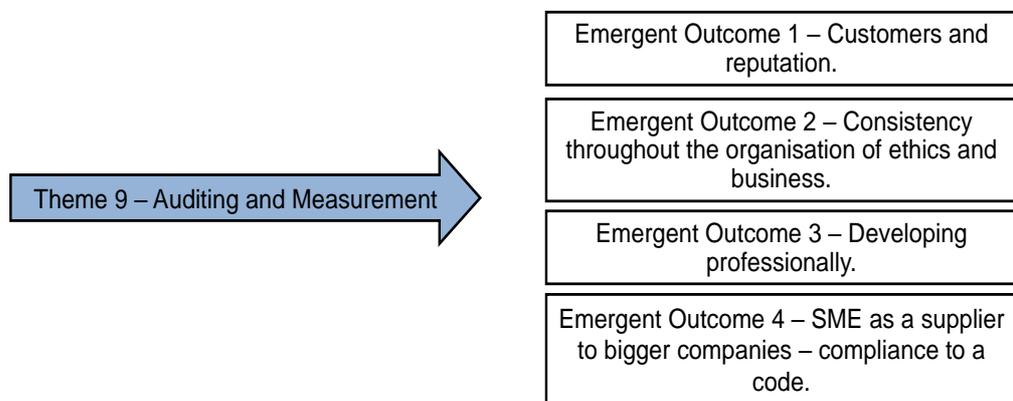


Figure 6.12: Theme 9 – Emergent Outcomes

6.6.10 Theme 10 – Effectiveness of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 10: Effectiveness of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The MD sees effectiveness in terms of production rather than ethics and values. Therefore there is no formal review of the effectiveness of ethical values • Most staff have been with the company for a long time and fully aware of procedures and rulebook requirements • The MD stated that she believed that “Staff work effectively in terms of company documentation”. However, if anything did arise it would be discussed in the daily meetings and corrective action would be put in place 	
Company B	
<ul style="list-style-type: none"> • The managing director stated that “ethics is not viewed in terms of effectiveness, the company has strong values built into its culture” • The MD believed that ethical values is not a process not to be managed and/or monitored as it is natural phenomenon 	
Company C	
<ul style="list-style-type: none"> • The MD stated that there is no review process in place for effectiveness of ethical values • He also argued that “effectiveness is a result of customer being satisfied with the service we provide” • According to the MD, although the handbook has been introduced into the company, implementation is not fully disseminated, suggesting effectiveness of procedures can not be realised 	
Company D	
<ul style="list-style-type: none"> • There is no formal review of effectiveness in place in terms of the values statement. However, the MD stated that “It is of the utmost importance that we have a excellent our reputation in the marketplace” • Social media is used as at tool that the company uses to assess the effectiveness of their operations • The MD also stated that negative social media feedback can ruin the company’s reputation • The MD considered that their values statement was effective as “Since 1999, we have built a reputation based on our ethical position”. 	
Company E	
<ul style="list-style-type: none"> • The MD stated that “a measurement of effectiveness is an increase in profits and more customers which we have had” • The company uses an external independent company to measure effectiveness of ethical behavior. This auditing is related to the award “Great Place To Work”. With regards to this reward the company has increased its status from Standard to Bronze, highlighting effectiveness of the WISE programme 	

Summary of Interviews	
Level: Middle-Management	Theme 10: Effectiveness of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The Middle-management provided no evidence that a review of the effectiveness of ethical practices is undertaken and suggested that effectiveness is done through training and appraisals 	
Company B	
<ul style="list-style-type: none"> • The middle-manager described that the company is externally audited for ethical behaviour and other aspects of the business by the BVRLA and the company has gained the top award on two occasions • The middle-manager argued that “Social media is constantly reviewed for effectiveness of our customer service performance • Testimonials of customer service are displayed on the company website and acts as a form of effectiveness and reassures a confidence level for new customers 	
Company C	
<ul style="list-style-type: none"> • Effectiveness of ethical codes of conduct/values is not undertaken • The middle-manager stated that it is something that is needed to be introduced 	
Company D	
<ul style="list-style-type: none"> • There is no formal evaluation of effectiveness of ethical codes on conduct in place however employee satisfaction rates are very high • The company has gone through a phase of growth which has allowed the MD to undertake one to one interviews with new staff which ensures consistency of communication effectiveness • The middle-manager stated that “In terms of general effectiveness we benchmark our values with our customer/client values” 	
Company E	
<ul style="list-style-type: none"> • Effectiveness is via informal team meetings which are in place with management in order to monitor ethical codes of conduct and values • The middle-manager stated that values statements are constantly re-enforced as a result of company growth and the employment of new staff 	

Summary of Interviews	
Level: Associate	Theme 10: Effectiveness of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The associate had no knowledge of a system for reviewing the effectiveness of ethical codes of conduct/values • The employee saw himself as a role model when dealing with external clients and customers, which acts as a form of effectiveness of the company culture/values 	
Company B	
<ul style="list-style-type: none"> • The associate had no knowledge of a system for reviewing the effectiveness of ethical codes of conduct/values • The associate went on to state “The company monitors customer feedback through the BVRLA” • She also stated that having been given to opportunity to train with other companies employees she was able to benchmark herself and the company against other SMEs 	
Company C	
<ul style="list-style-type: none"> • The associate had no knowledge of a system for reviewing the effectiveness of ethical codes of conduct/values 	
Company D	
<ul style="list-style-type: none"> • The associate had no knowledge of a system for reviewing the effectiveness of ethical codes of conduct/values 	
Company E	
<ul style="list-style-type: none"> • The associate stated that effectiveness is achieved through the dissemination of the WISE values statement through all levels of the company • The associate saw effectiveness as a common message to all staff in regards to ethical values and culture 	

Theme 10: Effectiveness of Codes of Conduct – Analysis and Interpretation

Overall, the MDs of the SMEs all confirmed that there were no formal procedures in place in relation to assessing the effectiveness of their ethical codes of conduct/values statement. It was clear from the interviews that the MDs have differing perceptions as to what is meant by the term ‘Effectiveness’ as they each referred to different activities when discussing effectiveness. The MD of Company A, for example, discussed effectiveness in terms of production rather than ethics and values, whereas, the MD of Company C claimed their ethical values were effective as they had very good customer satisfaction. Company B believed the

values simply 'live' and are effective without the need for measurement. MDs of Companies D and E also indicated that formal tests of effectiveness of their ethical statements do not take place. Informally, Company D referred to customer reputation as a method for assessing effectiveness. Similarly, Company E referred the awards they were in the process of attaining, as a form of effectiveness of the values of the business.

It was evident that at middle manager level, little was known about effectiveness, especially in relation to Companies A and C. Company B discussed the external accreditation as an assessor of effectiveness. Limited effectiveness measurements were mentioned, with only employee and customer satisfaction, staff appraisals and benchmarking with other companies being discussed. As expected, the level of knowledge of effectiveness of ethical codes of conduct at associate level was minimal. However, the associate from Company E was able to discuss the topic and referred to effectiveness as the process of implementing an ethical culture.

An emerging outcome from this theme is reputation, especially in relation to social media, which two of the companies discussed were cause for concern as their reputation could easily be impacted by negative online feedback. Therefore, it was suggested that positive feedback was an indicator of the effectiveness of company values and ethical documentation. From the interviews, it was evident that, while all five organisations have ethical documentation of some description, the auditing and measurement and effectiveness of such documentation is not a major component of the overall ethical strategy. Company C introduced their documentation as a result of stakeholder pressures and to conform to requirements, which can be construed as a 'tick-box' exercise. Some of the results from this theme's data highlights the effectiveness of communication rather than the effectiveness of ethical codes of conduct.

Theme 10 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 10 – Effectiveness of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure: 6.13.

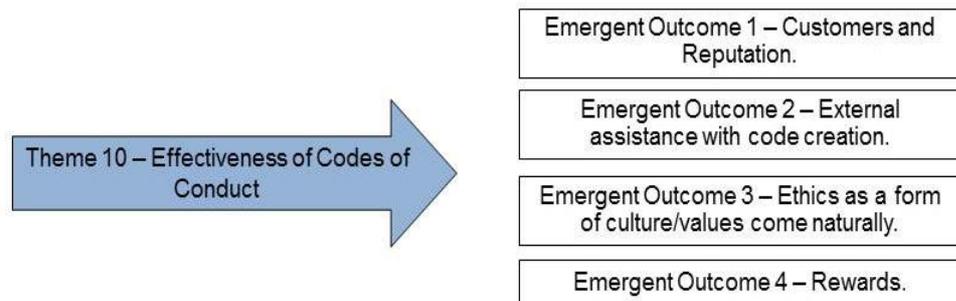


Figure 6.13: Theme 10 – Emergent Outcomes

6.6.11 Theme 11 – Future of Codes of Conduct

Summary of Interviews	
Level: Managing Director	Theme 11: Future of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The MD did not disclose any information regarding future plans for ethical codes of conduct within her company • She went on to say “That social media will be a very important vehicle for customers to pass comment either positively or negatively regarding their experience with the company” • The MD expressed her concern that the internet could easily damage the company even though a good reputation has been developed over several years • She expressed that general training of staff must be a continuous process in the future 	
Company B	
<ul style="list-style-type: none"> • The MD’s belief was that, “In the future more companies will need to be more ethical” • He also stated that there will be “A need for a greater ethical awareness in business” • The MD stated that “In SMEs ethical codes of conduct and values are a reality, however in large companies they are mainly a tick-box activity” • The interviewee recognised that, within his own company he needed to improve the communication lines with respect to their values and ethics • The MD claimed that “Small businesses in general do not get enough recognition for behaving ethically and that ethics and values are alive and kicking in SMEs” 	
Company C	
<ul style="list-style-type: none"> • The MD does not feel that ethics and values need to be further developed within his company and that he is trying to maintain a family business approach whilst growing larger • The MD stated that he is hoping that better communication is undertaken with regards to ethics within the organisation 	
Company D	
<ul style="list-style-type: none"> • The MD stated that in the future “The company needs to continue to re-enforce its ethical position, especially in the eyes of the customer” • The MD went on to say that “It is important to maintain an ethical company as we sell ethical products” 	
Company E	
<ul style="list-style-type: none"> • The MD believed that “Right now the terminology of ethical codes of conduct tends to be a modern day buzz word, however I see it s being very important to the company’s future” • The MD stated, “Ethical codes of conduct will remain to be an important aspect of our business. It is the core of what we do and we will keep pace with developments in this area” 	

Summary of Interviews	
Level: Middle-Management	Theme 11: Future of Codes of Conduct
Company A	
<ul style="list-style-type: none"> • The middle-manager indicated the importance of retaining a good ethical reputation in the 	

future
<p>Company B</p> <ul style="list-style-type: none"> • The middle-manager believed that future changes in ethical codes of conduct will come from large companies and therefore have an impact on SMEs • He also argued that “Future government regulation may impact on the way in which we operate our business” • Finally he stated “There is a need to make the customer more aware of the company’s ethics and values”
<p>Company C</p> <ul style="list-style-type: none"> • The middle-manager was somewhat skeptical in his assessment of the future of ethical codes of conduct stating that it “Becomes a tick-box exercise and a compensation culture, if something happens, someone wants to come back and point the finger”. This would suggest that codes of conduct can act as a tool to protect against a culture of ‘blame’
<p>Company D</p> <ul style="list-style-type: none"> • The middle-manager stated that “In the future there will be a need to review ethical codes of conduct and their values statement regularly as the nature of the business becomes more diverse, for example on-line sales” • She also believes that “Continuous training is required in order to assist the implementation of ethics and values”
<p>Company E</p> <ul style="list-style-type: none"> • The middle-manger argued that “There is a need to develop our programme of codes of conduct implementation that reaches our sub-contractors”

Summary of Interviews	
Level: Associate	Theme 11: Future of Codes of Conduct
<p>Company A</p> <ul style="list-style-type: none"> • The associate that “Strictness and enforcement of the implementation of ethical code of conduct is needed” • He went on to say “In the future continuous training will be very important to the values of the business” • The associate also stated that “There is a need for innovation and new ideas to be explored” 	
<p>Company B</p> <ul style="list-style-type: none"> • The associate commented that the company works to very good ethical standards. However, did not provide any future indication of ethical developments 	
<p>Company C</p> <ul style="list-style-type: none"> • The associate was unaware of any future directions of ethics in the business 	
<p>Company D</p> <ul style="list-style-type: none"> • The associate stated the “Continuous training is needed as the company becomes more diverse” 	

Company E

- The associate stated that she was unaware of the future of ethical codes of conduct, but suggested it was important and that the company must keep changing to meet new challenges

Theme 11: Future of Codes of Conduct – Analysis and Interpretation

The MDs had differing opinions of the future of codes of conduct, with some choosing to answer more broadly in relation to ethics and values in business generally. Training was seen as a key attribute to manage ethics in the organisation with the MDs from Companies A and D referring to the need for continuous training. However, the other three companies believed that they were satisfied with the level they had reached in terms of ethical code of conduct/values statement. The MD of Company B stated that ethics was more alive in SMEs than in large companies and believed that a code of conduct was a ‘tick-box’ exercise in larger businesses. The MD from Company C discussed the future involved trying to maintain and develop a family based culture and values that were already incorporated in the business. All MDs discussed the theme of communication as being crucial to the future success of the company. Companies B and C confirmed that they needed to communicate more with their staff in relation to their values, whereas Company D stated they need to communicate better with their clients and customers.

At middle manager level, some of the responses were similar to those provided by the MDs, with a focus on sharing values with customers being considered important. Similarly, the fact that ethics was ongoing was discussed by several middle managers and the importance of the need for continuous training. In addition, Company B stressed that they thought that the future of codes of conduct may change either as a result of government regulation in their field or due to the requirements of larger companies in their supply chain. It was suggested by middle managers of Companies D and E that business is always changing and they can look to expand and re-evaluate their ethical codes of

conduct at regular intervals. Conversely, Company C believed that the future of codes of conduct was related to compliance, which may lose some of the impact of ethical codes of conduct.

At associate level, the interviewees of Companies B, C and E could not provide any suggestions as to the future of ethical codes of conduct/values statements in their organisations. Company B believed the company did adhere to good ethical standards, whereas Company E suggested that they must keep in check with current and future developments to ensure they are up to date and ahead of their competition. The associate from Company A, suggested that further enforcement of their code must be implemented in the future and believed that continuous improvement and innovation could be the driving force for this. Company D suggested a similar future direction by stating that as the business grows, continuous training is required to enhance and grow the ethical culture to develop professionally.

An element of fear was also apparent as the role of social media was mentioned several times, especially in a negative way. It was suggested that a bad review or comment made by a customer could harm the company and damage their reputation. Interestingly, this could also have the opposite effect and can act as a positive factor when customers experience exemplary customer service. Across the three levels of the organisations it was evident that a series of different projections of the future of codes of conduct were provided. However, overall, the companies were not considering the future of codes of conduct and ethical statements in terms of being pro-active and looking for positive steps to ensure they adhere and lead other SMEs in this field. Based mainly on the results from the MDs, the focus is to ensure maintenance in relation to the values and ethical principles, especially as they expand and grow their businesses and do this professionally.

Theme 11 – Emergent Outcomes

As a result of the above analysis of this theme (Theme 11 – Future of Codes of Conduct), several emerging outcomes became apparent. These are presented below in Figure: 6.14.

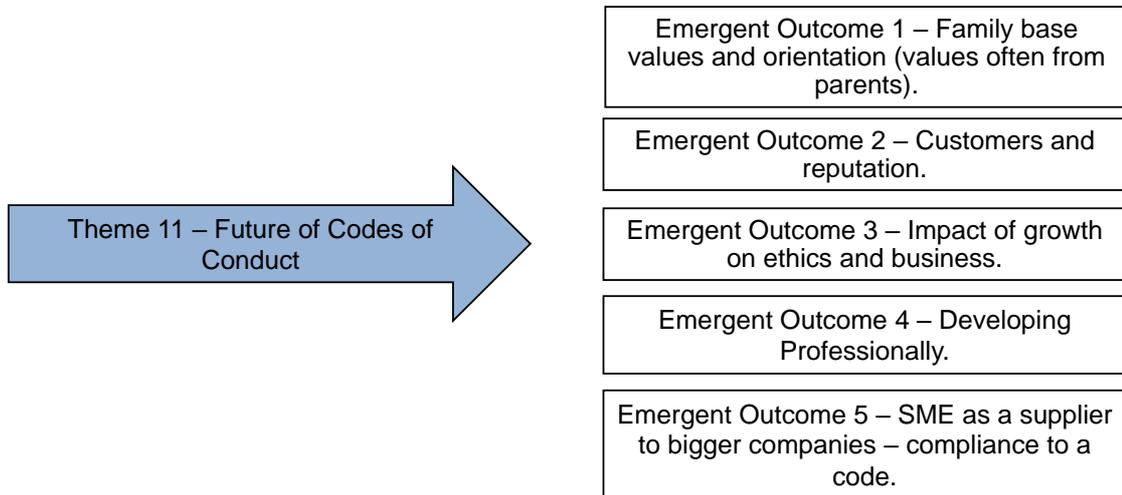


Figure 6.14: Theme 11 – Emergent Outcomes

6.7 – SME Ranking Analysis

Having completed the interview process, a ranking analysis was conducted which compared the five SMEs in the sample, across all eleven themes of this research investigation. This was undertaken in order to determine their overall level of code of conduct engagement. The process of ranking the SMEs required that criteria be established against each theme, so that a points system could be adopted, providing a form of comparative measurement. As a result, scores between 1 (lowest score) and 5 (highest score) were allocated to each SME based on their interview results for each theme. The result of this process allowed the researcher to create a comparative matrix, which provides a summation of the overall scores for all five SMEs, this is presented in Chapter 7 – Research Questions Analysis and Overall Conclusions.

In order to create this ranking analysis, it was necessary to develop criteria within each theme to which the scores could be allocated. Therefore, each theme is presented below, showing the criteria against the available points, followed by the company ranking analysis. In each case the companies are listed in rank order, with the top performer achieving 5 and the lowest achieving a score of 1.

For the first theme – Values and Ethics of the Organisation, a more detailed description of the formulation of the criteria is provided:

5 points – were awarded where it was determined that values and ethics is an essential component of company vision/mission and aligned to everyday activities. In addition to this, longevity of an ethical culture was important to establish SME engagement in ethical business practices.

4 points – were allocated to SMEs where there was clear evidence of strategic planning, which includes ethical business practices. Related to this is the involvement/consultation of company employees.

3 points – were awarded to SMEs who engaged in ethics and values as a result of the authority/actions of the owner-manager/MD. Therefore, company values originate from the owner-manager and these values are shared by employees and in particular, new recruits.

2 points – are awarded for cases where ethics and values are mainly directed towards meeting the requirements of statutory law. In other words, ethical business practices are compliance based rather than values-led.

1 point – is awarded to SMEs where values and ethics do not shape the day-to-day activities of management and employees. Although values may emanate from the MD, dissemination is limited.

Theme 1 – Values and Ethics of the Organisation

Theme 1 – Values and Ethics of the Organisation	
Score	Criteria for Score
1 point	<ul style="list-style-type: none"> • Values and ethics are not considered as a management practice • Values stem from the MD
2 points	<ul style="list-style-type: none"> • Values and ethics are in place and in accordance to the law • Ethics and values present throughout all levels of the business
3 points	<ul style="list-style-type: none"> • The companies ethics are inherently linked from those of the MD • Ethics and values are used as a tool for recruitment and retention
4 points	<ul style="list-style-type: none"> • Operating ethically is a key component of organisational strategy • Values are supported and influenced by employee input
5 points	<ul style="list-style-type: none"> • Values and ethics are part of the mission and vision, strategy and also • Evidence of ethical values in part for an extended period of time

Company E (5). The company believes they operate ethically and have a set of values in place including a handbook and values statement. This values statement is known as WISE (World-class, Integrity, Supportive and Excellence). This is supported by the company's application to the 'Great Place to Work' award. The company has had a set of values in place for over ten years, which has developed into the introduction of the WISE programme. Vision, mission and values form part of the training and induction processes of employees. The recruitment process is based on new employees accepting the values of the company, thereby working in an ethical manner. The ethical culture of the company has remained throughout growth.

Company D (4). The MD has involved all employees in the development of the ethical values of the company. As a company that produces child safety products they must meet stringent market and customer ethical requirements. The company operates as a family business and maintains that all employees are crucial to the business. They claim to be transparent in all of its business operations.

Company B (3). The MD was very positive with respect to operating in an ethical manner with the company values being based on his beliefs. New employees

are required to accept these values at recruitment. The MD expected all employees to have a positive attitude towards working ethically within the company and treating customers in a fair manner. The company claims to exceed the requirements of the professional body (BVRLA) in regards to ethical behaviour.

Company A (2). Ethical behaviour was considered to be an important aspect in the operations of the company and their reputation in the marketplace. The MD drove this, however the main focus of procedures and rules was based on production and operational aspects rather than values and ethics. The MD also believed that there was a correlation between operating in an ethical manner and the retention of staff.

Company C (1) claimed to be a family based business with traditional values. Procedures are in place, although produced externally with the purpose to meet the requirements of the law. Ethical terminology is not used within the company, however the MD's values were driving the company processes.

Theme 2 – Role of Leadership

Theme 2 – Role of Leadership	
Score	Criteria for Score
1 point	<ul style="list-style-type: none"> • The leader of the business assumes responsibility for values • Overall the leader does not have a leading role in development of ethics and values
2 points	<ul style="list-style-type: none"> • The leader may expect all staff to follow and adhere ethical standards but may not implement these strategies personally • External sources may take a lead in the implementation of values
3 points	<ul style="list-style-type: none"> • Ethics and values driven and understood by MD but may have assistance in implementation of values and ethics • MD takes active role in continuous improvement of ethics and values
4 points	<ul style="list-style-type: none"> • Leadership role in implementation of ethics and values is part of MD role • Management and leadership is evident to ensure fair and consistent implementation of ethical standards
5 points	<ul style="list-style-type: none"> • Values have been integrated in company culture, driven by the role of the MD

- | | |
|--|--|
| | <ul style="list-style-type: none">• The day to day operations of the business are business are driven by the values (all driven by the MD. |
|--|--|

Company D (5). The MD considers his role with regards to ethical values as an essential part of business operation. He has been the instigator of the ethical culture of the business. He is personally involved in the creation of the values, induction training of the values and acts as a natural role model with an open door policy. He believes that an important aspect of the business is to work with charities within the local community. The leadership encourages employees to volunteer to undertake community work.

Company E (4). The MD's role was seen as supporting the WISE values statement and ensuring consistency throughout the business operations. Where necessary this was extended to implementing disciplinary actions where ethical standards were not met. Leadership considers the ethical values statement to be a 'living document' and support it by a programme of training and development. Leadership has ensured the WISE statement is visible to all employees and stakeholders and this is visibly prominent.

Company A (3). The MD sees her role as the driving force behind implementation and compliance of ethical standards. The MD has an open door policy and supports processes through daily meetings. The MD shares her time with new employees to ensure adoption of the company's ethical culture and therefore leads by example.

Company B (2). The MD has taken the lead in the establishment of ethical practices with a focus on meeting the professional body's requirements. The MD promotes family values and acts as a role model. The MD oversees the recruitment process in order to ensure new employees accept and fit in with the values he has implemented.

Company C (1). The MD is responsible for the overall ethical behaviour of all employees and tries to run a family value based business, even as they grow.

His main role was seen as getting middle management to ensure implementation of values on a daily basis.

Theme 3 – Prevalence of Code of Conduct

Theme 3 – Prevalence of Code of Conduct	
Score	Criteria for Score
1 point	• No specific code of conduct, perhaps a company handbook – protection based, may have been written externally
2 points	• No code of conduct, perhaps standards of work but not directly related to ethics and values. Some operational aspects considered
3 points	• Code of conduct, containing key aspects of business, may not be specific to the company in all aspects
4 points	• Code of conduct, specific to company, training of topics contained and updated
5 points	• Integrated code for conduct, specific to company, in place for a period of time, continually assessed and improved

Company E (5) have documented procedures and an ethical code of conduct. They have a core set of values based on the acronym 'WISE' (World-Class, Integrity, Supportive, Excellence), which is available to all staff. The 'WISE' statement is incorporated into every aspect of the business, from the staff handbook to the sales procedures. All staff are required to attend ethical business practice training as part of their induction programme. However, the term 'ethical code of conduct' is not used by the company, yet their statement includes whistleblowing, diversity, equality etc. The 'WISE' statement is on the wall for all stakeholders to see as they enter the building.

Company D (4). The ethical code of conduct is in the form of a handbook and a company values statement, which is available to all employees. The values statement is located on the wall and is signed by all employees. The MD participates in the induction of all employees and goes through the ethical code of conduct with each staff member.

Company B (3). Business ethics is described in documented procedures and is based on, but exceeds, the professional body standards of the BVRLA (British

Vehicle Rental and Leasing Association). All staff are provided with the car rental handbook as well as the BVRLA procedures. However, the documentation emphasises work practices rather than specific ethical issues. This can therefore be considered an industry code of conduct.

Company A (2) have documented procedures and a rules handbook in place and whilst these cover a number of ethical issues the main focus of these procedures relate to work standards rather than ethics. The handbook is available to all staff but the term 'ethical code of conduct' is not used.

Company C (1). Procedures are in place, however the inception was based on clients' requirements. The company handbook is relatively new and was created by an outside source. The handbook is available to all and focuses mainly on HR and law aspects in relation to the business.

Theme 4 – Purpose of Codes of Conduct

Theme 4 – Purpose of Codes of Conduct	
Score	Criteria for Score
1 point	• Procedures/code in place to protect the organisation
2 points	• Procedures/code in place to enhance profits and raise reputation
3 points	• Procedures/code in place to ensure consistency of standards and encourage trust amongst stakeholders
4 points	• Procedures/code in place to help formalise the ethical culture
5 points	• Procedures/code in place to help formalize ethics culture and enhance standards, to ensure all aspects of the business are related to the code and well as act as a recruitment tool

Company D (5) introduced their ethical code of conduct to be consistent in operations and fairness to all stakeholders. It was created as a method to formalise ethical culture as the business grew. It provides a set of guidelines for professional behaviour and integrity.

Company E (4). The purpose of the ethical code of conduct is to ensure that staff behave in a consistent ethical manner. The purpose of the ethical code of

conduct was instrumental at a time of company growth. The WISE statement assists with better communication throughout the company. The code was also implemented to support staff to value their workplace and colleagues.

Company A (3). The purpose of this code has allowed the company to appreciate the correlation between ethics and profit. It has also helped the ethical reputation of the company to make it more competitive and has allowed the operations to be consistent and customer focused.

Company B (2). Customers initiated this ethical code of conduct, and therefore the purpose is to provide an increase in sales. The document was also crafted to avoid additional industry legislation and adheres to the minimum BVRLA requirements.

Company C (1). The purpose of this document was to protect the company in relation to any potential legal issues as well as develop company growth. As a supplier this company was contractually obliged to meet the requirements of their clients.

Theme 5 – Creation of Codes of Conduct

Theme 5 – Creation of Codes of Conduct	
Score	Criteria for Score
1 point	• Created externally with little input from company
2 points	• Created externally with specific input from company
3 points	• Created externally within the industry and applied to the company
4 points	• Created in-house, specific to the needs of the business, developed by management
5 points	• Created in-house, specific to the needs of the business, developed by all staff

Company 5 (D). The creation of the code of conduct was initiated by the MD through a series of workshops with all staff involved. The document was formed two years ago and is regularly reviewed. Customers also influence the creation of the values statement.

Company E (4). This ethical code of conduct was devised by the MD and passed down to middle management for consultation but not to associate staff members during the creation stage. The WISE statement has only been in place for nine months.

Company A (3). This ethical code of conduct was created by the MD but advised by an external consultant with respect to employment law and human resources. The document has been in place for nine years and was also driven by customer requirements.

Company B (2). The creation of a documentation system is based on requirements of the BVRLA and was created to go further than these requirements. The main thrust was to create a document in line with customer requirements via the BVRLA.

Company C (1). In this organisation the creation of the ethical code of conduct was heavily based on an external adviser and strongly emphasises the requirements of the law and human resources. Only the MD was involved in the creation of the document.

Theme 6 – Content of Codes of Conduct

Theme 6 – Content of Codes of Conduct	
Score	Criteria for Score
1 point	<ul style="list-style-type: none"> Content structured around the requirement of HR and law based aspects
2 points	<ul style="list-style-type: none"> Content structured around the requirement of HR and law based aspects with key aspects related to operations of the company
3 points	<ul style="list-style-type: none"> A range of issues and topics covered, mainly rules based content
4 points	<ul style="list-style-type: none"> Wide range of issues covered, related to all stakeholders. Content is updated regularly and is values based
5 points	<ul style="list-style-type: none"> Wide range of issues covered, content of code is linked to overall mission and vision and is values based with employee involvement

Company D (5) has a code of conduct where the MD has specifically developed the content to meet the overall company mission and vision, as well as values. Content includes treatment of employees and how employees treat each other. Focus is also on the customer relationship. Staff involvement is considered in the creation of the content of the code of conduct.

Company E (4) offers a code of conduct, which is based on an easy to remember acronym known as "WISE". Content is based on 'Worldwide', 'Integrity', 'Supportive' and 'Excellence' and is applied to the various stakeholders of the company. Content includes inter-relationships of staff in addition to customer services and it is written in a simple format.

Company B (3). The content of the code is based on the requirements of the BVRLA, which are mainly focused on customer requirements, rather than the wider aspects of ethical codes of conduct. The nature of the content of the ethical code of conduct reflects a rule-based system.

Company A (2). The content reflects aspects of the law and the human resource requirements. It is limited in regards to values and ethical codes of conduct issues. The content is devised in consultation with a third party. Content is discussed at daily meetings as applicable.

Company C (1). This code of conduct has a focus on employment law and human resources. The MD was not specific in regards to content. Content has been devised by an external third party.

Theme 7 – Implementation of Codes of Conduct

Theme 7 – Implementation of Codes of Conduct	
Score	Criteria for Score
1 point	• No evidence of implementation techniques or methods
2 points	• No formal process in place but more ad hoc practices to support code
3 points	• Some formal processes in place such as induction and one to one meetings
4 points	• Formal process in place, company may be auditing both internally and externally
5 points	• Implementation conducted throughout business continuously and consistently, through a series of formal techniques

Company D (5) has a strong natural informal implementation process emanating from the MD and communicated via day-to-day training. It is evident that the implementation process starts at the recruitment of employees followed by ongoing training with a system of review and regular updating.

Company B (4) is required to work to the standards of the professional body, BVRLA; this contains specific and prescribed rules of implementation. Induction training supports this process and is customer driven.

Company E (3) enforces implementation through an induction programme devised by the MD. The quality manager audits the implementation process and the procedures are treated as guidelines rather than rules. Further, there is an open-door policy in regards to ethical issues.

Company A (2) does not have a formal process in place, however the code of conduct is discussed in daily production meetings. However, the code of conduct is more dedicated to the company rules rather than be values based.

Company C (1) does not have a formal implementation process in place. This fact was consistent at all levels of the hierarchy. Whilst procedures are in place, they are based upon the requirements of the law.

Theme 8 – Communication of Codes of Conduct

Theme 8 – Communication of Codes of Conduct	
Score	Criteria for Score
1 point	<ul style="list-style-type: none"> No communication processes in place in regards to codes of conduct
2 points	<ul style="list-style-type: none"> Informal communication in place, mainly from MD and shared downward the organisational chain
3 points	<ul style="list-style-type: none"> Formal communication in place, e.g. team meetings, induction
4 points	<ul style="list-style-type: none"> Formal daily communication in place, e.g. open discussions and two-way conversation
5 points	<ul style="list-style-type: none"> Communication both formal and informal, open and fluid communication throughout the business in regards to ethics and values. Communication culture prevalent.

Company D (5) use both work based and social based activities to reinforce ethical values and culture. Therefore, communication is both formal and informal and emanates from the MD. Communication appears to be open, fluid and continuous, which is supported by documentation. Weekly newsletters, created by younger members of the team supports communication and culture. The values statement, handbook and induction training all include the topic of values and are conducted with all staff.

Company A (4) have a formal daily meeting, which is a forum for any discussions or issues regarding values and ethics. This is recorded with minutes taken; however this is used more as a reactive approach to ethics. Communication is also conducted though the company procedures and rules. The organisation have a strong emphasis on the way in which customers perceive the values and ethical behavior of the company, which is communicated by the MD and senior management.

Company E (3) offers communication via their induction programme and regular team meetings. Staff are made aware of ethical behaviours and values through the 'WISE' programme. A formal handbook, induction and training are all in place.

Company B (2) operates in a way where the MD passes communication, downstream to senior managers. General communication is by email, branch meetings and documentation, however this is not specific to communication of ethics and values.

Company C (1) does not have any communication lines in place in regards to ethics and values at any of the hierarchical stages of the business. However, specific training in regards to health and safety is conducted.

Theme 9 – Auditing and Measurement

Theme 9 – Auditing and Measurement	
Score	Criteria for Score
1 point	No measurement of codes of conduct. Only very basic measurement in place. Topics such as health and safety covered as a minimum
2 points	No measurement of codes of conduct. Some general auditing and measurement conducted in-house such as through performance management
3 points	General satisfaction from customers measured. Company may be expected to adhere to external requirements
4 points	Auditing in place both internal and external
5 points	Auditing in place both internal and external, awarded certifications and awards based on their ethics and values

Company E (5) is both internally and externally periodically audited by a number of bodies with regards to the quality of the service they provide. They also audit companies themselves as part of the service they provide. The company has achieved bronze status by an independent auditor (A Great Place to Work) scheme. They also have Investors in People accreditation and are ISO 9000 accredited.

Company B (4) uses mystery shoppers to undertake the auditing of the general customer experience. The audit feedback is very important to the company’s reputation. To a lesser degree, the external body (BVRLA) undertakes general audits of the company, however these are seen mostly as a guide and not specific to ethical business practices.

Company A (3) is ISO 9000 accredited and is both internally and externally audited which includes customer and supplier service. ISO requirements include, to a lesser degree, ethical issues in relation to customers and suppliers.

Company D (2) does not have any formal auditing or measuring of ethical codes of conduct. However, ethical issues are raised at appraisals, one to one meetings and the performance management system. Some clients have required the company to introduce an environment and equal opportunities policy.

Company C (1) only uses measurement when it comes to health and safety auditing and this is based on client requirements. However, middle management stated that they are responsible for auditing work standards and health and safety. No evidence was made available to the researcher.

Theme 10 – Effectiveness of Codes of Conduct

Theme 10 – Effectiveness of Codes of Conduct	
Score	Criteria for Score
1 point	No measurement in place which examines the effectiveness of ethical code of conduct
2 points	Effectiveness not measured and only seen in relation to the quality of the production of products and services
3 points	No formal measurement but some informal measurement, e.g. customer feedback
4 points	Effectiveness is formally measured, linked to reputation. Effectiveness is monitored long term
5 points	Effectiveness is formally measured, company can measure the code and assess it in relation to issues such as staff turnover, ethical divergence and profits

Company E (5) has an independent auditing of ethical values and their code of conduct, through the ‘Great Place to Work’ scheme. The company has been able to relate an increase in business based on their ethical behaviour and

reputation. Team meetings are in place with management in order to monitor ethical behaviour and values.

Company B (4). At MD level, effectiveness of ethical codes of conduct is viewed as a natural phenomena. However, the company is externally audited for ethical behaviour by the BVRLA and has gained the top award on both occasions they have been audited. The company also uses social media as a way of measuring effectiveness, together with online testimonials concerning customer service. Reputation is very important to the organisation, highlighted through customer retention. The company monitor customer complaints through the BVRLA and view training as a way to benchmark company values with other organisations.

Company D (3). No formal measurement of effectiveness was identified, however social media is used as a measurement of customer satisfaction and company reputation. The company compares their own values with those of their customers, however no statement of effectiveness was provided.

Company A (2). Effectiveness is seen as production effectiveness rather than of ethical behaviour. However, ethical issues are discussed at the daily production meetings, where appropriate. Training programmes and appraisals were seen as a measurement of effectiveness at the lower levels of the company.

Company C (1). There was no measurement of effectiveness of ethical codes of conduct provided from any level of the organisation. Many customers only do business with the company as they meet professional work standards. Effectiveness of ethical codes of conduct is not understood at lower levels of the hierarchy.

Theme 11 – Future of Codes of Conduct

Theme 11 – Future of Codes of Conduct	
Score	Criteria for Score
1 point	No consideration of the next phase of ethical codes of conduct
2 points	May indicate the requirement for further development of ethical code, maybe to ensure a more structured approach
3 points	Company may see the requirement to change and enhance ethics and values going forward as a benefit to the company
4 points	May understand the future requirement of considering the code of conduct process from creation to implementation and measurement in more detail and in a more structured way
5 points	May believe in the need for continuous improvement and the revisiting of ethical codes of conduct on a yearly basis.

Company D (5). This company has a strong awareness of ethical codes of conduct and values and the impact this has on the future operation of the business as it grows and diversifies. The need to re-enforce their ethical position in the eyes of the customer was also referenced. The importance of continuous training for all staff in ethical behaviour was identified at different levels within the company.

Company A (4). This company recognised the importance of social media and new technologies as having a major future impact on the way in which the company operates and the impact this has on reputation. Ethical business training needs to be a continuous function. A regular planning meeting is in place for the discussion of new ideas and innovations by employees and management.

Company E (3) believes that ethics and values will remain an important business feature in the future. There is also a need to ensure that ethical codes of conduct reach company sub-contractors. The organisation recognises the need for change in the future.

Company B (2) indicated the need for greater awareness of ethical businesses practices in the future and that it should be communicated at all levels of the

organisation. Government regulation may also impact on the future of ethics in the industry. A stronger ethical strategy with customers is required to enhance competitive advantage.

Company C (1) is a company, which believes it has attained an ethical status and only needs to maintain this, from a family business perspective as they grow.

6.8 Chapter Summary

The content of this chapter has strictly followed the second strand of the explanatory sequential model as described in Chapter 3 – Research Philosophy and Methodological Design. The interview investigation has provided rich qualitative data, which has been used to formulate in-depth analysis and interpretation of each of the eleven themes, leading to the development of twenty-two new emerging outcomes concerning codes of conduct in the SME context.

Having completed the interview investigation, it was possible to draw conclusions from both strands of the data collection process in relation to the research questions and aim and objectives. The following chapter is dedicated to the overall conclusions of this research investigation and discusses the contribution to the field of ethical codes of conduct in SMEs, which this thesis provides.

Chapter 7.0 – Research Questions Analysis and Overall Conclusions

Chapter 7.0 – Research Questions Analysis and Overall Conclusions

7.1 Introduction

This chapter provides analysis and conclusions of this research investigation, which are in accordance with the overall aim, and objectives of this study. The overall aim of this research investigation was:

To explore and examine the way in which SMEs adopt ethical codes of conduct and how these are created, implemented and realised throughout the organisational context.

Within this chapter, the five research questions, which are directly related to the objectives of this research study, were developed in Chapter 3.0 – Research Philosophy and Methodological Design, are considered and deliberated against the research findings, with final conclusions made. Conclusions are also made for the eleven themes, as explored throughout this whole research process. The research design adopted in the study is scrutinised followed by the identification of potential future areas for further research in the field of ethical codes of conduct. Finally, a review is made of the main areas of knowledge contribution that this research investigation has produced.

7.2 Research Question Analysis

The following section concludes the main research questions of this investigation. Each research question is presented followed by overall conclusions drawn from the pilot, the survey and finally the interviews stages of the investigation. Consideration of previous studies presented in Chapter 2.0 – Literature Review, are also used to form the conclusions.

7.2.1 Research Question 1

Research Question 1 - To what extent are ethical codes of conduct prevalent in SMEs and what has shaped their initiation?

Pilot: The pilot offered an initial 'snapshot' of the prevalence of codes of conduct in SMEs, with 11 of the 17 companies (61%) claiming to have written formal statements. It was this initial result, which demonstrated the requirement to explore this topic further as it strongly disagreed with previous research studies, identified in the literature review. The pilot suggested that ethical reputation was a driver to the initiation of codes of conduct and that owner-managers believed that they were responsible for their initiation.

Survey Investigation: The survey investigation agreed with the results provided by the pilot in that a high number (51%) of the sample claimed to have a code of conduct, which was lower than the pilot. The definition of a code of conduct by Pater and van Gils (2003) was provided to respondents in an attempt to offer guidance to owner-managers to clarify understanding. Responses ranged from 'no code', 'ad-hoc policies', 'general code', and 'fully integrated code'. A result of 51% claiming to have a written document, starkly contrasts with Crane and Matten (2010:192) who stated that the prevalence of codes in SMEs is fairly scant. These results indicated that the interview stage of the investigation was required in order to formulate a deeper understanding of these distinctions. At this stage in the investigation it is concluded that prevalence could be determined, however extent of usage was not clear. External factors such as larger partners in the supply chain were seen as an attributer to the initiation of codes. The survey identified that ethics committees were not used to manage ethics, but that CSR and ethical values originated from the owner-managers.

Interview Investigation: It was at this stage that a more detailed investigation was able to examine the prevalence of codes of conduct. It emerged that the SME owner-managers had different interpretations of what was classed as a code of conduct. Terminology was a major issue and while all of the five companies had

some form of ethical documentation, whether or not these were truly 'codes of conduct' in some cases, is debatable. This confirms the assertion of Banerjee (2002) that owner-managers typically define CSR activity in terms of their own values and norms. Based on the 'usual' content of codes of conduct, as discussed in the literature review, it could be argued that just two of the companies (D and E) had a formal code of conduct. Therefore, whilst the sample of five all claimed to have a code of conduct, 40% is a more accurate conclusion as to the prevalence of codes of conduct in SME organisations. It is evident that previous studies failed to appreciate the complexities of SMEs by categorising them in general terms, not engaging with codes of conduct. This research investigation concludes that this is not the case and that within the SME context there are activities and systems in place to support ethical codes of conduct.

It can be concluded from the interviews that a series of factors have shaped the initiation of codes of conduct. In total, twenty-two reasons were provided across all levels of the hierarchies within the Companies, demonstrating a variety in terms of motives for the initiation of ethical codes of conduct in SMEs. However, these twenty-two motives, (for example, to help retain staff, creates profit, avoid government legislation, enhances reputation etc.) disagree with L'Etang (1992) who argues codes should be implemented for altruistic reasons – because they are the right thing to do. Two companies in the sample, D and E, have introduced their codes in order to shape and help the ethical culture of their company. Overall, this research investigation has provided substantial evidence that the prevalence of codes of conduct in SMEs is far higher than previously recorded and that there is a wide scope of individual motives and reasons for the initiation of codes of conduct.

7.2.2 Research Question 2

Research Question 2 - What approaches do SMEs adopt in order to develop and incorporate ethical codes of conduct throughout the hierarchical levels of their organisations?

Pilot: The pilot identified that owner-managers are the initiators of the ethical codes of conduct and adopt a series of approaches to incorporate these at the different levels of the organisation. However, due to the quantitative nature of the survey, whilst owner-managers claimed to have overall responsibility for codes of conduct there was little evidence of implementation processes. The results from one question suggested that overall mission/vision statements were not used as a vehicle to share this knowledge concerning codes of conduct. However, the results of the pilot indicated that codes are readily available to employees and therefore disseminated throughout the hierarchical levels of the organisations.

Survey Investigation: Results from the survey investigation identified that most owner-managers provide information concerning ethics and values at the induction process. Although some owner-managers indicated that this was carried out continuously, overall most organisations fail to treat ethics and values as an ongoing activity. This highlights major flaws in the implementation process throughout the hierarchical levels. Owner-managers only completed the survey and so it was difficult to confirm implementation at all levels of the organisations during this phase of the data collection.

Interview Investigation: The interview analysis identified a series of both formal and informal approaches adopted by owner-managers for implementing and communicating ethical values and their codes of conduct. Results indicated differences in approaches to the implementation process with some owner-managers introducing integrated training programmes and others using noticeboards and documentation to share knowledge. Some organisations review their processes on a regular basis in order to ensure implementation, whereas one company used one-to-ones at the induction stage to share the values, culture and expectations of the owner-manager to new staff. Overall, at the other levels of the hierarchy there was limited information concerning implementation processes. Therefore, it can be concluded that the process of implementation of the codes is not fully proceduralised, developed or realised. It also demonstrates a lack of knowledge in relation to the implementation process and although documentation may be in place overall, they cannot be considered as 'living codes' due to the fact that there is limited ongoing maintenance. This is in contrast to Kaptein (2008)

who argued that keeping the code alive in the realm of everyday business practices is crucial. It can be concluded, that enforcement of the codes was not conducted and that middle-managers and associate level employees were extremely vague when discussing implementation processes. The implementation process of codes needs further resources by SMEs in order to develop them throughout the hierarchical levels. It was apparent that while there was evidence of implementation activities in all five companies, there was a significant breakdown in communication in three of the five companies indicating that an implementation process had not been introduced such as the one put forward by Gavin et al. (2007) in Table 7.1.

	Implementation Activity/Function
1	Identify employee groups to have input into and write the code.
2	Determine that the code addresses all the pertinent issues.
3	Train employees.
4	Assess compliance with the code.
5	Receive and process ethics complaints, issues and dilemmas.
6	Resolve issues, dilemmas.
7	Assess compliance with the complaint and appeals process.
8	Ensure that controls are established to address weaknesses discovered as a result of unethical acts committed.
9	Communicate changes in code to all employees.
10	Evaluate the entire process described above and recommend appropriate changes.
11	Keep the audit committee informed as to the compliance with (effectiveness of) the code.
Table 7.1: Code of Conduct Implementation Activities	

In conclusion to this research question, none of the five companies in the sample had a formal implementation process, resulting in an ad-hoc approach to the incorporation of ethical codes of conduct throughout the hierarchical levels of the organisations.

7.2.3 Research Question 3

Research Question 3 - To what degree do SMEs monitor the effectiveness of their ethical codes of conduct?

Pilot: The pilot offered some initial analysis in regards to monitoring techniques. It was evident that while most organisations claimed to have ethical processes and documentation only 31% requested employees to sign that they had read and understood the code. At the same time, most owner-managers in the survey believed ethical business practices were a worthwhile financial investment. Generally, rewards were not provided for good ethical behaviour yet employees were punished for unethical behaviour. These questions provided a basic understanding of monitoring codes of conduct and begin to test their effectiveness. However, more in-depth questions were required to form full conclusions.

Survey Investigation: The survey investigation established greater detail in regard to the questions asked in the pilot. From the sample of 84 organisations, 49% of the owner-managers claimed to seek employees' signatures for conformance to the code. Similar to the pilot, results indicated that staff were not rewarded for ethical behaviour, but were punished if compliance was not met, this approach is in contrast to the literature which suggests a balance should be met between 'carrot and stick' in terms of monitoring and compliance. The question relating external accreditations raised some interesting results, with over half of the organisations in the sample being accredited to systems such as the ISO series. Whilst this demonstrates that internal and external monitoring is undertaken compliance may not fully be driven by the SME itself. With regard to ethical processes being effective, 70% of the sample recorded a positive response on this issue. However, at the survey stage of the investigation this result could not be qualified.

Interview Investigation: Owner-managers identified a wide number of ways in which auditing takes place. However, it can be concluded that most of this is done externally, for example, one company is audited by their professional body, others

are audited through accreditations although these are more general and not specific to ethical business practices. The monitoring processes, which the MDs claimed to be in place, were supported by their middle managers; however, across all organisations associates were not aware of any auditing or measurement techniques. This suggests a disconnect through the hierarchical levels of the organisation.

Companies with external accreditations claimed to engage in both internal and external audits in terms of compliance and monitoring (Companies A, D, and E). Costello (2000) argued that to be effective, codes of conduct must be vigorously monitored for compliance. However, due to the informal nature of SMEs this process is not high on their agenda resulting in a lack of monitoring processes. Companies D and E indicated that their codes and values statements are effective and fully integrated throughout the organisation. Across the pilot, survey and interviews a significant number of organisations claimed to have to monitor and report their ethical practices, based on the requirements of their customers, clients and partners in their supply chain.

Finally, there is a difference between monitoring for compliance and monitoring for effectiveness of the code. The owner-managers claimed that the reduction of unethical issues in their organisation, an increase in customers, stronger reputation and profits are all ways in which the effectiveness of codes of conduct are monitored. All of these issues were referred to by the owner-managers and can be said to be a practical informal approach to measurement, suitable to the SME context. While Schwartz (2008) identified 79 studies, which considered effectiveness of codes of conduct, effectiveness itself is difficult to define and can mean different things to different people. Therefore, the purpose of the introduction of codes of conduct could be used as the starting point for effectiveness. Overall, auditing and measurement does take place, to varying degrees. Some are formal and others are informal, being both internal and external. Consequently coherent integrated auditing systems seem to be under-developed in SMEs.

7.2.4 Research Question 4

Research Question 4 - Is it feasible to identify the level of engagement of ethical codes of conduct in SMEs?

This research question is considerably complex, requiring information from a number of sources, in order to provide a holistic overview. This approach provides comprehensive conclusions and contributions to knowledge. Therefore the following components are reviewed:

- Literature Review – The Five Stages of Organisational Learning
- Pilot, Survey and interviews
- The Eleven Research Themes
- The Twenty-Two Emerging Outcomes
- The Company Ranking Analysis Summary and Criteria

With respect to the Literature Review, Baumann-Pauly et al (2013) have created a general ‘Level of Engagement’ model, which can act as a foundation to build upon using the findings of this research investigation. Table 7.2 provides five critical stages of code of conduct engagement within organisations and is developed further throughout the analysis of this research question.

		What Organisations Do in relation to CSR	What Organisations can do in relation to Ethical Codes of Conduct
Stage 1	Denial	Companies refuses to accept responsibility for the social and environmental impact off their businesses.	Company does not see the requirement of an ethical code of conduct or ethical documentation.
Stage 2	Compliance	Companies focus on complying with the legal rules.	Code of conduct may be in place to ensure HRM and legal requirements are adhered to.
Stage 3	Managerial	Companies understand the need for CSR consideration beyond	The need for ethical infrastructure is apparent. A code of conduct is created as

		legal requirements in a number of management practices.	a tool to share information with stakeholders concerning CSR and environmental issues.
Stage 4	Strategic	Companies realise that engagement CSR could give them a competitive advantage and begin looking at a broader range of issues related to CSR in a strategic manner.	Being known as an ethical reputation is a benefit for business and it makes sense for ethical policies and processes to be formulated in the form of an ethical code of conduct.
Stage 5	Civil	Companies are genuinely concerned about the issues and they are looking for support to achieve CSR objectives.	The code of conduct acts as a tool to re-emphasise ethical values of the company and supports the ethical culture, which is natural.

Table 7.2: The Five Stages of Organisational Learning (Adapted from Baumann-Pauly et al. (2013); Zadek (2004)).

In Chapter 6.0 – Interview Investigation, Section 6.7 – SME Ranking Analysis, the five SMEs organisations were ranked, based on criteria against the eleven themes. This has provided an engagement measurement by each individual theme. In order to establish the SME’s overall engagement, a matrix of these scores has been created, which provides a summary of the overall code of conduct engagement and final score for each SME. This matrix is presented below in Table 7.3.

	Theme	Company A	Company B	Company C	Company D	Company E
1	Values and ethics of organisation	2	3	1	4	5
2	Role of leadership	3	2	1	5	4
3	Prevalence of a code of conduct	2	3	1	4	5
4	Purpose of code of conduct	3	2	1	5	4

5	Creation of code of conduct	3	2	1	5	4
6	Content of code of conduct	2	3	1	5	4
7	Implementation of code of conduct	2	4	1	5	3
8	Communication of code of conduct	4	2	1	5	3
9	Auditing and Measurement	3	4	1	2	5
10	Effectiveness of code of conduct	2	4	1	3	5
11	Future of codes of conduct	4	2	1	5	3
	TOTAL	30	32	11	48	45
Table 7.3: Company Ranking Analysis Overview						

Using Table 7.3, each organisation's ethical engagement was plotted against the eleven themes indicating strengths and weaknesses in particular areas and provides an overall ranking of the companies in terms of their level of engagement.

Overall, Companies D and E have a high level of engagement, scoring 48 and 45 respectively. Companies A and B have a medium engagement, scoring 30 and 32 respectively. Finally, Company C has a low engagement, scoring 11. The matrix in Table 7.3 is a measuring instrument that should be used for SMEs to self-assess and to reflect upon their performance in terms of engagement of ethical codes of conduct. The matrix also provides an opportunity for SMEs to plot themselves in order to determine their strengths and weaknesses in specific code of conduct themes. Therefore, the matrix allows SMEs to develop a 'gap' analysis in order to implement continuous improvement. The development of this matrix and its associated theme criteria substantiates a major contribution to the area of ethical codes of conduct in the context of SMEs.

Using the five stages presented by Baumann-Pauly et al. (2013) and Zadek (2004) in Table 7.2 as a foundation, the researcher has developed a theoretical model, which combines previous research and the findings from this research investigation (Company Ranking Analysis Summary Scores and Twenty-Two Emerging Outcomes). This model is depicted in Figure 7.1 below. The researcher has defined five stages of code of conduct engagement in SMEs (See Appendix 3 for full description). Each of these stages is related to Denial, Compliance, Managerial, Strategic and Civil (Baumann-Pauly et al. (2013) and Zadek (2004). Further, each stage has been designated a company ranking analysis score and a specific number of emerging outcomes from this research investigation. The figures involved in this have been allocated on the basis of incremental steps of engagement achievement and the distributions are shown in Figure 7.1.

The Theoretical Model of Code of Conduct Engagement in SMEs, presented in Figure 7.1 has been applied to the five SMEs from the interview sample, with the following outcome:

- Company A is at Stage 2 – Ad Hoc Policies
- Company B is at Stage 2 – Ad Hoc Policies
- Company C is at Stage 1 – Pre-Code
- Company D is at Stage 5 – Living Code
- Company E is at Stage 4 – Integrated Code of Conduct

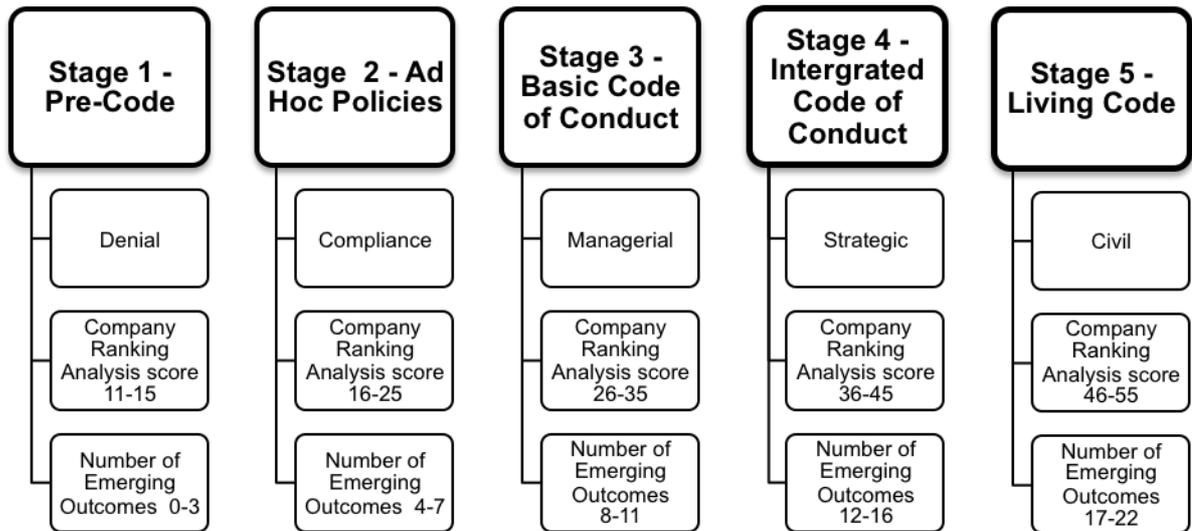


Figure 7.1: Theoretical Model of Code of Conduct Engagement in SMEs

This theoretical model has been created, based on the grounded theory approach adopted by this study and can be tested in future work in order to determine if all SME's levels of engagement can be associated to a specific stage.

The matrix in Table 7.3 and the theoretical model in Figure 7.1 are a contribution to the theory building of the implementation of ethical codes of conduct in SMEs. Therefore, the conclusion to this research question has provided the development of potential codes of conduct theory, which can be further tested in future research.

7.2.5 Research Question 5

Research Question 5 - Based on the literature review themes and the research investigation, are there emergent outcomes that are specifically related to ethical codes of conduct in the SME context?

A series of emerging outcomes resulted from this research investigation, specific to the SME context. Initially, the eleven themes formed the basis of the study, however, during the research process the following outcomes became apparent. In

total, during the investigation process twenty-two emerging outcomes were identified. Although some of the emerging outcomes were referenced in the literature review they were not highlighted as a significant contribution at this stage. However, the explanatory sequential data collection method adopted by this study brought these emerging outcomes to the forefront. The following, provides conclusions to the twenty-two emerging outcomes:

Emerging Outcomes

1. Terminology Not Used – Ethical Code of Conduct

While it was referred to by the literature review it was the interviews where it became evident that the SME owners did not use the terminology used in by MNCs and that ethics was not a topic discussed on a regular basis. Therefore, it was difficult at all stages of the investigation to determine whether the organisations had codes of conduct in the context of the definition provided. From the five interviewed companies, the two which had an integrated approach to ethics, called their documents 'values statements', one had a professional code and two included ethics information in their employee handbooks. It can be concluded that SMEs identify with codes of conduct activities but have positioned them in their own context and define them personally through the owner-manager.

2. Family Based Values and Orientation - Values Often From Parents

From discussions with the owner-managers, an occurring outcome was that they all referred to how they set up the company in the image of their own values, which they developed as a result of their parents/upbringing. Interviews with owner-managers revealed thankfulness for the way in which they were brought up and how these personal values had helped them in business. This is a factor that is significant to SMEs, as larger companies or corporations tend to be 'faceless' and impersonal, thereby disregarding individual parental origins.

3. Ethics as a Form of Culture/Values Come Naturally

Most of the organisations believed that ethics often occurred naturally and that it was not something that had to be worked on. The size of the companies meant

that communication can be shared easier and that each employee felt part of the business. Two owner-managers stressed the importance of not rushing the recruitment process in order to ensure that new employees matched the values and culture of the business. Based on the interviews it was indicated that formal implementation processes were not essential as ethical business practices were claimed to be a natural phenomenon for SMEs.

4. Leader Openness/Open Door Policy – Approachable Leadership

All of the owner-managers expressed to the researcher their availability to all employees. They stressed that they had an 'open-door' policy and that employees were free to communicate with them at all times. This action is inconsistent with large companies, as very often employees do not have access to senior leadership. All associate level employees interviewees confirmed to the researcher that they regularly meet and communicate with the owner-manager of the business.

5. Role Model – Leads by Example

Similar to emergent outcome number 4, owner-managers expressed their belief that one of their key roles was to lead by example. This premise was supported throughout the hierarchical levels who referred to their owner-managers as exemplary role models. Several employees claimed to be inspired by their leaders and felt privileged to work for the company. In conclusion, a role model has to be known by all employees for this leadership style to work, this is particular to the SME environment.

6. Customers and Reputation

In terms of stakeholders, customers are the key driving force behind the activities conducted by SMEs. Reputation is crucial and the owner-managers discussed their fear of potential reputation damage. Social media was referenced by two owner-managers as something they have to be wary of in this respect. The owner-managers linked business to ethics and values and suggested that they charge a premium to customers to maintain their ethical principles. While customers and reputation are also important to large companies, the context is very different for

SMEs as one negative review can have an enormous impact on their ability to operate, often in a local community setting.

7. Impact of Growth on Ethics and Business

A consistent emergent outcome throughout the interview process was the impact of business growth on ethical issues. All five organisations indicated that their businesses were growing, resulting in the need for change and the recruitment of new staff. This accelerated growth was portrayed as a serious issue for SMEs as the lines of communication from the owner-manager to all staff are slowly replaced by a more hierarchical structure. Owner-managers stressed the need to document ethical procedures due to the impact of the growth of the company.

8. Consistency Throughout Organisation of Ethics and Business

Similar to the impact of growth (emergent outcome number 7) consistency was seen as a driving force, related to the growth of the businesses. Therefore, MDs indicated that a more formal approach to managing ethics and values was required in order to be consistent in all organisational activities. For an SME organisation to be consistent it was deemed crucial to ensure trust at all levels and that employees were handled in the same way.

9. Punishment and Discipline

The interviews confirmed results from the survey that employees were not rewarded for ethical behaviour but were punished for unethical behaviour. However, it is interesting to note that it was the middle-managers and associate level employees who referred to punishment and not the owner-managers (apart from one). Punishment was initiated where employee's actions did not fit with the overall values and culture of the organisation. It was indicated that by employees signing up to values, the handbook or ethical statements, the organisations had more leverage in the ability to punish employees if unethical behaviour occurred.

10. Transparency

While transparency is important within all organisations, the SMEs interviewed identified that the content of ethical statements and the actions of the leader were the driving force behind transparency in the organisation. Employees related the

meaning of transparency to fairness and consistency of leadership. Therefore, ethical business practices were seen as a method to ensure this with ethical documentation highlighting transparency to all employees, suppliers and customers.

11. Staff Recruitment and Assimilation of Values – Long Term

The owner-managers all claimed that the ethics and values of the business meant that they were able to recruit better employees and assimilate their staff into the culture of the business. As stated, two owner-managers explained they took time to recruit staff in order to ensure they attained the right fit of person to the culture of the company. All interviewees stressed the importance of recruitment, with some of the associates stating how much they enjoyed working for a company with strong values. Owner-managers undertook recruitment themselves to guarantee that potential recruits would accept the culture of the company and picked specific people who would match their values. Two companies confirmed that new recruits had 'one-to-one' sessions with the owner-managers to ensure speedy assimilation.

12. Developing Professionally

Developing professionally can be seen as an emerging outcome specific to SMEs as it is related to the growth of small and medium enterprises. Owner-managers stated the need for a written and documented evidence of values as a way to support the physical aspects of the organisational culture and ethics. This was also required for them to develop professionally, bid for tenders, and be audited and measured by accreditation and award third parties. However, all owner-managers stressed that the ethical documents were a support to their day-to-day operations.

13. Rewards

As discussed earlier, rewards to employees for ethical behaviour are not a management tool used to ensure compliance. In the SME context, interviewees referred to rewards as organisational rewards rather than for individuals. For example, Company E had applied and been awarded the 'Best Place To Work Award', where staff were able to attend an evening event. In Company D the owner-manager had recently taken all employees to a Manchester City football

game and were allowed to use a Director's box. This action was seen from the point of view of the employees interviewed as a form of reward for not only their hard work but for embracing the owner's views and values. It can be concluded that generally reward is implemented on an ad-hoc basis and not specific to ethical practices.

14. Local Community Work

It can be concluded that SMEs who engage in community work have a more integrated ethical business practice culture than those that do not. Companies D and E worked extensively in the local community, in their specific fields. They also encouraged staff to engage in their spare time to good causes and participate in office activities. When the researcher was present at Company D, for example, there was a large charity drive for Movember. In such a 'close-knit' SME company this action can enhance organisational culture and bring great benefits to the causes they are supporting.

15. Staff Share Values of the SME

In the SME context it can be concluded that staff share the values of the company. All interviewees at all levels of the hierarchy confirmed they felt they understood and shared these values. The size of an SME can mean that all employees feel a part of the culture and help shape it. The role of the owner-manager is crucial and by engaging with employees, staff can feel they are a part of the decision-making processes and overall culture/values. Again, due to the nature of recruitment and the assimilation of values in SMEs it is understandable that staff share these values.

16. SME as a Supplier to Bigger Companies – Compliance to a Code

Some of the SMEs interviewed indicated that their ethical values are shaped specifically by external forces, such as a larger partner in the supply chain. Two of the five organisations indicated that they were subject to this procedure. One organisation had a professional code, which they were required to implement; however they claimed to go beyond these requirements. It can be concluded that SMEs as a supplier to larger companies is an emergent outcome specific to SMEs

as their existence is often reliant on larger companies and they have different pressures and stakeholders than MNCs.

17. Longevity of the Code – Time Since Inception

There is a relationship between the length of time a code of conduct has been in operation and the level of engagement and development SMEs have with ethical business practices. Companies D and E, for example, whilst the values and WISE statements are quite recent formulations, they are simply newer iterations of older approaches. All SMEs used in the interview sample have been in operation for over ten years. Therefore, the values, recruitment of staff and formulation of an ethical-led culture has had time to develop and evolve. The SMEs with integrated values appreciated the time period it has taken to evolve and form an ethical culture.

18. External Assistance With Code Creation

A Common approach for SMEs is to design and develop their ethical business practice documents and codes of conduct through an external body. It can be concluded that this approach is adopted by many SMEs as in the sample of five SMEs three, had opted for this method. Companies A and C both used external HR and law consultancy firms to write the documents in the correct manner which were compliant with the law and Company B used a professional code. However, Companies D and E both created their values statements themselves. It can be concluded that as these two latter companies were the higher performers in terms of ethical engagement (Table 7.3: Company Ranking Analysis Overview) and suggests that external bodies are not able to capture the true values and culture of SMEs as they provide documents that are more rules than values based.

19. Availability of Ethical Code to Staff

In all cases, codes of conduct are made available to staff at all levels in all organisations. Communication of the code is conducted by different means; however, all staff confirmed that in an SME it is easy to share information. In two organisations it was suggested that they reviewed the content on a regular basis and adopted continuous improvement. The three remaining organisations claimed to have handbooks fully available to all staff at all stages.

20. Employee Input

The nature of SMEs suggests that less formal lines of communication are prevalent. Therefore, employees have the freedom and the ability to communicate and involve themselves in organisational ethical processes. This supports the idea of the 'Living Code' and that employee participation enhances this concept. In some of the organisations one-to-one meetings are a way in which employees can communicate and input. In Company A, for example, staff are asked to report and feedback on particular aspects of practices if there are changes to any documentation. Clearly, this is a process that is mainly applicable to the SME context as it would be much more difficult to conduct such activity on a larger scale.

21. Relationship with Law

It is evident that in some cases the ethical procedures and documentation are driven by external sources, such as the government law. The fact that three of the five companies have used external consultants to ensure the wording and coverage of their ethical documentation is correct implies a lack of knowledge of compliance issues and the fear of missing something that is required by law. It is more common that this relationship with aspects of the law results in a rule-based approach to ethical documentation and hence challenges the motives behind their implementation and actual working practices.

22. Variation in Interpretation of Code of Conduct

From the outset of this research investigation it was evident that there was a variation in understanding as to what was meant by a code of conduct. The feedback from the pilot, for example, resulted in the researcher providing a definition in the survey. This variance continued throughout the research process with different terminology being used across the SMEs and a different understanding of the purpose and content of the codes. Two of the Companies, D and E introduced documentation that was essentially values-based compared to compliance and rules-based documents in the form of a handbook. It can be concluded that there is no set structure for the production of code of conduct

documentation for SMEs. This is due to the variation in interpretation as to what constitutes an ethical code.

Overall, it is evident that there are a large number of emerging outcomes, which evolved from the literature review and throughout this study. These outcomes highlight the complexities and the uniqueness of the SME environment. The above results and conclusions of the twenty-two emerging outcomes offer a considerable contribution to the literature and context on ethical business practices and codes of conduct in the context of SMEs.

7.3 Overall Theme Conclusions

Having provided conclusions to each of the five research questions, which meet the aim and objectives of this research investigation, conclusions can be made, based on the original eleven themes emanating from the literature review. Therefore, the following conclusions can be made for each of the eleven themes and are presented as follows.

7.3.1 Theme One: Values and Ethics

Overall, most owner-managers at all stages of the research investigation claimed to run a business that was values-led. However, as this was expected the vignettes reported a 77% consistently with the results of this question. It is also expected that owner-managers would claim to be values-led as an emerging outcome of the research was based on family values and upbringing as a core characteristic in the SME owner-manager. The research found that the values and ethics of the organisations were not only shaped by individual values but also employee involvement, external sources and their customers. This study has confirmed the assumption made by Tilley (2000) that a 'one-size fits all' companies is irrelevant and that values and ethics are very different when applied in the SME context.

7.3.2 Theme Two: Role of Leadership

In all cases, owner-managers are the main driving force behind the implementation of ethics and ethical business practices in their organisations. This supports Banerjee (2002) who stated that owner-managers typically define values and norms in their businesses. It was evident from the interviews that the owner-managers of the five companies were strong characters and had a clear vision of their businesses, their expectations and the way in which their organisations operated. To conclude, the role of the leader is magnified in SMEs in regards to ethics and values as all of their actions are viewed and scrutinised by their employees. Finally, employees at the lower levels of the organisations stressed to the researcher that they admired their leaders and articulated that their company was a better place to work than previous employment.

7.3.3 Theme Three: Prevalence of Codes Conduct

Codes of conduct are prevalent in SMEs. This statement is based on the triangulation of results from this research investigation. The pilot, survey (vignettes) and interviews all confirm this, albeit in differing degrees, as one of the interview respondents claimed, “ethical values and codes are alive and well in small businesses”. The emerging outcomes highlighted that there is a strong positive correlation between the existence of a code of conduct and the length of time the organisation has been in business. Overall, results indicate that codes of conduct are an important business tool in the SME context.

7.3.4 Theme Four: Purpose of Codes of Conduct

Overall, a series of reasons were presented across the data collection as to the reasons why SMEs engage in codes of conduct. It is concluded that there are many benefits for SMEs to adopt ethical principles and codes. Each organisation that took part in the survey and interview process offered their own individual

reasons and motives for the adoption of their code of conduct. One of the organisations from the interview investigation adhered to the code of a professional body; this was done to commit to industry standards but also in a bid to attract more business. A pattern that evolved within the interviews was that as businesses grow and mature, they use their values statement or codes of conduct as a way to develop professionally and offer consistency of operation.

7.3.5 Theme Five: Creation of Codes of Conduct

The creation of codes of conduct varied in terms of responses from the SMEs. The survey established that the creation was mainly inspired by the owner-managers with little initial input from employees. Keller (2008) argued that company codes are typically created without outside participation, however this research investigation concluded that three of the five SMEs at the interview stage of data collection (Companies A, B and C) had external assistance in the creation of the code. When asked, one owner-manager confirmed that they did not believe that internally they had the skills to create such a document. The other two organisations (Companies D and E) did create the codes themselves and both claimed to have input from staff during the creation stage.

7.3.6 Theme Six: Content of Codes

The research investigation established many different topics and activities that were included in the content of ethical codes of conduct in SMEs. The interviews, for example, established some fifty different areas of content, which were named by employees at different levels within the organisation. 'Values' were the main component of the code of conduct for most organisations, however other aspects related to the law and HR were also popular. Kaptein (2008) argued that overall, mission statements should drive content, however in this research investigation none of the five SMEs referred to mission in the context of their codes of conduct. Conversely, in the survey 42% said their mission statement referred to values. Content also referred to the way in which the codes were written and the language

used, with all owner-managers who were interviewed, claiming they were easy to read and accessible to all employees. Across all organisations it can be concluded that some codes were more values-led than others and that there were a number of different documents that were described as a code, for example, the handbook and the values statement. This supports Graafland et al. (2003) who explained that content was sometimes provided across different documents.

7.3.7 Theme Seven: Implementation of Codes of Conduct

This research investigation has demonstrated that the implementation of ethical codes of conduct in SMEs is underdeveloped with little understanding of implementation processes. While some implementation takes place, it is often ad-hoc and informal, such as in staff meetings, one-to-ones or noticeboards and does not form part of an over-reaching implementation process. There is evidence that in some companies, for example Company D and E in the interview strand of the data collection, that implementation is relatively easy as the information can flow quickly from the owner-managers and lines of communication are managed. Overall, in most of the organisations in this study, it is concluded that, although they have ethical documentation, an implementation process does not support this. This could result in a negative effect for the company as the ERC (1994) claimed that mere distribution of a code was detrimental.

7.3.8 Theme Eight: Communication of Codes of Conduct

It can be concluded that various forms of communication takes place, both formally and informally in relation to ethical codes of conduct. Training and communication from the MD are, by far, the two most popular methods for the dissemination of codes of conduct. In total, the companies with an ethics programme (Companies D and E) both communicate using between eleven and twelve strategies as opposed to the Companies A, B and C who use between five or six channels. However, communication was not always seen as the responsibility of the owner-manager or middle management after the code had been initially introduced.

Overall, the results indicate that each SME company does adopt a communication strategy, however this is not always effective at all levels of the organisation.

7.3.9 Theme Nine: Auditing and Measurement of Codes of Conduct

Overall, it was evident that the auditing and monitoring of ethical codes of conduct ranged from not taking place to internal/external auditing. Again, similar to implementation, there existed no formal monitoring processes of ethical codes of conduct. In the interview sample, the person who conducted the auditing and measurement was determined by who was responsible for the role of looking after ethics. In some cases, HRM had the responsibility to conduct audits. All companies, in the interview strand, had some form sort of auditing in place, however this was not always really related to codes of conduct or ethical business practices. For example, health and safety was one topic all companies referred to as being audited. It can be concluded that a systematic approach to auditing codes of conduct in SMEs is not prevalent.

7.3.10 Theme Ten: Effectiveness of Code of Conduct

Data collected concerning effectiveness was generally presented in a variety of ways relating to the way in which owner-managers understood the term 'effectiveness'. Overall, respondents discussed effectiveness in terms of results rather than the code of conduct itself. Therefore, discussion centered on production, profit and reputation. Some companies related the role of social media as a way of measuring effectiveness, indicating that positive feedback on their websites concerning their service acted as a form of measurement and hence effectiveness. The associate level employees were not able to identify to any issues concerning the effectiveness of codes of conduct. In conclusion there are limited processes in place for the monitoring of the effectiveness of codes of conduct in SMEs.

7.3.11 Theme Eleven: Future of Codes of Conduct

Most organisations had difficulty in discussing what is likely to happen in the future concerning codes of conduct in SMEs. It can therefore be concluded that overall, owner-managers and employees at all organisational levels are more focused on daily activities rather than being pro-active in terms of future ethical directions. A topic in relation to codes of conduct, which was mentioned by the SMEs, was the impact of social media and how this could affect the companies' business in the future. There was the suggestion that SMEs do not feel protected against the brand damage social media can cause. In considering the eleven themes there is clear evidence there is a lack of implementation and monitoring processes in place. Therefore, this is an area for future review and development. Based on this research, SMEs need to focus on and manage the whole code of conduct process rather than specialise in certain aspects, such as creation or communication.

7.3.12 Summary

Table 7.4 identifies the relationships between the original eleven themes of this research investigation and the twenty-two emergent outcomes. The Table shows the level of intensity of each emergent outcome against the themes and the way in which key emergent outcomes are repeated across the eleven themes.

Emergent Outcome	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5	Theme 6	Theme 7	Theme 8	Theme 9	Theme 10	Theme 11	total
1. Terminology Not Used			X			X		X				3
2. Family Based Values and Orientation	X				X						X	3
3. Ethics as a Form of Culture/Values Come Naturally		X					X	X		X		4
4. Leader Openness/Open Door Policy Approachable		X	X									2

Leadership												
5. Role Model – Leads by Example		X					X	X				3
6. Customers and Reputation		X		X	X		X		X	X	X	7
7. Impact of Growth on Ethics and Business				X			X				X	3
8. Consistency Throughout Organisation of Ethics and Business		X		X			X		X			4
9. Punishment and Discipline	X	X										2
10. Transparency		X		X								2
11. Staff Recruitment and Assimilation of Values (long term)	X	X	X	X			X					5
12. Developing Professionally				X					X		X	3
13. Rewards				X						X		2
14. Local Community Work		X										1
15. Staff Share Values of the SME	X	X										2
16. SME as a supplier to bigger companies – compliance to a code			X						X		X	3
17. Longevity of the Code – time since it's inception			X	X	X							3
18. External assistance with code creation			X		X	X				X		4
19. Availability of Ethical Code to Staff			X			X		X				3
20. Employee Input					X	X						2

21. Relationship with Law			X	X	X	X		X				5
22. Variation in Interpretation of Code of Conduct			X			X						2

Table 7.4: Relationship Between Eleven Themes and Emerging Outcomes

Based on Table 7.4 the following are the top three emergent themes:

- Customers and Reputation – Intensity Level 7
- Staff Recruitment and Assimilation of Values (long term) – Intensity Level 5
- Relationship with Law – Intensity Level 5

It can be concluded that these three emergent themes are the most important in relation to ethical codes of conduct in the SME context.

7.4 Research Methodology and Design

At the beginning of this research investigation, it was necessary to develop a conceptual framework, based on the key variables from the literature review, which included previous research studies. The main result of this led to the disclosure of eleven key themes for which five research questions were developed and subsequently investigation. These themes were established in accordance with the Grounded Theory adopted in this study (Glaser, 1992). The Grounded Theory approach was found suitable as codes of conduct in SMEs is an under-developed area of research. The conceptual framework, shown in Figure 7.2 provides an example of the passage and route from the literature review, through to the findings of the separate strands of data collection. Therefore, the conceptual framework was used as tool to develop and organise the data collection through the sequential mixed methods model. Also, figure 7.2 illustrates the linkage between the questions that were asked in the survey in relation to the eleven themes.

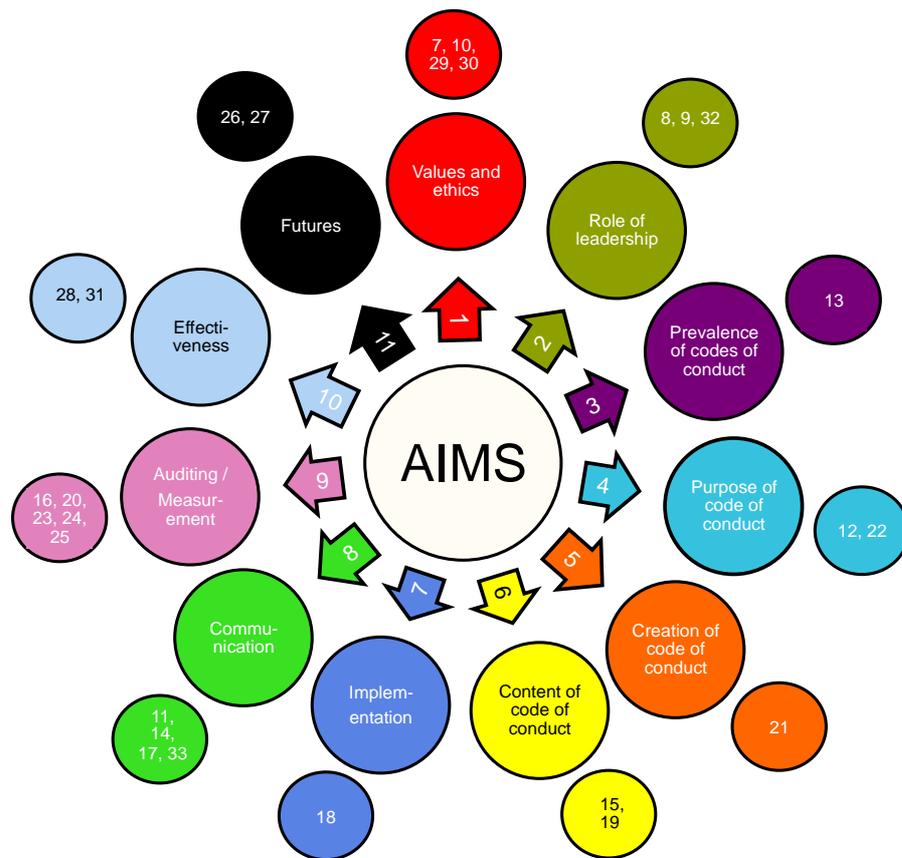


Figure 7.2: Relevance of Conceptual Framework

By conducting the separate strands of the research investigation the research questions could be analysed with an increasing level of depth to fulfill the components and offer valuable conclusions and contributions to the field of ethical codes of conduct in SMEs via Grounded Theory. The mixed methods approach, which was adopted in this research investigation, the ‘Explanatory Sequential Model’ (Creswell, 2009) was a suitable design as the research moved from exploratory to explanatory in nature (Figure 7.3). Further, the process of working through this model, including the techniques adopted for validity and reliability, ensured the research was conducted with considerable care and precision. This approach also guaranteed that the research journey could evolve and adapt depending upon the results of the first strand as they shaped the second strand to a greater depth. Also, the final stage in this explanatory sequential model required the comparison of the results from the survey stage, which included the pilot and

the interviews in order to answer the research questions. These results enhanced triangulation and resulted in a thorough investigation and suitable conclusions. The selection of interviews as the second strand data collection method provided the wider scope and detail required to fully explain and understand this under-developed phenomena. As a result of this methodological approach, the researcher was able to develop new theory relating to the engagement of ethical codes of conduct in SMEs.



Figure 7.3: Explanatory Sequential Model (Creswell, 2009).

In relation to the use of vignettes at the survey stage it can be stated that they were a suitable tool for validating the results of the survey and providing a form of triangulation. The results and analysis indicate that on average individual participant responses were 77% accurate. There are some fundamental and methodological issues with vignettes, as explored in the Chapter 3.0 – Research Philosophy and Methodological Design. The use of vignettes is considered to have been successful as the results show a relationship between how participants behave and act in reality compared to abstract scenarios concerning business ethics topics.

7.4.1 Limitations

There are limitations within all research investigations. While a great deal of care was taken in the design, data collection and analysis stages of this research investigation there are some overall limitations:

Overall, the organisations in the sample for the interview investigation initially self-selected themselves, this may have been due to their knowledge of codes of conduct and their engagement with them. As a result of the survey, there was an option for SME owner-managers to put themselves forward for the second strand of the investigation. This may have impacted on the overall findings of the interviews in terms of bias. The researcher could have adopted a similar approach to the interview sample as the survey sample and randomly selected participants.

With regards to the sampling options available, it was difficult to select 'typical cases' as prescribed by the sampling option discussed in the methodology. This was due to attaining basic limited knowledge of each organisation during the survey investigation.

The interview investigation was limited to five SME organisations. A larger sample of SMEs in the interview strand may have provided a more accurate account of the SME population. While this may have been more representative of the population, research methodology literature indicates that five examples are usually sufficient.

Whilst the methodological approach included survey and interview data collection methods, additional data collection such as observation and content analysis of specific codes of conduct may have provided a wider perspective.

The interviews occurred as a cross-sectional study, however a longitudinal study may have produced differing results. This research was conducted in a "one-shot" approach, where the researcher visited each organisation on one occasion. An alternative to this approach could have included a number of visits over a longer period of time in order to investigate new phenomena.

The use of vignette is a novel approach within research methodology and is not without flaws. For example, it was difficult to design vignettes that matched the survey questions; in one case the hypothetical vignette question did not fully match the relevant survey question, which impacted on the overall confidence level of the vignette result.

7.5 Contribution to Knowledge

This research investigation has contributed to the field of codes of conduct in SMEs in several ways:

The identification of the eleven themes of this research investigation is a unique contribution as they form a conceptual framework, allowing for the understanding of the intricate relationships and associations between the various factors. In previous studies the eleven themes have not been considered together, rather, researchers have focused on specific themes. The identified themes provide a holistic framework for future studies in ethical codes of conduct.

As the research investigation progressed twenty-two emerging outcomes were developed, based on the eleven themes, specific to the field of ethical codes of conduct in SMEs. This contribution provides a prescribed listing of complimentary areas, which SMEs can adopt in order to improve their code of conduct performance. Therefore, the twenty-two emerging outcomes can be applied by SMEs in a practical sense, as they develop their code of conduct.

This study has added a unique dimension to the code of conduct field of knowledge by researching SMEs in a UK setting, rather than larger organisations, in a USA setting. This was achieved by including 18 respondents in the Pilot, 84 respondents in the Survey and 5 SME organisations in the interview investigations.

The adoption of vignettes is a further contribution as, although still in their infancy as a methodological instrument, they have not been used in previous mainstream

business ethics or code of conduct research. The research demonstrates validation of this novel methodological approach.

As a result of this research investigation, a significant contribution was realised, as the researcher developed a Company Ranking Analysis, which acted as a measuring instrument, permitting the ranking of the five SMEs in the sample, based on their level of code of conduct engagement. This instrument (Table 7.3: Company Ranking Analysis Overview) can be used by SMEs to undertake self-assessment, leading to the identification of 'gaps' in specific code of conduct themes.

Based on the Grounded Theory approach adopted by this study a theoretical model has been created (Figure, 7.1), with the purpose of identifying the stages of ethical code of conduct development in SMEs. The model also acts as a way of categorising SMEs based on their code of conduct engagement. This theoretical model has been put forward for future testing.

A final contribution is based on the practical implications for SMEs to improve their corporate practices in relation to the introduction of ethical codes of conduct. For example, the use and development of an auditing tool based on the matrix in Table 7.3 Company Ranking Analysis, developed from the outcome of this research work. This allows organisations to determine their level of engagement within each of the eleven themes and therefore produce a 'gap' analysis for the purpose of implementing improvement. A further example is the practical implication of the theoretical model presented in Figure 7.1, which identifies an organisation's stage of code of conduct development. This permits the planning and communication of actions to be undertaken in order to fulfill complete implementation of ethical codes of conduct. Finally, the eleven themes can be used in a practical nature by organisations to assist in the introduction and continuous improvement of ethical behaviour. Further, the twenty-two emerging outcomes enhance the practical process of implementation in the context of SMEs and therefore should lead to the improvement of ethics, values and sustainability within organisations.

7.6 Future Research

- Future research on the prevalence of codes of conduct could aim to provide a definitive percentage in the uptake of ethical codes of conduct by SMEs. Whilst this investigation offered a range between 40-61% of adoption, based on the terminology and issues raised by this research a new research investigation needs to be undertaken a content analysis of codes of conduct.
- In terms of a code of conduct lifecycle (the eleven themes within this research investigation) implementation and effectiveness are the two, which are given very little attention by the SMEs. This argument is supported by Vielrlink and van Montfort (2009) who believes that research of implementation techniques is still in their infancy. Therefore, further research could explore the implications of the development and introduction of an implementation process.
- To test the effectiveness of codes of conduct in SMEs, a future research study could investigate companies over time from the initiation stage to the full engagement of a code of conduct. This longitudinal study could assess the effectiveness of the code itself and the implementation process.
- The Company Ranking Analysis and criteria discussed in Section 7.2.4 and the Theoretical Model of Code of Conduct Engagement in SMEs (Figure 7.1) that were created and developed in this research investigation could be tested with a larger sample of SMEs.

Appendix

Appendix 1

Survey Questions - SurveyMonkey

SurveyMonkey - Question Builder http://www.surveymonkey.net/MySurvey_EditorFull.aspx?sm=zJ...

Upgrade **chrisdoran1**
[+ Create Survey](#)

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Codes of Conduct in SMEs

Education [Design Survey](#) [Collect Responses](#) [Analyze Results](#)

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Codes of Conduct in SMEs

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Thank you for considering taking part in filling out this questionnaire. My name is Chris Doran and I am currently undertaking a PhD in Business Ethics, focusing on values in small and medium businesses.

Not only will this survey provide data for my research, but also the results of the research might be of interest to you. I expect that my findings will provide insight into typical values and company codes of conduct. Also, the way in which companies engage with business ethics will be explored and best practice is identified. Ethics is important to modern businesses and can contribute to competitive advantage and to bottom line profit.

The questionnaire is completely anonymous, if you would like to have a copy of the final results then please provide your email at the end of the survey or by mailing me (see below). I should like to take this opportunity to thank you in advance for your participation. If you have any further queries about the research please do not hesitate to contact me at c.e.doran@salford.ac.uk

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General information

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Q1 [Edit Question ▼](#) [Add Question Logic](#) [Move](#) [Copy](#) [Delete](#)

1. How many employees work in your organisation?

Between 1 and 10 Between 11-50 Between 50-250

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1 of 10

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Q7 Edit Question ▼ Add Question Logic Move Copy Delete

7. Overall do you believe your organisation operates in an ethical manner?

Very ethical Ethical Neither ethical or unethical Unethical Very unethical

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Q8 Edit Question ▼ Move Copy Delete

8. What is the job position of the person who is responsible for ethical practices in your organisation?

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Q9 Edit Question ▼ Add Question Logic Move Copy Delete

9. Does your organisation have an ethical committee that oversees ethical procedures?

Yes
No

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Q10 Edit Question ▼ Add Question Logic Move Copy Delete

10. The ethical reputation of your organisation is important to you.

Strongly agree Agree Neither agree or disagree Disagree Strongly disagree

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Q11 Edit Question ▼ Add Question Logic Move Copy Delete

11. Does your mission/vision/values statement include reference to ethical business practices?

Yes No Unsure

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Q12 Edit Question ▼ Add Question Logic Move Copy Delete

12. Do you believe that small businesses are required to act more ethically than multi-national organisations?

Yes No The same

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Q13 Edit Question ▼ Edit Question Logic (1) Move Copy Delete

13. An ethical code of conduct has been described as, "A written, distinct and formal document which consists of moral standards used to guide employee or corporate behaviour" (Pater and Van Gils, 2003:764).

Based on this definition which of the following terms best describes the ethical principles/code of conduct in your organisation?

- No written ethical code of conduct
- Some ad-hoc written ethical policies/procedures
- General written company code of conduct
- Fully integrated code of conduct which is formalised throughout the organisation

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Q14 Edit Question ▼ Add Question Logic Move Copy Delete

14. Are your ethical principles/code of conduct written, verbal or both written and verbal?

Written Verbal Both

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Q15 Edit Question ▼ Add Question Logic Move Copy Delete

15. Is your organisational code of conduct based on values or prescribed rules?

Values/personal based Rules/legal based Both values and rules based

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Q16 Edit Question ▼ Add Question Logic Move Copy Delete

16. Do you believe that employees adhere to the organisation's code of conduct?

Always Most of the time Sometimes Never

Upgrade chrisdoran1

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Codes of Conduct in SMEs

Education

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Codes of Conduct in SMEs

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Thank you for considering taking part in filling out this questionnaire. My name is Chris Doran and I am currently undertaking a PhD in Business Ethics, focusing on values in small and medium businesses.

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The questionnaire is completely anonymous, if you would like to have a copy of the final results then please provide your email at the end of the survey or by mailing me (see below). I should like to take this opportunity to thank you in advance for your participation. If you have any further queries about the research please do not hesitate to contact me at c.e.doran@salford.ac.uk

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General information

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Q1

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1. How many employees work in your organisation?

Between 1 and 10

Between 11-50

Between 50-250

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Yes No

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PAGE 5

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Q23 Edit Question ▼ Add Question Logic Move Copy Delete

23. Are good ethical practices rewarded in your organisation?

Yes No

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Q24 Edit Question ▼ Add Question Logic Move Copy Delete

24. Are unethical practices penalised in your organisation?

Yes No

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Q25 Edit Question ▼ Add Question Logic Move Copy Delete

25. Is your organisation accredited to any of the following systems?
Please select more than one if applicable.

ISO 9000 series (quality)	ISO 14000 series (environmental)	ISO 18000 series (health and safety)	None	Other
------------------------------	-------------------------------------	---	------	-------

Other (please specify)

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Q27 Edit Question ▼ Add Question Logic Move Copy Delete

27. Would you personally be willing to attend training sessions on ethical business practices?

Yes No

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Q28 Edit Question ▼ Add Question Logic Move Copy Delete

28. Consider the following statement, 'ethical business practices are a worthwhile financial investment'.

Strongly agree Agree Disagree Strongly disagree

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Q29 Edit Question ▼ Add Question Logic Move Copy Delete

29. Where do you believe people act more ethically?

Socially At work At home same in all

+ Add Question ▼ Split Page Here

Q30 Edit Question ▼ Add Question Logic Move Copy Delete

30. Overall, do you share the values of your organisation?

Yes Most of the time Sometimes No

+ Add Question ▼ Split Page Here

Q31 Edit Question ▼ Add Question Logic Move Copy Delete

31. Are your customers aware of your organisation's ethical values?

Yes No

+ Add Question ▼ Split Page Here

Q32 Edit Question ▼ Add Question Logic Move Copy Delete

32. Are employees in your organisation encouraged to participate in corporate social responsibility activities, e.g. volunteering help in the community?

Yes No

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Q33 Edit Question ▼ | Move | Copy | Delete

33. How does your organisation decide what is ethical and what is not?

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Q34 Edit Question ▼ | Move | Copy | Delete

34. The following are hypothetical statements, please select one option for each of the statements.

	acceptable	unacceptable	unsure
Some companies have their headquarters overseas in order to avoid U.K. taxation.			
Many organisations exaggerate product sales in order to meet end of month financial targets.			
Some companies form partnerships with other businesses who have been found guilty of misconduct in the past.			
Many organisations are accredited to the ISO 9000 series, (Quality management Systems), yet do not always meet the needs of the customer.			
The manager of a particular company has fired an employee for disregard for the organisation's code of conduct.			
An organisation has disciplined an employee who has been observed acting unethically in the workplace by a colleague.			
The purchasing manager has discovered that one of their international suppliers is using 'child labour'. Although this practice is common in the			

supplier's country the contract has been cancelled.
A multinational organisation has demanded that all potential suppliers provide explicit details of all sources of materials and operational processes before forming a partnership.

acceptable unacceptable unsure

+ Add Question ▼ | Split Page Here

Q35 Edit Question ▼ | Move | Copy | Delete

35. Would you be willing to put your organisation forward for a more in-depth research study in regards to ethical codes of conduct? please provide contact details if yes.

+ Add Question ▼ | Split Page Here

Q36 Edit Question ▼ | Move | Copy | Delete

36. If you would like the results of this questionnaire to be sent to you please provide your email below.

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+ Add Question ▼

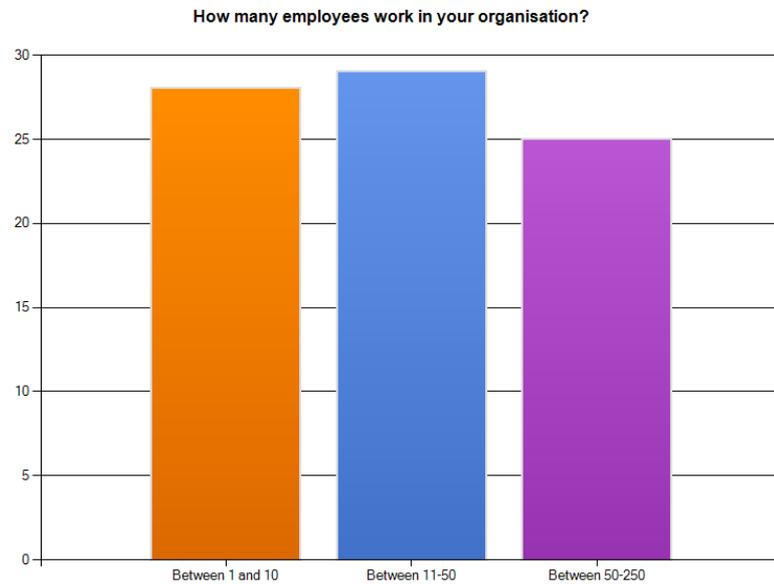
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Thank you for taking part in the survey, your participation is greatly appreciated.

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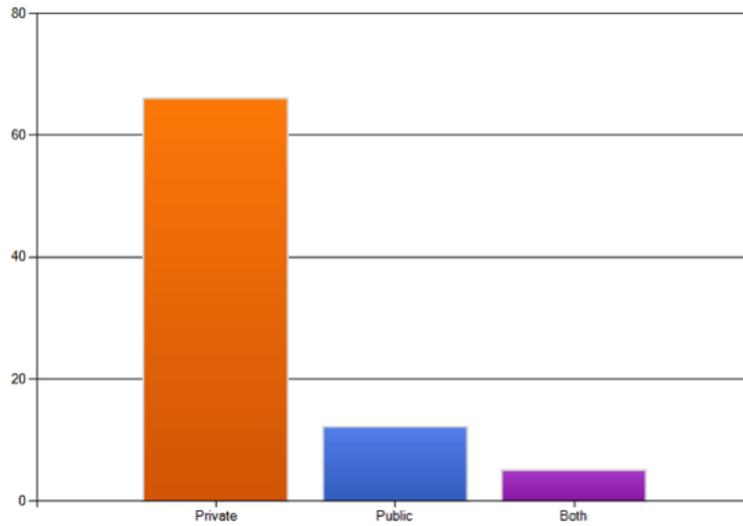
Appendix 2
Survey Statistical Data

1. How many employees work in your organisation?		
Answer Options	Response Percent	Response Count
Between 1 and 10	33.7%	28
Between 11-50	34.9%	29
Between 50-250	30.1%	25
<i>answered question</i>		83
<i>skipped question</i>		1



2. Is your organisation private sector, public sector or both?		
Answer Options	Response Percent	Response Count
Private	79.5%	66
Public	14.5%	12
Both	6.0%	5
<i>answered question</i>		83
<i>skipped question</i>		1

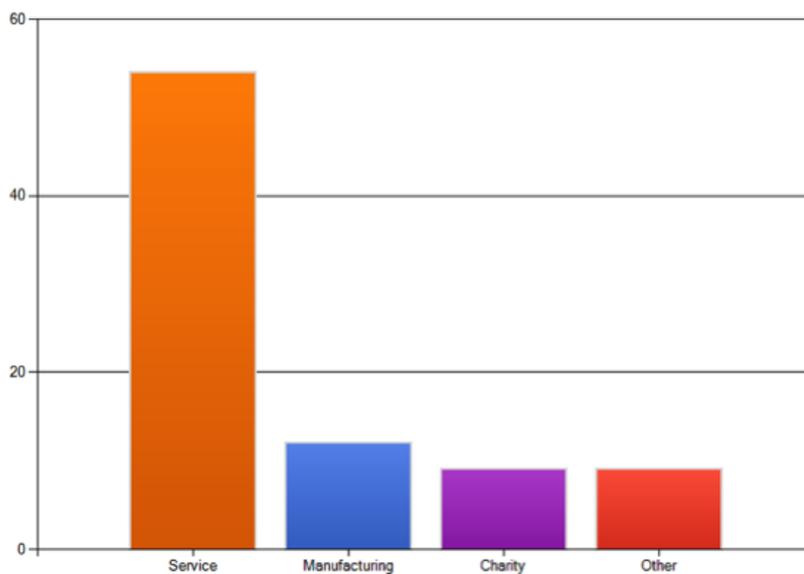
Is your organisation private sector, public sector or both?



3. Please identify the nature of your organisation

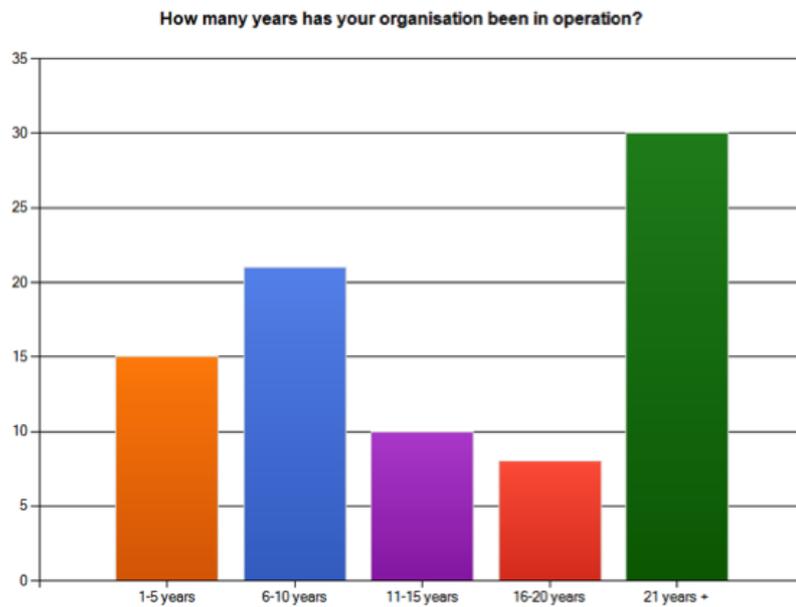
Answer Options	Response Percent	Response Count
Service	64.3%	54
Manufacturing	14.3%	12
Charity	10.7%	9
Other	10.7%	9
<i>answered question</i>		84
<i>skipped question</i>		0

Please identify the nature of your organisation



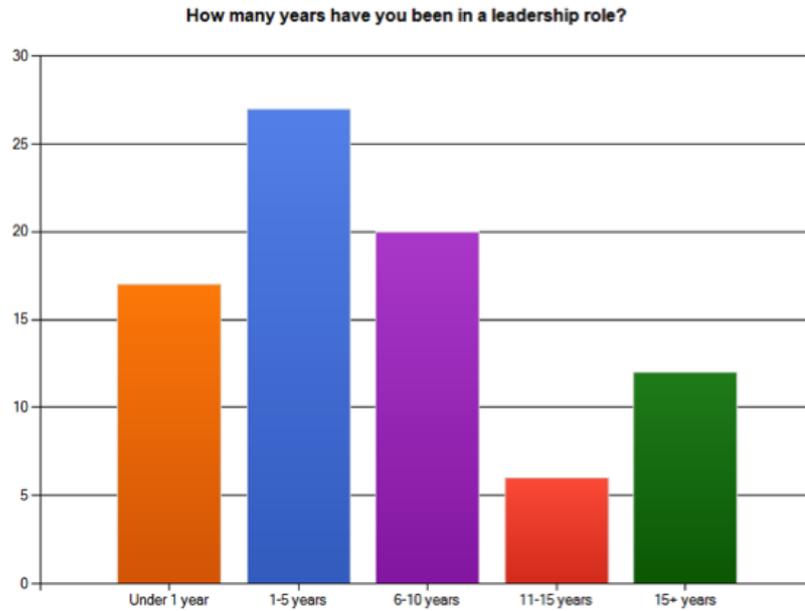
4. How many years has your organisation been in operation?

Answer Options	Response Percent	Response Count
1-5 years	17.9%	15
6-10 years	25.0%	21
11-15 years	11.9%	10
16-20 years	9.5%	8
21 years +	35.7%	30
<i>answered question</i>		84
<i>skipped question</i>		0



5. How many years have you been in a leadership role?

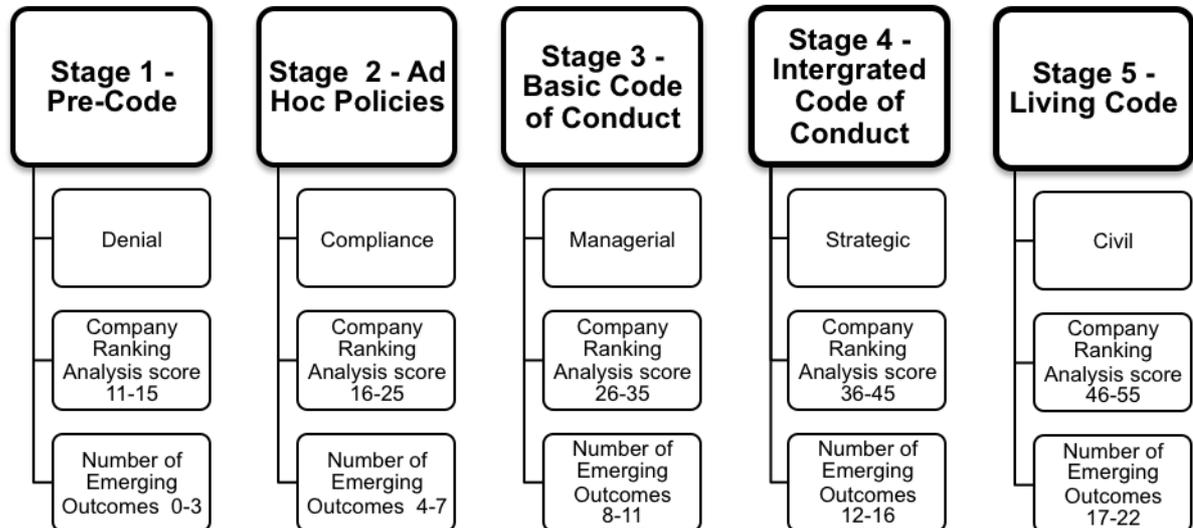
Answer Options	Response Percent	Response Count
Under 1 year	20.7%	17
1-5 years	32.9%	27
6-10 years	24.4%	20
11-15 years	7.3%	6
15+ years	14.6%	12
<i>answered question</i>		82
<i>skipped question</i>		2



6. What is your position in the organisation?	
Answer Options	Response Count
	82
CEO	6
Manager-owner	46
Director	12
HR advisor/officer	14
Business manager	4
<i>answered question</i>	82
<i>skipped question</i>	2

Appendix 3

Theoretical Model of Code of Conduct Engagement in SMEs



The following is an explanation of the criteria for each stage of the theoretical model:

Stage 1 – Pre-Code: There may be procedures in place but very little reference made to ethics and values within the organisation. The company may not be unethical but they may simply not take ethics into consideration

Stage 2 – Ad Hoc Policies: At this stage the organisation may make reference to ethical issues, however these are not organised in a coherent document or managed throughout the company. Policies may be related to compliance or any legal requirements

Stage 3 – Basic Code of Conduct: the organisation has documented ethical procedures which are managed and organised. However this may not be in the form of an ethical code of conduct but a series of documents or in a handbook.

Stage 4 – Intergrated Code of Conduct: At this stage the organisation has a code of conduct or values statement and it is integrated throughout the organisation. Employees at all levels of the company are aware of the code, the values of the organisation and conduct business in reference of the code of conduct.

Stage 5 – Living Code – At this stage the organisation has a ‘living code’ which shapes all aspects of the organisational culture and business operations. Ethics is considered part of continuous improvement and interwoven in every aspect of the company.

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