

# Measuring the Implementation of Codes of Conduct. An Assessment Method Based on a Process Approach of the Responsible Organisation

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**ABSTRACT.** More and more organisations formulate a code of conduct in order to stimulate responsible behaviour among their members. Much time and energy is usually spent fixing the content of the code but many organisations get stuck in the challenge of implementing and maintaining the code. The code then turns into nothing else than the notorious “paper in the drawer”, without achieving its aims. The challenge of implementation is to utilize the dynamics which have emerged from the formulation of the code. This will support a continuous process of reflection on the central values and standards contained in the code. This paper presents an assessment method, based on the EFQM model, which intends to support this implementation process.

**KEY WORDS:** assessment method, business ethics, code of conduct, continuous improvement, learning organisation, quality management, responsible organisation, self-evaluation

## 1. Introduction

During the last decade of the twentieth century, the debate around corporate social responsibility (CSR) seemed to intensify. The responsibilities of organisations are no longer addressed only by trade unions and environmental lobbies. In particular, “new” groupings such as employees, customers, managers, economists, shareholders and public servants are taking up the subject

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of corporate social responsibility (CSR) (Donaldson, 1995). We have seen the emergence of strategically operating NGOs, and the appearance of a European Green Paper promoting a European framework for CSR. One facilitating factor of this development is the growing scale of organisations, combined with the fading regulatory function of government, with the consequence that the power of trade and industry has increased. In reaction to their increasing power, CSR appears to have become a broad-based societal and organisational development: at the national and international levels we observe a rapidly developing terminology from which, so far, only a few definitions emerged as dominant. A plurality of moral conceptions, together with an increasingly diverse society and a growing media influence, makes it increasingly difficult for organisations to predict from where criticisms will flow. This fosters the fast growth of the number of consultancy services being offered on subjects such as transparency and community investment. And partly as a result of these developments we see a fast growing attention for the internal organisation of business ethics; more and more firms are handling (configurations of) ethical tools and instruments.

Within the diverse set of management instruments for stimulating and monitoring responsible behaviour, codes of conduct seem to be one of the most widely adopted instruments. As a part of their CSR policy, 38% of the top one hundred organisations in the Netherlands have drawn up a code of conduct. Sixty five percent of the top five hundred organisations in Spain (Melé et al., 2000) and 50% of the largest companies in Australia have adopted a code. The United States and Canada top the list with 78% and 85% respectively of the top 1000 organisations having drawn up a code of conduct (Kaptein et al., 2000). However, research in different countries has shown that, if an organisation really wants to influence the behaviour of its staff, a corporate code of conduct is not enough: there is no direct relation between the fact that an organisation has a code of conduct and the level of responsible behaviour within companies (Matthews Cash, 1987; Weller, 1988; N.B.E.S., 2000). That "document" has to be embedded in

the processes and culture of the organisation (McDonald and Nijhof, 1999). This need is accentuated by the fact that the stakeholders have become increasingly sensitive to the difference between words and deeds (SER, 2001).

### *Defining codes of conduct*

Our assessment method focuses on the process of implementing a code instead of the outcomes of this process. A consequence of this is that we do not specify in our research what the contents of a code of conduct should be. After an organisation has developed a code, our method can be used to assess the degree to which a code of conduct is embedded in the organisation.

In our research we made certain assumptions about the use of a code and about general subjects addressed. Therefore, our assessment method should be relevant to assess the embeddedness of any of code which meets the following assumptions:

- The code contains both open guidelines about desirable behaviour (value orientation) and closed guidelines pointing at prohibited behaviour (compliance orientation);
- The code relates both to the behaviour of individual employees and to the collective behaviour of the organisation as a whole;
- The code indicates how responsibility is distributed within the firm;
- The code is used as an instrument enhancing corporate social responsibility.

If these assumptions are not met completely by any particular code, some parts of our assessment method will not be applicable.

### *Functions of a code of conduct*

Writing a code of conduct has undoubtedly the advantage of setting managers to think about the central values of their company and to reflect on situations in which these values are at stake. However, we consider CSR to acquire its substance through the behaviour of people within organisations (Goodpaster, 1989). The managers

themselves represent only a tiny minority of the people who work for any given organisation. The implication of this view is that organisations need to embed “responsible entrepreneurship” not only into their business strategy and policy, but also into the organisational processes, the culture, and the daily matters.

Therefore, when a code has been drafted, the first challenge is to trigger reflection on the central values proposed in the code among the employees. In the second place, it is necessary to link the reflection of managers and employees in order to guide actual behaviour within the organisation. For this to happen, the code of conduct should be embedded in the web of organisational processes and routines. For example, what could be the effect of a code of conduct if the whole management system were oriented towards stimulating and rewarding short term financial gain? In order to be effective, a code of conduct requires a review of the management system to make sure that employees are encouraged to work in congruence with the code.

Embedding the code of conduct can contribute to the emergence not only of responsible individual behaviour but also of a “responsible organisation”. The concept of a responsible organisation refers to the embeddedness of clearly defined and prioritised responsibilities in the strategy and policy of an organisation. The responsibilities of an organisation can be fulfilled only through the daily behaviour of its staff and management, but an organisation needs to translate its CSR philosophy into supportive management instruments and processes in order to become a “responsible organisation”. As it is able to attract managerial attention in this way, responsibility becomes an explicit management criterion, next to others such as efficiency, flexibility and quality (Fisscher et al., 2001).

The assessment method focuses on the different processes that are necessary, on the one hand, to stimulate reflection across all the layers of the organisation on the issues and responsibilities mentioned in a code of conduct, and on the other hand to stimulate actual behaviour in accordance with the code as it is understood through the reflection process just mentioned.

Within the structure and culture of an organisation, many barriers to reflection and action exist. Defining these barriers and dealing with them is also an important part of the assessment method.

The different processes are operationalised within a questionnaire to be used for self assessment by the organisation concerned. Our assessment method produces an overview of the extent to which the organisation actively manages the processes necessary for the implementation of a code of conduct. The identification of the different processes and their operationalisation in the assessment method is based on a literature study and a comparison with other initiatives in this field.

## 2. A process approach of codes of conduct

A code of conduct is an instrument for responsabilisation within the organisation, but it is in itself not sufficient to shape a responsible organisation. In order to understand this, it is useful to distinguish the different processes which shape responsible behaviour within the organisation; we call them “processes of responsabilisation”. Within the framework of the “Inclusive Innovation” research project, we distinguish six processes of responsabilisation (see Figure 1): the process of coding, the process of internalisation, the process of identifying and removing barriers, the process of enacting values, the process of monitoring and the process of accountability.

These processes have been defined in the first place on the basis of learning models such as those developed by Kolb (1984) and Van der Bij et al. (2001). Their models include four broadly similar stages: (1) gathering information or experience, (2) reflecting on that information or experience and comparing it with previous norms or concepts, (3) developing of new norms or concepts and (4) experimenting with these new norms or concepts. Stage four generates new information or experience, which leads the learning person or organisation to start with a new learning cycle. In our scheme, an organisation goes through these four stages by the processes of coding (stage 1), identifying and

Processes of responsibilisation	Key questions	Description of the processes
❶ The process of identifying and removing barriers	What hinders responsible action?	Activities aimed at gaining insight into the risks and barriers which obstruct responsible action within the organisation.
❷ The process of coding	What does the organisation stand for?	Activities aimed at the common translation, with the stakeholders, of desirable behaviour into general border standards and target values.
❸ The process of internalisation	How do organisational values relate to personal values?	Activities aimed at facilitating the appropriation of the code by the employees and stimulating employees to act responsibly.
❹ The process of identifying and removing barriers	What hinders responsible action?	Activities aimed at gaining insight into the risks and barriers which obstruct responsible action within the organisation.
❺ The process of enacting values	How can I conform my behaviour to organisational values?	Activities aimed at making values explicit and weighing them when acting within the organisation.
❻ The process of monitoring	To what extent does behaviour conform to organisational values?	Activities aimed at determining whether behaviour meshes with the code of conduct.
❼ The process of accountability	How does the organisation communicate about responsible behaviour?	Activities aimed at informing stakeholders and attuning mutual expectations.

Figure 1. Processes for the implementation of a code of conduct.

removing barriers (stages 2 and 3) and enacting values (stage 4). We have formulated these processes so as to stress the fact that the management has the possibility to act upon them.

In the second place, it was necessary to enrich this model with processes reflecting the interaction between the management (who is supposed to lead the introduction of the code) and the employees (whose collaboration is necessary in order to give meaning to the code). This lead us to define two additional processes: the process of internalisation, whereby the employees are confronted with the code developed by “the organisation” (whatever that may entail), and the process of monitoring, whereby the management observes the extent to which the employees live by the code. Those processes allow the management not only to intervene when employees display undesired behaviour, but also to adjust the organisational values or their translation in the primary processes of the firm. In this way, these processes truly reflect an interaction between the management and the employees, whereby both parties can influence each other mutually. We

have also formulated these processes, as the previous ones, such that they could be recognised and steered by managers willing to enhance responsible behaviour in their organisation.

In the third place, we have added a sixth process, the process of accountability, which reflects our conception of responsibility as responsibility towards the different stakeholders of the firm. The public justification of behaviour should be an integral part of the conduct of business. Therefore, an assessment of responsible behaviour in the firm should not be limited to an assessment of employee and management behaviour. It must include a dialogue with the stakeholders. This dialogue is conducted not only at the coding stage, but also as part of a regular review of the firm’s performance with regard to the expectations of its stakeholders.

#### *Model for implementing codes of conduct*

We end up with the following sequence of processes to be gone through in order to develop

responsibility. First, it is essential to determine what function a code of conduct should have. What risks or barriers exist within an organisation which obstruct responsible behaviour? Particular care needs to be taken of processes, customs or attitudes which hinder the application of certain values and norms: these are the barriers, which need to be identified and removed. Second, it is necessary to code one's values, i.e. to shape and recognize one's identity, which is expressed through a code, which includes a mission statement and a list of core values. This process of coding is done in dialogue with key stakeholders and, indeed, with the members of the organisation. Third, all the employees need to appropriate the code which defines the corporate identity. Such appropriation goes further than simply agreeing on a list of values; it entails translating the code in terms which are meaningful to the employees in their daily activities as members of the organisation. This may require an introduction to the code, dilemma training, focus groups and so on. Fourth, the employees have to enact the code. We define enactment as an integral process of responsabilisation, and not as the output of a separate responsabilisation process, in order to stress the fact that behaving according to the code is itself instrumental to further internalise the code and to refine it wherever necessary. Indeed, the fifth process (monitoring) does not only refer to controlling the application of the code and sanctioning possible deviations, but also to understand the causes of such deviations, which are likely to call for adaptations of employee behaviour as well as adaptations of the code. Sixth, the process of accountability covers the communication between the organisation and its stakeholders about the way the organisation has taken up its responsibility, whereby necessary adaptations of the code are already envisaged, which leads ultimately to a new coding round.

Obviously, these processes are closely connected to each other and indeed they are not strictly sequential. For instance, after a critical incident occurred, the identification of the barrier to responsible behaviour which allowed the incident to occur may lead directly to a process of coding. These processes unfold in

repeating and overlapping cycles. At the same time, each of these processes separately contributes considerably to stimulating responsible behaviour. If one or several processes are not filled in, the integration of the code of conduct is at risk.

Let us note one more thing about these six processes of responsabilisation: they contribute not only to enhancing organisational responsibility, but also to enhancing the moral competence of individuals within organisations. It is obvious to us that an organisation cannot be responsible if its members are not, but we want to stress that the processes defined here do not assume a certain level of moral consciousness among the employees. On the contrary, these processes support the reflection on different responsibilities and stimulate putting reflection into action in order to become responsible members of the organisation.

#### *EFQM management model*

The definition of these six processes of responsabilisation is useful to understand that a code of conduct is not in itself sufficient to shape a responsible organisation. The code, as a static document, represents only a part of the first process. In contrast, we claim that if an organisation wishes its codes of conduct to be applied and embedded in its daily procedures, it should use the code as the starting point from which to manage these six processes of responsabilisation. Further, we suggest that the EFQM model (the model defined by the European Foundation for Quality Management), which is a widely used business model in relation to total quality management, is useful to manage these six processes. The EFQM model is used as an instrument facilitating continuous improvement. In order to encourage progress with regard to responsible behaviour, it is desirable that the CSR policy would be very much in line with models such as the EFQM model.

The EFQM model was developed in the early 1980s by large multinationals with the purpose of integrating quality in organisations. Those multinationals were looking for an instrument

that reflects their performance in a simple way. The EFQM management model determines, in a structured manner, the strengths and weaknesses of the organisation, those points which should be kept and those which need improvement. By using the EFQM model, an organisation can also prioritise the weaknesses that it can work on in the short run and in the long run through continuous and structural improvements. This results in working on precisely those (often small) weaknesses that will significantly improve the overall performance of the organisation (Hardjono, 1997).

The EFQM-management model distinguishes five organisational areas (so-called enablers, i.e. the resources, located in different areas, which are available to the organisation in order to improve) and four performance areas (which allow the organisation to measure its improvement on a multi-dimensional scale). The organisational areas are: leadership, strategy and policy, staff, resources, and primary processes. The appreciation of customers, the society, the staff, and the financial performance, form the performance areas. In order to strengthen the various processes of responsabilisation, an organisation needs quite naturally to build on the resources available in the five organisational areas.

### 3. The assessment method

The assessment method aims at holding a mirror up to the faces of organisations, in which they can see the extent to which a code of conduct is being integrated in all facets of operational management. The assessment method is based on the self evaluation methodology that is also used by management systems such as the EFQM model. We may distinguish ten steps for a self evaluation, which may be roughly described as follows:

1. Determine the organization unit to which the evaluation pertains. If the code applies for a part of an organization, it is best to execute the self evaluation for that part, too.
2. Determine whether it is desirable to involve an independent process manager in the execution of the self evaluation.
3. Select the participants. It calls for recommendation to invite a cross-section of the organization (ideally in teams of five up to eight participants).
4. Plan the meeting with the expectation that the evaluation will take two to three hours.
5. Send a questionnaire to the participants two weeks in advance, requesting them to assign points to the indicators based on their own impression.
6. Gather the individual scores one week in advance in order that the process manager can prepare the meeting by analysing the results.
7. Discuss during the meeting the results of the individual scores (relevant indicators) and whether indicators which are not fully met deserve priority in future actions plans.
8. Formulate a plan of approach based on the established priorities.
9. Process the scoring into an analysis of the current situation (an example of this analysis is included in Figures 2 and 3).
10. Communicate the results to all the persons involved and monitor the progress of the action plan.

Organisational self-assessments based on this methodology can serve various purposes:

- Random picture: To what extent has an organisation taken action to improve its track record in the various fields? In the context of the self-assessment of the integration of a code of conduct in the organisation, the focus lies on the extent to which the organisation has taken action to facilitate the six processes of responsabilisation identified in Section 2.
- Action plan: Which activities deserve priority? The method for self evaluation suggested in this paper can be used to determine in consultation with the employees involved which actions deserve priority in order to further stimulate the implementation of the code of conduct.

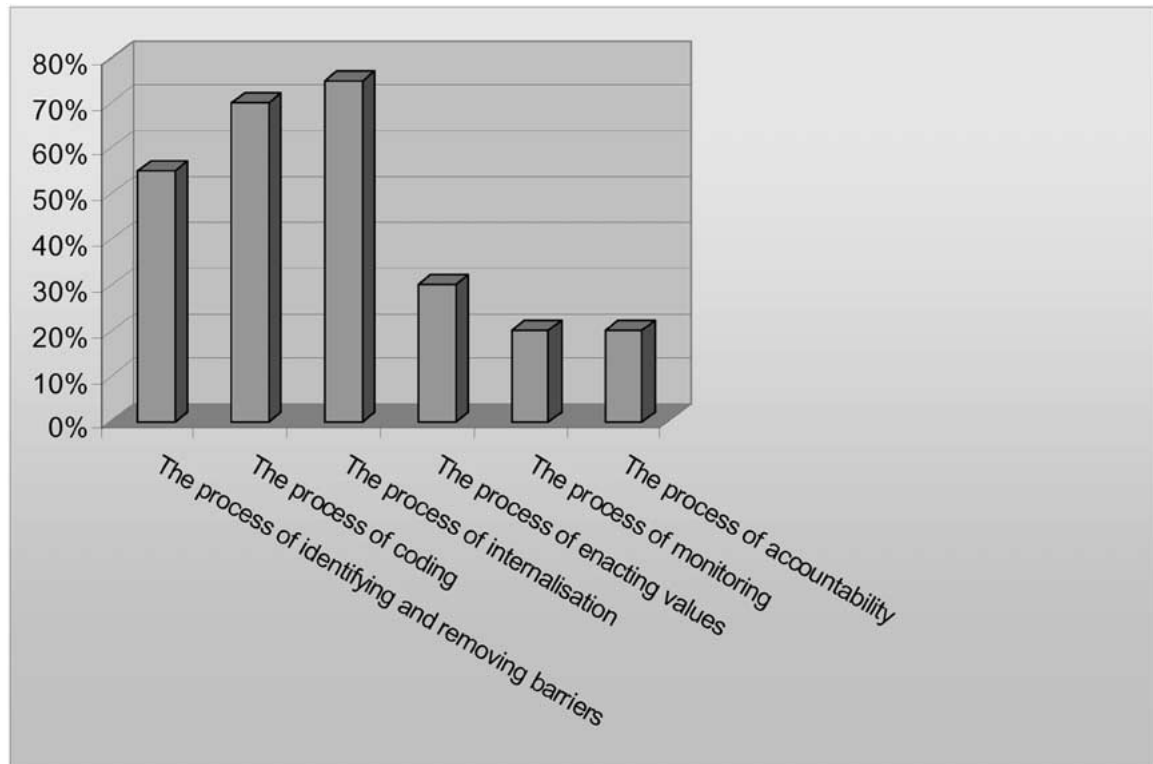


Figure 2. Analysis of the six processes of responsabilisation based on a self evaluation.

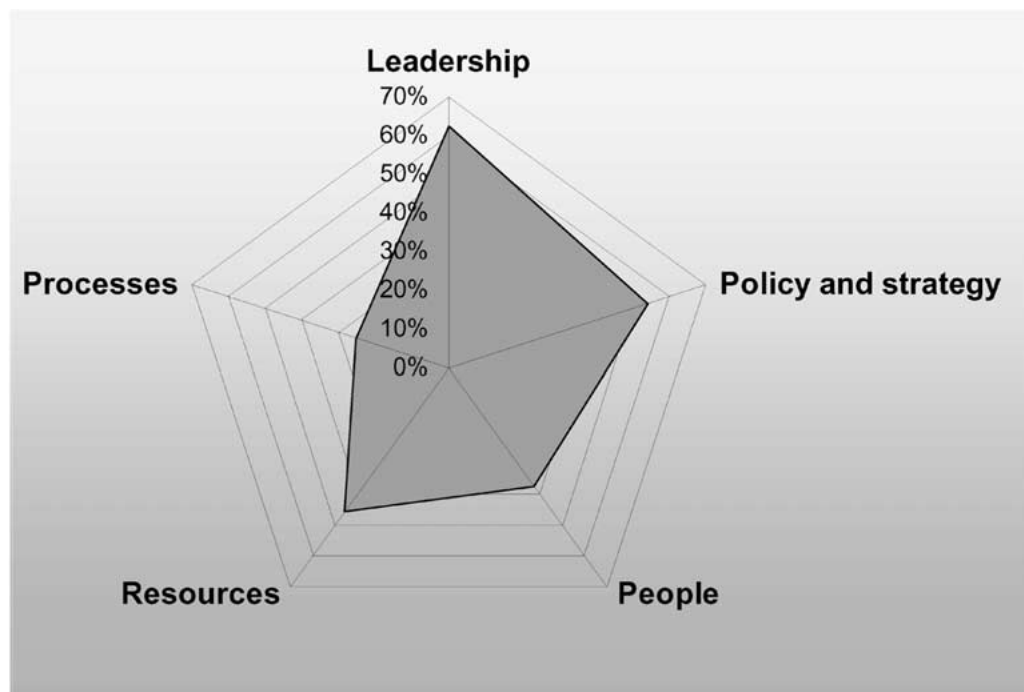


Figure 3. Analysis of the organisational areas based on a self evaluation.

Though the organisations that are looking for ways to stimulate responsibility and adherence to the code of conduct which they have formulated are an obvious target group for such self-assessments, the assessment method can be used by other stakeholders or at the level of an industry.

- The assessment method can be used by stakeholders, such as the social partners, who wish to know to what extent an organisation attends to its code of conduct. Depending on the results of the assessment method, confidence that the organisation concerned actually stands by the values and responsibilities that are written in the code may or may not arise.
- Various industry associations have formulated a code that applies to all their affiliated members in order to stimulate a level playing field of responsible action within the industry. The assessment method yields a coherent survey of the actions that can and sometimes must be executed to stimulate acting in accordance with the code.

#### *Indicators*

We have developed a list of items which fits into the assessment method described above (see in particular steps 5 to 7). In line with the theory outlined in Section 2, we have developed a systematic testing framework consisting of 2 indicators of the extent to which one of the six process of responsabilisation is embedded in one of the five organisational areas defined by the EFQM model. This resulted in a 5 rows by 6 columns matrix of 30 boxes, each containing two items. The items were designed on the basis of a survey of the relevant literature (ILO conventions, ISO certificates, SA8000 social accountability label and AA1000 social audit methodology) and on the basis of an analysis of best practice organisations. Care was taken to avoid overlap and to formulate indicators which correspond to concrete actions in order to provide immediate guidance about possible improvements. It is not possible to repro-

duce all indicators here (they are available from the authors on request) but in order to give the reader a flavour of the assessment method, we reproduce some of them in the two following figures. Figure 4 shows the indicators measuring the extent to which the six processes of responsabilisation can be integrated within the organisational area of “primary processes”. Figure 5 shows the indicators measuring the extent to which the process of internalisation (the second of the six processes of responsabilisation) is integrated within the five organisational areas.

#### **4. Case study: self-assessment of the municipality of Amsterdam**

We have conducted four case studies in order to test the practicality of the instrument. These case-studies were conducted within “best-practice” organisations which have codes of ethics and which have taken steps to embed these codes. The notion of “best practice” relates to the criterion that the organisation should be frontrunners in their sector on the topic of implementing a code of conduct. Furthermore, the goal of the case studies is to test and improve the functionality of the assessment method. Therefore it is valuable to select organisations which are divergent on factors like multinationals versus medium-sized companies and profit versus not for profit organisations.

In these case-studies, the assessment method has been used as a self-evaluation instrument. The self-evaluations performed by the four organisations were helpful for the organisations themselves, as a method to identify areas of improvement. They also helped the authors to ameliorate the assessment method itself, by showing some of its strengths and weaknesses. In this section, we will describe briefly, and then discuss one case-study in order to illustrate some strengths, weaknesses and ambiguities of our method.

We have conducted the four case-studies at the municipality of Amsterdam, Shell Group, Siemens Netherlands and SBI (a medium-sized Dutch training and consultancy organisation). We

Processes of responsibilisation	Indicator
① The process of identifying and removing barriers	Incidents and dilemmas are being consistently registered and categorised.
② The process of coding	The code is being written from concrete dilemma's which occur in daily business practice.
③ The process of internalisation	The code contains indications which refer directly to the activities of the employees.
④ The process of enacting values	There are short feedback loops so that employees are quickly informed whether or not they behave according to the code.
⑤ The process of monitoring	Internal process risks are being registered and monitored whenever possible.
⑥ The process of accountability	Exemplary projects are transparently and widely communicated within the organization.

Figure 4. Indicators of embeddedness in the area of processes (examples).

Organisational area	Indicator
① Leadership	In his words and actions the managing director consequently indicates what are the important values within the operational management.
② Policy and strategy	The strategic policy of the organization indicates the long-term importance of the code of conduct.
③ People	The code serves as a framework for formal and informal functioning and appraisal interviews.
④ Resources	The organization is prepared to concede to financial results if the code demands it.
⑤ Processes	The organization has made a risk inventory to discover bottlenecks concerning (ir)responsible behavior.

Figure 5. Indicators of the internalisation processes (examples).

will report here the first case-study, which was performed at the municipality of Amsterdam. Though on the first glance this case might seem relatively distant from mainstream for-profit organisations, the implementation of its code of ethics posed very relevant and interesting challenges to the leadership of the municipality.

*The code of the municipality sets unique standards to be applied in diverse settings*

Over 22.000 employees work for the municipality of Amsterdam, in fourteen city boroughs

and about forty departments which operate on widely varied domains and relatively independently from each other. Each head of department and each district officer is responsible for implementing the integrity policy in his or her department or district and several departments have their own codes. The municipality developed a code for the entire organisation in order to support the integrity of the employees of the municipality (i.e. civil servants).<sup>1</sup> This code contains a set of rules which specify clearly which behaviour is acceptable and which is not. The code was officially communicated to all employees in January of 2002. With the intro-

duction of its code of conduct, the municipality explicitly expressed its intention to clarify the legitimate expectations of the stakeholders, mainly the wider public and the civil servants. This clarification implies an harmonisation of the procedures and values adopted by the various departments. As a consequence, the code contains basic values and guidelines which should prevail throughout the municipal services. Clear guidelines contribute to protect the interests of the public, but also the managers and the employees of the municipality. The departments which had their own code needed to adapt those to meet the standards set by the overarching code of the municipality.

*The code of the municipality is part of a wider integrity policy*

The municipality of Amsterdam decided to develop a code of conduct in 1998, after a series of fraud and corruption incidents which had been widely publicised in the media (Gemeente Amsterdam, 2000). The code is one element of the integrity policy of the municipality, which aims primarily at preventing future occurrences of fraud and corruption, and stimulating adequate behaviour when the civil servants face such cases. The code is but one element of that integrity policy, which includes in addition mandatory self-assessments by each department and each district of the municipality (these self-assessments are conducted according to a methodology developed by the national Security Office) and independent risk audits.

As the mandatory self-assessments lead to the conclusion that the integrity policy needed improvement in virtually all departments and districts, a Bureau of Integrity (BI) was set up in 2001 with the task to facilitate the implementation of the code in the various departments of the municipality. The Bureau of Integrity has a support function and employs (*anno* 2002) fifteen employees with complementary expertises: researchers, legal and forensic experts, auditors, communication specialists and trainers. The Bureau of Integrity offers all departments a number of activities and methodological instru-

ments to support integrity. These instruments include:

- preventive analysis of the activities which generate risks of breach of integrity;<sup>2</sup>
- internal audit of the quality of the organisation of the integrity policy;
- advice about the improvement of procedures and rules with regard to integrity (e.g. consultation procedures in the works council, appraisal interviews, functioning interviews and personal development);
- activities aiming at relating the integrity policy to the Planning and Control cycles;
- training employees about integrity and professional responsibility;
- facilitation of strategy conferences in which departments define their integrity policy;
- legal advice about the integrity policy of the municipality;
- advice about disciplinary sanctions, disputes and appeals against the integrity policy;
- an integrity help desk (internal whistle blowing procedure) in order to report any incident when communication with the direct supervisor is not effective.

*Output of the self-evaluation*

In order to test the method of Inclusive Innovation we had a self-evaluation with managers of different departments and city boroughs. We selected especially managers who contributed actively to the implementation of codes of conduct. Therefore the outcomes are not representative for the whole municipality of Amsterdam. The main goals of the self-evaluation were to test the model and to exchange experience, to identify their respective strengths and weaknesses and to select priority areas for further improvement.

The exchange of experiences was perceived as an important added value of the evaluation session. The self evaluation also showed that the different departments chose many different approaches for implementing the common code of the municipality. The endeavours of the Bureau of Integrity are expected to lead to more

uniform approaches in the various departments in the future (the Bureau of Integrity has been set up only recently).

The self-evaluation also showed that, overall, some processes of responsabilisation receive clearly more attention than others. For instance, the process of internalisation appears to receive a lot of attention. Indeed, the management of the municipality acknowledges that most employees do hardly ever read the code. In order to transform the code into a living document, they need to literally bring it to life. One department achieved that by inviting theatre actors to organise a performance about the code. The employees of another department do not receive the code by post but receive it, together with a short introduction to the code by their superior, during their first appraisal interview in order to stress its importance. In addition, the municipality summarised the key points of the code on a “smart card” which is distributed to all contractors and temporary employees.

On the contrary, the process of enacting the code appears to be relatively underdeveloped. The self-evaluation allowed the participants to point at some weaknesses of the integrity policy which barred the way to effective enactment of the code. Though the municipality intended to translate the principles set out in the code in clear guidelines, some of those guidelines send contradicting messages to the employees. For instance, as corruption is a key issue in the civil service, it was decided that the employees could accept no gift whatsoever. However, the code makes one exception: because of practical reasons the members of the municipal executive are allowed to accept gifts which do not exceed 45 euros. Though gifts of such a magnitude obviously do not jeopardize the integrity of the executive members, this exception to the “no gift” rule is perceived by some employees as tolerance with people who circumvent the rules, provided they are powerful enough. This can result in a cynical attitude also towards other efforts to support integrity in the organisation. To prevent this some departments and city boroughs decided to erase the exception to the “no gift” rule out of their own code of conduct.

Similarly, the self-evaluation shows that the

processes of responsabilisation are better integrated in some organisational areas, e.g. the area of leadership, than others, e.g. the area of primary processes. This outcome was no surprise for the participants of the self-evaluation. Presently, a lot of attention is paid to the exemplary role of managers in stimulating responsible behaviour. Also the start of the Bureau of Integrity is an outcome of several years of policy making about stimulating responsible behaviour within the municipality of Amsterdam. One of the participants nuances the relative poor outcomes on the primary processes. When you look at it from a general point of view the processes are quite well aligned with the code of conduct. But when you make a detailed analysis, like several departments did during the last year, you’ll find many points for improvement. The outcome of this is that the awareness of these points for improvement first results in a lower evaluation. More generally, the scores of the self-evaluation are not only related to objective findings but also to the awareness about these findings.

## **5. Reflections on the assessment method**

The four case-studies, of which one has been summarised in the previous section, provided interesting insights about the assessment method itself.

First, the organisations which present themselves to customers as responsible organisations generate an irreversible process because their customers will expect employees to account for their actions. This implies that each employee should be trained and equipped in order to enact the code. Efforts to integrate the code of conduct are more efficient when the code is made congruent with management systems such as the quality management system of the organisation. As the expectations of the stakeholders continue to shift over time, it is also necessary that efforts to integrate the code would be continuous.

Second, several respondents insisted that the identification of critical activities which are performed in the various departments is very useful as a point of departure for embedding

the code, because barriers for ethical behaviour often provide the stimuli for individual employees to think about integrity issues. Insight in concrete dilemma situations makes it easier to discuss relevant integrity-supporting measures. Moreover, an integrity policy is often introduced by the management as a reaction to unethical behaviour, which is caused or facilitated by such barriers. The fear that new incidents would occur often drives efforts to embed the code. Examples of such barriers, named by the employees of the municipality of Amsterdam, are cynical attitudes, wrong behaviour by people who occupy exemplary functions, conflicts of interests and the concentration of various functions within a single person.

Third, it is necessary to articulate both individual behaviour and collective performance in the code of conduct, because a responsible organisation is more than a collection of responsible individuals. Only when a code specifies how the aggregated contributions of individual employees contribute to collective results, even on a sectoral or societal level, will the code adequately stimulate responsible behaviour. Examples of such aggregated contributions are the impact of relatively small bribes on the functioning of a society or the connectedness within a chain of commerce (for example the textile industry) were problems like child labour and poor working conditions can only be solved by a cooperation between all the participants.

Fourth, one of the organisations which took part in the case-studies scored lower on the bottom-up process indicators. The respondents claimed that it was a conscious choice within their organisation to focus on top-down indicators because some guidelines for individual behaviour, e.g. in the case of bribing, should be set top-down so that everyone would know what the organisation stands for. Though this approach may be justified on pragmatic or other grounds in specific cases, it should not be the case that *all* the principles contained in the code of conduct would be developed in this way. At least, the employees should be allowed to participate in regular revisions of the code in order to enhance the fit between the code and their practical experience.

Fifth, the link between the code of conduct and its implementation on the one hand, and the organisational structure on the other hand, is not addressed in this paper. It is certainly the case that organisations which are structured as typical informal adhocracies or machine bureaucracies, of which no one is *a priori* the better choice, should adopt different ways to embed responsible behaviour within their structures. This paper presented a first general attempt to measure the embeddedness of a code of conduct by measuring its integration within the quality systems of an organisation. Further research may be necessary to refine this instrument to fit different types of organisations.

## 6. Conclusion

In the process of setting out the structure and starting points of this research project several choices were made about what could and what could not be achieved with this project. Some conclusions can be drawn about the results presented in this paper, in the light of those choices.

A first conclusion focuses on the indicators developed within this project. According to the different participants in the best practice case studies, these indicators form a coherent and comprehensive set to measure to what extent a code of conduct is embedded within a company. For this it turned out to be essential to take on a process approach. Stimulating corporate social responsibility and embedding a code of conduct is always a dynamic process that should go on for years. Within this project the overall process of embedding a code of conduct is split into six different processes. This differentiation proved to stimulate reflection about the strengths and weaknesses of an organisation on managing corporate social responsibility.

A second conclusion turns to the necessity of such an assessment method. The limited number of cases proved sufficient to show that the method can be used for different purposes. When an organisation has a code of conduct the assessment method results in an overview of what kind of actions were already taken and what actions would be valuable additions for the coming

year(s). When different parts of an organisation have their own codes, the assessment method can stimulate exchange of experiences about the implementation of a code of conduct. We have concentrated on codes of conduct as a means for stimulating corporate social responsibility. This choice implies that the assessment method is only valuable for companies who already have a code or are developing a code. At present, this means that only a select group of frontrunners can use our method, because many organisations do not work with official codes of conduct.

In addition to those comments about our findings, we can formulate the following remarks about the choices we have made. A first remark concerns the focus on codes of conduct. On the one hand, this focus relates to the empirical observation that codes of conduct are currently the most widely used instrument to manage corporate social responsibility. On the other hand, this focus on official codes ignores the fact that many companies who are known to be socially responsible do not have a code of conduct. In those organisations, social responsibility is considered and addressed as part of the overall culture. Of course, a code of conduct can contribute to such a culture but we should not forget that there are other ways to stimulate corporate social responsibility.

A second remark concerns the focus on the actions management can take to stimulate corporate social responsibility. Many case studies show that commitment from top management is important, though external pressure functioned as an important precondition and driving force. External pressure has to be exerted by stakeholders, for example customers taking responsibility in their shopping behaviour, politicians threatening with legislation or lobby groups organising media campaigns. The focus on managerial action leaves out this important external aspect. Future research could focus on possibilities to include this external view within the assessment method we have developed.

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## Notes

<sup>1</sup> This code is developed by the Municipality of Amsterdam and communicated in 2002.

<sup>2</sup> The Bureau of Integrity of Amsterdam developed a quick scan based on twelve factors related to breaches of integrity.

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