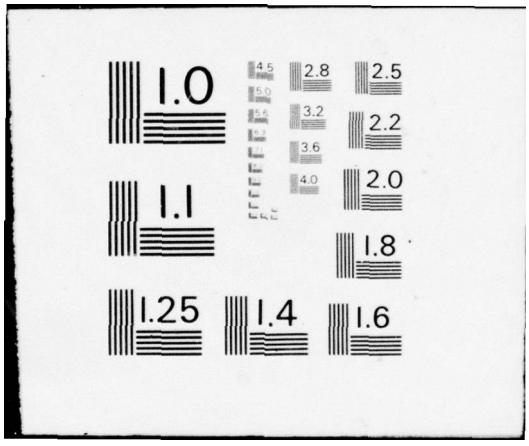
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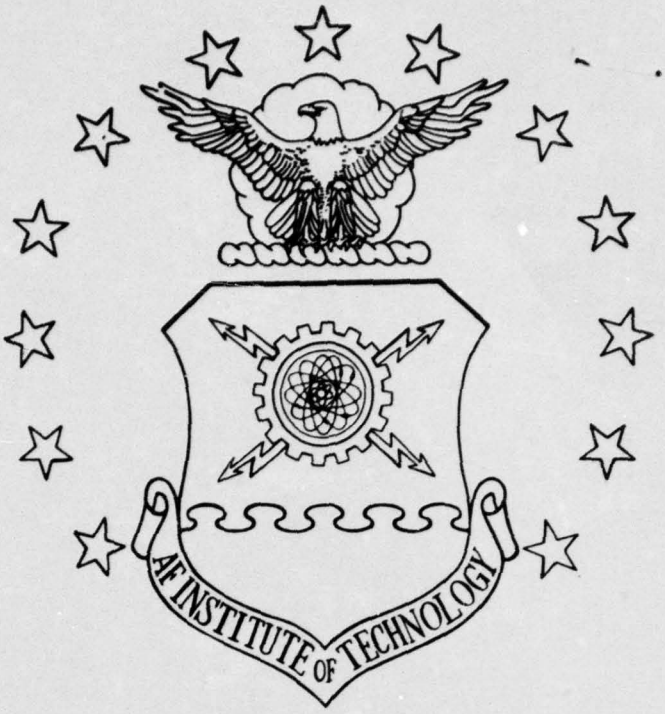
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AN ANALYSIS OF EXISTING ETHICAL GUIDELINES AND THE DEVELOPMENT OF A PROPOSED CODE OF ETHICS FOR MANAGERS

THESIS

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Randolph K. Adams
Captain USAF

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AN ANALYSIS OF EXISTING ETHICAL GUIDELINES AND THE DEVELOPMENT OF A PROPOSED CODE OF ETHICS FOR MANAGERS

THESIS

Presented to the Faculty of the School of Engineering

of the Air Force Institute of Technology

Air University

in Partial Fulfillment of the

Requirements for the Degree of

Master of Science

by

Randolph K. Adams, B.S.

Captain USAF

Graduate Systems Management

September 1976

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Preface

During recent years it has become increasingly clear to enlightened leaders that certain behavior which was once condoned, or at least not condemned, is no longer acceptable in the eyes of the public. Witness, the many recent allegations of corruption brought against contemporary managers in once-respected institutions. The time has come for these managers to move upward to a new level of values, to the moral plateau that guided our forefathers when they founded the United States some 200 years ago. Technological and social progress has not made the Golden Rule obsolete; on the contrary, the application of the rule has become increasingly essential in contemporary times.

This study investigates one course of action being pursued by many managers in striving toward more ethical behavior; that is, the development and use of codes of ethics. The major thrust and theme then of this research effort is in the development for use of a universal code of ethics for managers.

An undertaking of this nature would not have been possible had it not been for substantial contributions made by a large number of people. The sincere interest and cooperation received from more than 100 industrial and professional organizations in response to a survey query is indeed appreciated. It is especially gratifying that busy corporate and association executives took time out of their busy days to compile

materials and provide meaningful comments for inclusion in this study.

A special word of thanks is extended to Dr. Raymond H. Klug, my thesis advisor. Throughout the research period Dr. Klug provided invaluable guidance and support and aided immeasurably in formulating the research approach, locating source materials, and editing manuscripts. His ready willingness to accord priority treatment to this research effort was instrumental in seeing the thesis to its final completion. Dr. Adrian M. Harrell performed a vitally important role as second reader, providing an objective appraisal of manuscripts. Sincere appreciation is extended to both of them for their assistance, encouragement, and constructive criticism throughout the research effort.

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Abstract

Recent disclosures of questionable behavior on the part of leaders of many American institutions have left people disillusioned with professions which once commanded deep respect. Numerous allegations of corruption have highlighted the current need for comprehensive and visible standards of conduct for contemporary managers. The primary objective of this study is to develop a proposed universal code of ethics for managers in response to public demand for a clearer picture of the ethical responsibilities of the leaders of today. Insights are developed concerning the nature, need, widespread use, value, and key contents of ethical codes through an extensive review of current literature. Information on currently existing ethical codes, creeds, and related policy was solicited from presidents of 201 large industries selected from the 1975 "Fortune 500" listing. Inquiries were made to executive directors of 24 professional associations, to 44 small industries, and to the ethics committees of both the House of Representatives and the Senate. The proposed Code of Ethics for Professional Managers which is developed in this thesis is modeled as a logical extension to the information gathered regarding contents, format, scope of coverage, and criteria contained in the aggregation of collected codes. Responsibilities of a manager are classified and addressed in terms of key interest groups as follow: customers, investors, employees, employer, the public, and professional

associates. The final proposed code is presented as a separate unit within the thesis which may be extracted for review, discussion, and use. It is recommended that the proposed code be studied for adoption and considered for use as a first step toward improved behavior and restoration of public confidence in modern managers.

AN ANALYSIS OF EXISTING ETHICAL GUIDELINES AND THE DEVELOPMENT OF A PROPOSED CODE OF ETHICS FOR MANAGERS

I. Introduction

During the last three years within the United States hardly a day has passed without allegations appearing in newsprint about corruption in government, law, business, accounting, journalism, medicine, and education (Ref 67:10). The extent of corruption is so widespread and the reaction of the public so dramatic that many American leaders are busy trying to identify and eliminate the sources of corruption in order to restore the confidence of the public in its institutions.

The origin of the current outbreak of corruption is difficult to ascertain, yet many people believe that the Watergate affair and related scandals during the Nixon administration were the sparkes that set off the explosion of disclosures of corrupt practices on the scale that exists today. Whatever the source, few can deny that recent events have created a situation that "leaves many Americans demoralized and disillusioned with institutions which once held their respect (Ref 111:41)."

Beginning with Watergate and related incidents, one cannot ignore the behavior of certain members of the Nixon administration who

displayed what may be properly called a strange sense of values. Acting under the guise of loyalty and patriotism these individuals committed acts which were both illegal and unethical. What is particularly disarming is that many of them appeared to have seen nothing wrong with their actions. It was as if their conduct arose from a "kind of moral myopia that led them to do things without seeing any ethical questions at all (Ref 89:24)."

Recent disclosures of questionable behavior in other aspects of American life indicate that Watergate may have been just the tip of iceberg. Congressional ethics committees currently are investigating allegations of misbehavior that have been brought against members of Congress. The Senate Select Committee on Standards and Conduct is investigating charges of illegal campaign contributions (Ref 88:A-3). The House Committee on Standards of Official Conduct is examining charges of conflict of interest (Ref 53:4) and moral misconduct (Ref 95:24).

In the business environment, the names of important industrial corporations have been tarnished in reference to allegations and admissions of illegal campaign contributions and questionable payments to foreign governmental officials. As Alexander B. Trowbridge, President of The Conference Board, recently noted, "few can deny the emergence of concrete instances of illegal and unethical behavior by powerful and hitherto-respected corporate leaders (Ref 104:18)." Coming as they do after a divisive war in Vietnam and the general

disillusionment with Watergate, the disclosures tend to reinforce widespread cynicism about business and businessmen (Ref 44:25).

Allegations of misdeeds are by no means confined to the political and business environments even though those two institutions seem to be the recipients of most of the accusations. In the field of law, for example, Chief Judge Irving R. Kaufman, United States Court of Appeals for the Second Circuit, recently noted that "complaints accusing lawyers of unethical behavior have risen to record heights." Some people are claiming that an "attorney's loyalty is given totally to his client, often to the detriment of the public interest (Ref 60:15)."

A noted accountant charges that too many accountants have been operating in a "kind of ethical penumbra, expertly fudging figures and cooking the books (Ref 20:20)." The current fiscal crisis in New York City is one of many instances in which distorted financial data have created hardships for the public and reduced the credibility of financial "experts."

Members of the press have obtained news by methods in violation of both legal and moral codes, and have been honored for doing so (Ref 89:24). Very frequently, members of the media justify such action by using the First Amendment of the Constitution as their defense (Ref 47:256). Such behavior recently prompted Royer M. Fisher, Dean of the University of Missouri School of Journalism, to say that "journalism's kettle needs a great deal of scrubbing before newsmen dare criticize someone else's pot (Ref 37:25)."

Still other highly respected professions are not escaping allegations of corruption. Members of the medical profession have allegedly been involved in Medicaid payment frauds which included practices such as billing for services not rendered, providing unnecessary treatment, and overcharging for services rendered (Ref 14:18).

In the field of education, college students have been involved in cheating scandals; professors, in giving undeserved grades, using time and accomplishments of students to further themselves, and devoting more time to self-interests than to educating students (Ref 49:56-57). The list of corrupt practices also includes judges, governors, welfare recipients and administrators, military members, meat and grain inspectors, and stockbrokers; all have been involved in scandals.

What is particularly discomforting is that many of the references to unlawful and unethical behavior are directed toward the top leaders of American institutions. A President and Vice President of the United States, Directors of the Federal Bureau of Investigation and Central Intelligence Agency, Congressmen, military leaders, and corporate executives all have engaged in questionable, if not illegal, practices; all have shared the headlines with the "common" criminal.

There is little wonder that some 1400 key Americans recently responded overwhelmingly that moral integrity is the attribute most needed by the leaders of today (Ref 112:29). An ongoing Harris poll reflects that public confidence in the leaders of American institutions has dropped considerably in recent years (Ref 90:57). Table I vividly

depicts this adverse trend of public confidence in the leaders of selected institutions by showing percentage of respondents reporting strong confidence in leadership in 1973 as compared to 1966.

Table I

Changes in Levels of Confidence for Establishment Leadership 1966-1973

Institution	1966 (%)	1973 (%)
Executive Branch	41	27
Congress	42	21
Supreme Court	51	28
Military leaders	62	35
Business leaders	55	27
Financial leaders	67	39
Press leaders	29	18
Doctors	72	48
Educators	61	33

(From Ref 114:4)

Of course there are those who claim that the professions have been victims of a bad press. Some improprieties are acknowledged while arguing that the allegations of corruption have been overstated (Ref 15:3-1). These arguments may have some validity, but whether or not the instances of corruption are as widespread as claimed appears to be a moot point at this stage.

It is true that improper behavior by a few often becomes readily visible to the public in an open society irrespective of the many transactions conducted every day in an atmosphere of honesty and integrity (Ref 58:361). The important point is, however, that the public believes corruption to be widespread. It is this belief which must be addressed, for without the support of the public the institutions cannot survive.

Enlightened leaders are aware of the need for having the trust of the public. It is not surprising, therefore, that a recent survey conducted by The Conference Board* indicated that the growing distrust of business on the part of the public is the greatest concern among business managers (Ref 74:2). These leaders, and others like them, recognize the importance of taking action to restore public confidence in American institutions.

Among the many actions being considered are those intended to improve the behavior of contemporary leaders from within the institutions. Informed leaders recognize that the attitudes of the American public have changed considerably in recent years. These changes and the resulting demand from the public for openness and accountability have created gaps between the expectations of society and the standards of conduct which have existed for so long within the professions. This lack of widely accepted standards has placed a "burden on the individual

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*The Conference Board, one of the oldest independent management associations in the United States, is a non-profit institution for scientific research in the fields of business economics and business management.

who, more than ever before, must make his or her own decisions as to what is right or wrong (Ref 111:39)." In view of the many disclosures of questionable behavior one is inclined to question the abilities of some individuals to make the right decisions.

Many people can and do have a sense of what is right or wrong; yet, as David Packard once said, "only when a large number of individuals join under a common code can high objectives be achieved (Ref 86:32)." Among the highest objectives facing the leaders of today is the need to restore public confidence in leaders and in the institutions which they manage. It is not surprising, therefore, that revising or developing standards of conduct or codes of ethics is an area which is receiving considerable attention from managers of public and private enterprises.

In view of the general awareness and need for greater attention to ethics and conduct by leaders of institutions, the remainder of this research paper is devoted to the study of "codes of ethics." One purpose of this study is to develop and present a suggested code of ethics for managers as a product of this study. Logical discourse on this or any subject requires defining key terms; consequently, the reader is provided with definitions of "code of ethics" and other key terms before further discussing the background relating to the objectives of this study.

Definitions

When attempting to define a phrase such as "code of ethics" it is often meaningful to define first the elements of the phrase, word by word. By combining the meanings of all elements one can obtain a representative definition of the entire phrase. Therefore, a logical starting point for defining "code of ethics" is to define the words "code" and "ethics."

An interesting derivation of the word "code" is the Latin "codex" or "caudex," meaning a tablet of wood covered with wax on which the ancients wrote their books and other writings including the rules of the day (Ref 110:437). Although the word "code" is usually associated with a written system of laws, it is also applied to voluntary standards of conduct which, when abused, often are replaced by formally imposed laws.

Of the several definitions for the word "code" furnished by Webster's Third New International Dictionary, one definition is particularly significant to this research study:

> code--a set of rules for or standards of professional practices or behavior set up by an organized group and usually reinforced by certain police and punitive powers of the group against non-conforming members (Ref 110:437).

The term "ethics" is derived from the Greek "ethikos," meaning moral, and "ethos," meaning character (Ref 36:610). Of the several definitions offered by Webster, the following definition is most appropriate to this study:

ethics--the discipline dealing with what is good and bad or right and wrong or with moral duty or obligation; the principles of conduct governing an individual or a profession (Ref 110:780).

In view of the concern for the ethics of managers in this thesis the research would be incomplete without an understanding of how managers define ethics. For that reason, several additional definitions of "ethics" are presented from current authors of management literature before framing the working definition of "code of ethics" for the purposes of this study.

ethics--refers to the contemporary standards at any point in time in terms of which men evaluate their conduct and that of men about them (Ref 43:6).

--the study of the morality of human conduct and the standards for that conduct (Ref 58:362).

--deals with personal conduct and moral duty and concerns human relations with respect to right or wrong (Ref 102:212).

--a practical science designed to test logically the rightness of wrongness of human acts (Ref 109:35).

It is seen that there is general agreement on the meaning and usage of the terms "code" and "ethics." It is also prudent to view some of the more prominent definitions in use today of the combined terms via "code of ethics" as follow:

code of ethics--a voluntary assumption of self-discipline above and beyond the requirements of law; a practical working tool (Ref 25:3, 4).

--a standard enabling men to determine the fundamental distinction between right and wrong human conduct (Ref 52:4).

--a standard of ideal, and acceptable behavior in society and organizations (Ref 58:362).

--a set of principles that serve as a standard for judging the right and wrong of professional behavior (Ref 59:4).

--a statement which prescribes simply the duties of the members of a community towards one another and towards those outside the group (Ref 69:121).

--a set of principles which highlight proper relations with clients or others outside the organization, rather than procedural rules for organizational behavior (Ref 77:116).

It follows, then, that a representative working definition of a code of ethics may be synthesized for purposes of this study as follows:

> a set of rules developed and enforced by a particular group which establishes standards of behavior for members of that group.

Furthermore, the standards prescribe the proper conduct within the group between the members of the group and those outside the group. With this given working definition of a code of ethics it is appropriate to present and discuss briefly some background material relating to codes of ethics.

Background

The first seventeen verses of the twentieth chapter of the book of Exodus contain the Ten Commandments which are often viewed as a key

basis of the moral code of civilization to this day. It is interesting to note that while the first five commandments are concerned with the relationship of man to God, the last five commandments deal with the relationship of man to man. This interpersonal relationship among men serves as a basis of need for man-made codes of ethics.

Probably the oldest man-made code of ethics is "The Oath of Hippocrates" from early 4th century B. C. Although this code was developed for physicians, it contains some principles of ethics which subsequently have been used in the codes of ethics of many professions (Ref 78:6).

The principles set forth in the Hippocratic Oath were updated in medieval times by the guilds which set standards of technical and personal conduct for their members. These guilds are often considered to be the progenitors of contemporary professional associations (Ref 77:114). It is largely within professional associations that codes of ethics have been developed to serve as guides for groups of individuals who perform essentially the same functions.

This research effort is designed to develop a code of ethics for a specific group of quasi-professional people, that is, managers, who share the bond of performing essentially the same functions in the direction and supervision of the work of others in an organization of people. It is, therefore, especially relevant to examine some past and current attempts to develop a code of ethics for managers.

In 1958 David Packard said: "I believe that we are well on our way toward the development of a code of ethics for management (Ref 86:32)." History may have proved Mr. Packard to be ahead of his time. There is overwhelming evidence today suggesting that people are searching, more than ever before, for a common code of ethics for managers.

On the international scene there have been several efforts to develop a code of ethics for managers. The United States is currently working to get international adoption of a code of ethics designed to discourage bribery (Ref 10:8). Working under the auspices of the Organization for Economic Cooperation and Development, businessmen and government officials from member nations met in November of 1975 to draft such a code (Ref 45:17). According to one reporter, "results so far have been so vague as to be almost meaningless (Ref 72:33)."

More successful attempts in the international arena are seen in three European nations: Great Britain, Greece, and West Germany. Certain managers within each country have banded together and developed Codes of Professional Management (Ref 75:21). While the success of these codes remains to be seen, their very existence provides hope and evidence of a need for developing a universal code of ethics for managers.

Within the United States, efforts to formulate a code of ethics for managers have made the headlines in recent times. In 1975

W. Michael Blumenthal, President and Chief Executive Officer of the Bendix Corporation, proposed that a group of businessmen devise a common code for business managers (Ref 23:78). The idea appears to be foundering, however, for primarily two reasons. First, companies are having difficulties drafting their own codes; consequently, doubts are expressed as to how a common code might be developed (Ref 79:16). This should not be too surprising for, as Phillip Monypenny noted in 1955, "codes will be hardest to draw just when temptation is at its peak and criticism most strong (Ref 76:102)."

Doubts also have been expressed concerning the practicality of a common code of ethics. Fred T. Allen, Chairman and President of Pitney-Bowes Incorporated voiced such concern when he recently stated that:

> the best we can hope for is something between the unattainable compendium of rules for all possibilities, on the one hand, and the meaningless "motherhood" statement of general principles on the other (Ref 79:16).

As a result of this lack of support, Mr. Blumenthal currently is striving for the establishment of an association which would oversee and enforce the ethical practices of business managers (Ref 15).

In a more professional vein, the National Management Association and the International Management Council recently created the Institute of Certified Professional Managers. The institute is open to managers in all fields of endeavor, and one primary objective is to increase the professionalization of management (Ref 40:13). An

integral part of the certification process is the requirement that applicants profess to adhere to a code of ethics. It should be noted, however, that the institute is one of many professional associations available for membership by the professional manager. Likewise, the code of ethics used by the institute is only one of many subscribed to by managers.

Within the United States Air Force several attempts have been made to develop a code of ethics for Air Force officers (Ref 59; 71; 78; 87). It should be noted, however, that these efforts have not yet resulted in one code of ethics being officially adopted by the Air Force. Moreover, the studies focus on officers and do not consider other Air Force managers.

In summary, it is evident that concerned people are well aware of the need for and importance of a code of ethics for managers, and it is seen that events of recent years have highlighted the need for a comprehensive code of ethics to provide guidance to, and standards of behavior for, the professional manager. Many codes of ethics exist for managers and many contain important ideas. But the time has come for managers to establish a single standard of ethical behavior.

Statement of Problem

There is an apparent need for and lack of an agreed upon code of ethics for managers today. The problem addressed in this thesis

then becomes that of drafting a single code of ethics for the professional manager.

Assumptions

It is necessary to make certain assumptions about the nature of man, management, and codes of ethics. The following assumptions underlie the research approach, development, conclusions, and recommendations in this thesis:

1. Moral behavior can be better directed by an effective code of ethics which is properly developed, accepted, and applied.

2. People engaged in the practice of management are confronted with similar ethical dilemmas; consequently, a code of ethics for managers in all fields of endeavor may be developed.

3. Consensus among current users of ethical guidelines is a valid basis for identifying ethical issues likely to correlate positively with management effectiveness.

4. A code of ethics for managers can be developed by synthesizing the contents of ethical guidelines used by business and professional organizations.

5. The contents of ethical guidelines and codes of ethics received from participating business, professional, and governmental organizations are representative of the contents of all such codes and ethical guidelines.

6. A code of ethics for Air Force managers would not differ significantly from other managerial codes of ethics.

These assumptions are key to solving the problem addressed in this thesis. Several research objectives designed to help resolve this problem are presented next.

Objectives

A sequential listing of the research objectives follows in inverse order. Objectives 1 and 2 are secondary objectives necessary in the achievement of the primary objective, Objective 3.

1. To examine the character of a code of ethics.
2. To analyze current ethical guidelines in use within business, professional, and governmental environments in order to determine contents germane to a code of ethics for managers.
3. To develop a proposed code of ethics for the professional manager. This is the primary purpose of this study.

To fulfill these objectives this research effort requires answers to several pertinent research questions, which follow.

Research Questions

The research questions which this study has been designed to answer are presented below in the order of the objective being addressed:

1. How may a code of ethics be viewed as being an alternative to legislation and why must such an alternate exist? How may a code of ethics be viewed as a characteristic of a profession and why is a code of ethics necessary if management is to be accepted as a profession? Why is a code of ethics needed as a guide to assist managers?
2. What are the key contents of current codes of ethics? How do the contents relate to the various roles played by a manager? At what level of management are codes of ethics developed? Do contemporary managers see a need for a common code of ethics for all managers?

3. What fundamentals should be included in a code of ethics for managers and why should they be included? In what form should the code be presented? What criteria should a code of ethics for managers meet?

These questions conclude the introductory material relating to the objectives of this research. The research methodology is designed to provide answers to the research questions and thus fulfill the objectives of this study. Chapter II presents the scope and limitations of this research effort and offers an explanation of each phase of the research methodology.

II. Research Methodology

This research was conducted during a ten week research period under the auspices of the Department of Systems Management of the Air Force Institute of Technology (AFIT), with Dr. Raymond H. Klug, Professor of Management, as advisor and Dr. Adrian M. Harrell, Assistant Professor of Financial Management, as second reader. The research methodology was designed to fulfill the research objectives as stated in Chapter I, and was performed in three stages: (1) Data Collection, (2) Data Treatment, and (3) Presentation of Findings. This chapter identifies the scope and limitations of this research effort, and discusses each stage of the research methodology in turn.

Scope

This research involved investigating the ethical guidelines required by a manager. It is necessary to limit the depth and breadth of coverage when performing research in broad areas such as ethics and management. For that reason, philosophical discussions and semantics are held to a minimum. The primary emphasis is placed on practical needs rather than theoretical issues, and on contemporary rather than historical experiences with the hope of future applications for improvement.

The scope of this effort includes: (1) an examination of the nature of a code of ethics, (2) the search for and identification of ethical guidelines currently in use in selected organizations and professions, and (3) the development of a proposed code of ethics for managers.

The universal use of managers in organized human efforts makes it impractical to survey every area in which managers are used. In order to provide a manageable scope for this study the field of business is selected as being representative of the many areas in which managers are used. This selection has certain credibility and appeal since much of the developmental effort to professionalize management is recognized to have evolved in the business environment.

Even when narrowing the study to the field of business, it is recognized that there are many different trades within the business environment: finance, insurance, transportation, utilities, and industrials. The scope of this thesis is limited to include primarily only large industries listed among Fortune's 500 leading industrial organizations. Small businesses also were included, but only as a minor source of information for this study.

The selection of large industries as the main focus of concern was made for several reasons: (1) the convenience of the top 500 listing for survey purposes, (2) the indication from prior studies that large industries participate in research studies, (3) the belief that

large industries are most apt to have written ethical guidelines, and (4) the fact that the Air Force is comparable to a large industrial organization and is involved daily in the industrial complex in the provision of products and services for Air Force use. Recent adverse criticism regarding large corporations further strengthens the belief that large enterprises are likely to be keenly interested in ethics at this time. This concludes discussion of the scope of this thesis. Presented next are the major limitations of the research effort.

Limitations

This study develops a code of ethics as one possible means for stimulating and guiding improvement of ethical behavior of professional managers. It is recognized that other more directive or punitive approaches might ultimately accomplish the same results at a greater cost and loss of freedom of action.

A time constraint of one academic quarter of approximately ten weeks is a major limitation of this research. This introduces a second limitation in that data sources are limited to the most current and most readily available. Time limitations also make it necessary to recognize that the proposed code of ethics which is developed may not yield a finished product suitable to all managers for direct adoption.

The large volume of material which exists on the subject of ethics makes it impractical to review all potential sources. The

necessity to select only a portion of available references induces a further limitation and recognizes that some relevant information may have been omitted. Since most attention appears to be relatively recent, it was decided to use 1970 as a starting point in literature to reduce the scope. It is also recognized that some personal bias may be reflected unintentionally via the sources selected for review.

The basis for selection of the data sources is discussed in the next section, Data Collection, and has been made as extensive and objective as possible within the research strategy and in view of the previously cited limitations.

Data Collection

The research for this thesis involved both a search of secondary sources in the literature available, and a survey of current practices of selected industrial, professional, and governmental organizations. Discussion of the specific methodology of data collection follows in two sections: Literature Search and Survey of Organizational Practices.

Literature Search

The primary goal of the literature search was to ascertain the current views and status of ethics in management, focusing primarily on business management. The search of secondary sources also yielded many sample codes of ethics for comparison in the later phase

of framing a proposed code of ethics suitable to any manager, and the primary objective of this research.

The literature search was conducted primarily in six libraries located within the greater Dayton area:

1. AFIT School of Engineering Library
2. Wright State University Library
3. University of Dayton Library
4. National Management Association Library
5. AFIT Master Reference Library of Air Force Publications
6. Personal library of Dr. Raymond H. Klug

A search of secondary sources was also accomplished through the Defense Documentation Center, Cameron Station, Alexandria, Virginia. In addition, several research studies were retrieved for review from the Air University Library at Maxwell Air Force Base, Alabama. More detailed information follows.

School of Engineering Library. The AFIT School of Engineering Library served as the primary source of information obtained during this research effort. When relevant material was not available in this library the services of the library staff were used to locate the information elsewhere.

A starting point was to determine whether previous theses or reports had been written on the subject of managerial ethics. Several indices were reviewed under the keyword "ethics." All sources

identified in this manner and subsequently used in the preparation of this thesis are properly cited and listed in the bibliography.

Examination of the AFIT Resident Student Theses Index revealed that no theses had been written on ethics. The Government Reports Annual Index identified two reports written since 1971, but they were concerned with medical ethics and proved to be of little value to this thesis.

The Air University Abstracts of Research Reports identified and summarized fourteen studies written since 1971 by students of the Air Command and Staff College and Air War College. Six reports appeared especially relevant and were requested from the Air University library.

The Dissertation Abstracts International Retrospective Index and annual volumes of the Dissertation Abstracts International Index from 1973 through the current year identified several hundred reports on ethics. Most of these doctoral dissertations concerned philosophical discussions of ethics and were considered to be beyond the scope and intent of this thesis.

Six periodical indices were also reviewed to aid in locating current sources. The surprisingly large number of articles made it necessary to limit the review primarily to the two most recent years, 1974 and 1975, and the current year to date. The articles which appeared to be most relevant to the objectives of this thesis were selected for further study.

Of all the indices reviewed, the Reader's Guide to Periodic Literature, the Business Periodicals Index, the Social Sciences Index, and the Wall Street Journal Index proved to be the best sources of references. Some eighty articles referred to in these indices were selected for reading. The Applied Science and Technology Index and the Air University Library Index to Military Periodicals proved to be of lesser value; however, from these sources some twenty articles were selected for initial study.

A card catalogue search yielded additional sources available in the School of Engineering library. Of the thirty books reviewed, ten were used and found to be especially helpful in providing background information and developing portions of this thesis.

Wright State University Library. The Wright State University library proved to be an excellent source of reference materials. Many periodicals not available in the AFIT School of Engineering library were located in this library. A card catalogue search produced several books which were particularly helpful in that they were more current than books located in the AFIT library. Of special importance was a book published in 1974 which contained some 200 professional codes of ethics (Ref 29). This library was used quite extensively throughout the study.

University of Dayton Library. The University of Dayton library was used to locate some periodicals which were not available

in either the AFIT library or the Wright State University library.

National Management Association Library. A visit was made to the office of the National Management Association (NMA) in Dayton. The visit and library provided several excellent management texts and current management journals published by the association for its 250 member chapters and their 65,000 members (Ref 68).

Air Force Publications Library. The AFIT Master Reference Library of Air Force Publications was used to obtain information concerning military ethical guidelines contained in various regulations.

Personal Library of Dr. Raymond H. Klug. The personal library of Dr. Klug contains excellent published source materials including the most extensive and current collection of management texts located during the literature search. A great many of these texts contained references to management ethics. Course catalogues of management studies, governmental publications, and management journal articles are also maintained by Dr. Klug and were reviewed for this thesis. The books contained in this library served as the source for much of the philosophical discussion of this report and are referenced and included in the bibliography.

Of all the materials reviewed during the search of secondary sources, fifteen documents provided extensive information related to the content and use of ethical guidelines. A briefly annotated listing of these studies is provided in Appendix A. This concludes discussion

of the literature search. The second phase of the data collection methodology is presented in the next section.

Survey of Organizational Practices

The purpose of the survey of organizational practices was to obtain current samples of ethical guidelines which could be compared, analyzed, and synthesized to formulate a common code of ethics for managers. The survey was performed in two stages: (1) a mail survey of a select group of American corporations, professional associations, and governmental agencies; and (2) personal and telephone contact with representatives of selected organizations in the local area. This two-phased survey of ethical practices provided the current industrial basis for development of a common code of ethics for the professional manager.

Mail Survey. For the first phase of the survey of industrial, professional, and governmental practices, information available through past research studies was expanded upon by soliciting additional inputs in the form of codes of ethics or similar guidelines. The primary method used for gathering materials involved letters requesting assistance from selected organizations.

The invitation to submit existing codes of ethics involved mailing letters to 200 industrial organizations, 24 professional organizations, and a small sample of governmental agencies. The letters invited the addressees to participate in this research effort by supplying pertinent

general information regarding the interest in and availability of sample codes of ethics.

The 200 industrial organizations were selected by taking a random sample of Fortune's 500 industrial leaders (Ref 38). As stated previously, large industries were selected because it was believed that they would be most likely to have codes of ethics. The letters were addressed to company presidents since it was not known which office(s) within the respective organizations would be most apt to have the responsibility for developing, monitoring, and updating codes of ethics. Names and addresses of the current officials and organizations were obtained from the 1976 edition of Standard and Poor's Register of Corporations, Directors and Executives. In those cases where the organizational president was not listed, the name of the chairman was used. A complete listing of firms contacted, with all respondents identified, is included in Appendix B.

The twenty-four professional organizations were selected from the 1975 edition of the Encyclopedia of Associations. The total membership represented by the organizations is approximately 766,000 individuals. The majority of the associations were listed under the keyword "management" in the index. Other organizations such as the American Medical Association and the American Bar Association were selected because they had well-established, comprehensive, and apparently effective codes of ethics. The letters were addressed to the highest listed organizational official for the same reason as given

for mailing other letters to company presidents. The names and addresses of the appropriate officials and associations were obtained from the Encyclopedia of Associations. A complete listing of firms contacted, with all respondents identified, is included in Appendix C.

In addition to the letters sent to the 200 randomly selected corporations and the 24 professional organizations, letters were sent to the House of Representatives and Senate Ethics Committees. Addresses for these two committees were obtained from the 1976 Official Congressional Directory.

To complete the mail survey, letters were mailed to two individuals and one organization whose names appeared often during the search of secondary sources: Mr. W. Michael Blumenthal, President and Chief Executive Officer of the Bendix Corporation; Mr. Ivan Hill, President of American Viewpoint, Incorporated; and the Organization for Economic Cooperation and Development. These three addressees and the Congressional Committees are listed in the last part of the listing included in Appendix B.

A sample copy of the information requested and a copy of the letter requesting comments and codes of ethics appear in Appendix D. A formal letter of appreciation was sent to each respondent. A sample "thank you" for material received appears in Appendix E.

Personal and Telephone Interviews. The second and final stage of the survey of organizational practices involved conducting telephone interviews. The purpose of the interviews was to assess the current

state of ethics in various organizations, with the primary goal being that of determining the existence of codes of ethics within the organizations.

A visit to the Dayton Chapter of the Chamber of Commerce produced a listing of industries in the greater Dayton area which employ more than 200 persons. Forty-four local businesses were subsequently contacted for the purpose of soliciting codes of ethics. A complete listing of firms contacted, with organizations contributing materials identified, is provided in Appendix F.

Contact also was made with an official of the Better Business Bureau of Dayton-Miami. The representative confirmed that the Bureau assisted trade associations with the development of business codes, and suggested that the National Management Association might be able to provide further assitance.

An interview with Dr. William Levy, Institute Manager of the National Management Association (NMA), proved to be of significant value. Dr. Levy contributed source materials including copies of the NMA and Institute of Certified Professional Managers codes of ethics. Dr. Levy also agreed that requesting codes from a sample of companies would be the best way to gather codes of ethics. These comments reinforced the plans already made to solicit codes of ethics from a sample of leading industrial organizations.

It was concluded in forming the research strategy that the solicitation of comments and codes of ethics from current industrial

and professional organizations would provide sufficient information regarding the status of ethics in those areas. This was accomplished. Additional interviews were conducted with selected individuals within the armed services to determine whether efforts were underway to develop codes of ethics for military managers.

Within the Air Force environment, representatives of the Air Command and Staff College and the recently created Air Force Management and Leadership Center, both located at Maxwell Air Force Base, Alabama, were contacted for their views. For the Navy input, members of the Department of Operations Research Administration, Naval Postgraduate School, Monterey, California, were contacted. Information from a representative of the Army Management Engineering Training Agency, Rock Island, Illinois, completed the inputs from the armed services.

Other sources of data were pursued on an individual basis where the opportunity for new or relevant information existed. For example, contact with students and faculty members in the Department of Systems Management provided leads to pertinent data and copies of various codes of ethics. This concludes discussion of the data collection phase of the research methodology. The next section presents methodology for the second phase, Data Treatment.

Data Treatment

The purpose of the data treatment phase is to identify both the current status of ethics in the field of management and the substantive content of ethical guidelines which are used by practicing managers. In order to meet the objectives and to answer the related research questions presented in Chapter I, the data are treated in three stages: (1) Examining the character of a code of ethics, (2) Analyzing the contents of codes of ethics, and (3) Framing a proposed code of ethics for managers. These stages of the data treatment provide the basis for succeeding Chapters III, IV, and V of this thesis.

Examining the Character of a Code of Ethics

The first phase of the data treatment is designed to answer the research questions related to Objective 1; that is, what is the nature of a code of ethics? At the outset it is recognized that a code of ethics may be viewed as a means to improve the behavior of people in order to restore public confidence in contemporary leaders. There are, however, many ways by which behavior may be improved. Current thought in the public sphere tends to look to legislation as a means to enforce good behavior even at the expense of losing some freedom. Proponents of self-regulation, on the other hand, oppose imposed controls and view a code of ethics as being desirable and necessary to avoid governmental sanctions. In examining the nature of a code,

therefore, a code of ethics is presented as an alternative to legislation.

On a more professional plane, advocates of self-regulation believe that internal control may be best achieved when managers unite and professionalize the function of management. Since a code of ethics is recognized as a fundamental characteristic of a profession, the examination of the character of a code of ethics includes viewing a code as a requirement for the professionalization of management.

A code of ethics is, however, more than an instrument of self-regulation. To be truly effective, a code must serve as a guide to help managers resolve dilemmas which arise during the decision making process. For that reason, it is appropriate to conclude the inspection of the nature of a code of ethics by viewing a code as a guide to assist managers.

Analyzing the character of codes of ethics provides insight into the content of codes of ethics. As an alternative to legislation it might be expected that a code of ethics will be concerned with matters which are on the borderline between legality and illegality. As a characteristic of a profession, it might be expected that a code of ethics will contain statements calling for high standards of behavior, above and beyond standards required by law, when dealing with the various clients of a manager. As a guide to assist managers, it might be expected that a code of ethics will contain practical guidelines

concerning the proper behavior that should be displayed in various situations which arise often. In essence, then, examining the character of a code of ethics provides a natural viewpoint from which the contents of codes of ethics might be analyzed.

Analyzing the Contents of Codes of Ethics

In the second phase of the data treatment contents of industrial, professional, and governmental ethical guidelines are reviewed, categorized, evaluated, and compared from several viewpoints: principal areas of content, currentness, level of management responsibility for developing and/or monitoring codes, and others which arise during the analysis. These contents serve as the basis for framing the set of ethical guidelines to be proposed for managers.

Framing a Proposed Code of Ethics for Managers

The third phase of the data treatment incorporates the results of the first two phases. Knowledge of the nature of a code of ethics and knowledge of the contents of sample codes of ethics provide direction and structure for the development of a proposed code of ethics for managers. Contents of a common code of ethics are shaped by the nature of source materials, as well as by criteria established during the framing process.

This concludes discussion of the research methodology used in this study. The next chapter, Chapter III, examines the nature of a code of ethics and validates the need for a set of ethical guidelines for the manager.

III. The Character of a Code of Ethics

Chapter I highlighted the need for developing a code of ethics as a means for restoring public confidence in the leaders of today. Chapter II presented a methodology by which such a code might be developed. This chapter examines the nature of a code of ethics. Such an examination is a necessary prerequisite to understanding the contents of codes of ethics which are analyzed in Chapter IV.

In reviewing the character of a code of ethics, it is useful to present some contemporary viewpoints on what a code of ethics is used for. In that regard, a code of ethics is viewed in three phases as (1) an alternative to legislation, (2) a requirement for the professionalization of management, and (3) a guide to assist managers. Understanding the nature of a code of ethics from these three viewpoints provides valuable insight concerning the need for and contents of codes of ethics examined in Chapter IV.

An Alternative to Legislation

Ever since Adam and Eve ate fruit from the tree of knowledge of good and evil, mankind has been confronted with decisions requiring moral judgment. Through the years, diverse guidelines have evolved to provide people with standards for distinguishing good from evil and right from wrong. Based largely on religious doctrine, these

standards have assumed primarily two forms: (1) voluntary codes applying to members of particular groups and (2) legal sanctions applying to all people within a territorial district.

It is generally accepted that legal sanctions evolve when voluntary codes are either lacking or violated or when changes arise in the public concept of what is right and wrong. When the public feels that its interests are not being properly protected, rules of laws may quickly replace voluntary codes, for as Arthur Nielson recently noted:

> in a Democracy the views held by the public, either right or wrong, greatly influence public policy (Ref 83:8).

Mantell presented the same beliefs but in another form as follows:

> the public has come to expect competence, trustworthiness, and expeditious action; and the unethical actions of a few can arouse public indignation which may condemn and punish a profession at large through excessive legislation or boycott (Ref 70:60).

In either case, it is seen that legislative actions usually succeed violations of voluntary codes of behavior. Ralph C. Davis conveniently traced the evolution of standards of practice in the field of business management as follows (Ref 32:125-126):

1. The state of unrestrained competition.
2. Gradual realization of the importance of constraining business activity in conformity with some criteria of right conduct.
3. The beginnings of group action through association of business executives for the development of such criteria.
4. The development of public interest and group pressure.

5. The crystallization of business thinking and the development of a voluntary code for the industry.

6. Legislative action expressing the thinking of business and other groups concerning the standards of proper business conduct.

7. The self-policing of the industry, in some instances, which may or may not be done under the leadership of an "impartial chairman."

8. The policing of the industry by a governmental regulatory body, when and if the public still feels that its interests are not adequately protected.

Although it is not possible to place contemporary business management in any one stage of the evolutionary process, the above summarization makes it clear that if "the business community makes so little effort to discipline itself, then the government will step in and do the disciplining for it (Ref 64:18)."

It is not surprising, therefore, to find business leaders taking action to develop codes of ethics designed to clean up the business environment before the government does (Ref 23:78-79); however, critics say that not enough is being done (Ref 97:14), and call for legislation to place tighter controls on businesses and businessmen (Ref 81:8). It is especially relevant to study some of recent legislative proposals since such actions reveal, to a great extent, the attitudes of the public which must be dealt with if institutional leaders are to regain credibility. Since most of the current interest is centered on the affairs of governmental and business leaders it is appropriate to limit the discussion to those two environments. The

governmental environment, though not directly related to business management, is studied because it is believed that legislative constraints imposed on public officials often precede similar actions directed against leaders of private enterprises.

Governmental Environment. John W. Garner, chairman of Common Cause, recently noted that money and secrecy are the two main obstacles to responsive government (Ref 1:50). Several steps have been taken during the past few years to remove these obstacles from government in order to improve both the credibility and responsiveness of governmental bodies at all levels.

In 1974 the Campaign Spending Act was passed to remove the influence of "big" money from federal elections and to curb rising campaign costs. The law provides for public financing of Presidential primary and general election campaigns, disclosure of campaign finances, limits on contributions and expenses, and an independent commission to enforce the law (Ref 55:29). At first, the law may appear to be directed at politicians only; however, one cannot overlook the implications it has for big business. Knowing that illegal or questionable contributions are subject to public exposure, businessmen should be less likely to place themselves in the position of appearing to "buy" political outcomes. Since this appearance traditionally has been the source of many charges of corruption against businessmen and politicians alike, the law should act as a deterrent to corrupt practices, thereby restoring some credibility to both professions.

Similar and more extensive laws have been enacted in several states for the same purposes (Ref 61:82); that is, to restore credibility to the political profession by assuring the public that its representatives derive financial support through legitimate means.

There are moves underway which propose that all federal officials should be required to disclose their personal financial affairs. There are opposing views concerning the need for or effectiveness of such a requirement. Those who favor the proposal believe that corruption would be prevented in two ways: (1) individuals with questionable sources of income would be discouraged from entering the political scene and (2) those in office would be less likely to be tempted to go astray. Opponents of the measure claim that such a requirement would be a violation of individual privacy and, as such, it would deter qualified people from seeking public office. Opponents also note that individuals who are prone to unethical or unlawful acts would not hesitate to file deceptive financial statements; consequently, the law would not be effective (Ref 100:44-45).

In the event that public officials are suspected of obtaining funds from questionable sources, various means are available for investigating the allegations. At the national level, the Senate Select Committee on Standards and Conduct and the House Committee on Standards of Official Conduct have been in existence for some time to investigate allegations of misbehavior brought against members of Congress. Until recently, both committees have been relatively inactive.

However, as previously noted, the committees currently are actively engaged in investigations relating to Congressional misdeeds. Similar bodies such as the Alabama State Ethics Commission exist in several states for the purpose of overseeing the behavior of state and local public officials (Ref 62:11).

The other obstacle to responsive government, secrecy, is also being dealt with. Lawmakers at all levels are seeing the truth in what James Madison once said: "a popular government, without popular information, or the means of acquiring it, is but a prologue to a farce or tragedy, or perhaps both (Ref 1:51)." Decisions that are made in secrecy often breed the suspicion in the minds of the public that private, rather than public, interests are being served. Again, one is reminded of the power of public opinion in an open society.

Of the actions being taken to make government more open and accountable, perhaps the most well-known are the "sunshine" laws being enacted in several states. Among other things, these laws require that meetings of governmental bodies be publicly announced beforehand and be open to the public (Ref 30:4). Although these laws exist only at state and local levels, and even there only on a limited basis, it would seem that public demands for open government eventually will lead to an adoption of such laws at all levels of government, including the Congress. Such actions seem prerequisite to restoring credibility to governmental agencies.

Although the various laws described above (and the list is by no means exhaustive) have been in existence for only a short time, the effects can already be seen. Politicians are voluntarily disclosing their financial affairs and government business is being conducted more in the open, even in the Congress to some extent (Ref 1:52). Public officials are becoming more aware of public demands for honest and open behavior. Before acting, many public servants are inclined to ask themselves "how their actions would look on the front page of the Washington Post or on the evening newscast (Ref 30:4)." There is no doubt that the risk of public exposure is improving the private behavior of public officials. The same could be said for the behavior of private leaders of industry and commerce as well.

Business Environment. Within the business environment recent allegations of corporate bribery in the international business arena have shared the headlines with political corruption. In late March 1976, President Ford displayed concern in this matter by appointing a Cabinet-level task force to investigate the involvement of American firms in corrupt business practices in foreign nations. The views of the President are expressed as follows:

> To the extent that the questionable payments abroad have arisen from corrupt practices on the part of American corporations, the United States bears a clear responsibility to the entire international community to bring them to a halt. Corrupt business practices strike at the very heart of our moral code and our faith in free enterprise (Ref 19:33).

Congressional leaders also share the Presidential concern on the matter of corrupt business practices. Congressional proposals are made to go beyond a task force inquiry, however, by making it illegal for American corporations to bribe foreign officials (Ref 48:72). A bill introduced in the Senate would change the tax code "to penalize companies that make bribes or illegal payments to countries abroad (Ref 19:33)."

The Security and Exchange Commission also is getting involved by advocating what has been called a "new era in corporate responsibility." The aim is to make corporate directors more accountable to investors and to the public at large (Ref 33:67). Many companies already have started to have executives sign affidavits certifying their compliance with ethical and legal practices (Ref 90:58).

Private individuals also are calling for legislation to combat corrupt business practices. Perhaps the most notable is Ralph Nader, well-known consumer advocate. Referring to illegal practices, Nader recently noted that fines are often trivial compared to the amounts which are illegally gained. Moreover, once convicted the corporate or "white collar" criminal is less likely to go to jail than the "common" criminal. Nader claims that the way to stop illegal acts is to increase the likelihood of getting caught and to increase the penalties when violators are caught. In addition to suggesting that fines be based on a percentage of sales volume rather than on a fixed fee, Nader recommends that officials who are convicted of corporate-related violations

should be disqualified from serving as an officer in any American corporation for five years after conviction (Ref 81:8). While it is too soon to tell whether these recommendations will result in enactment of legislation, one cannot dismiss lightly the views of Ralph Nader because of tremendous personal influence.

The legislative actions and proposals described above are by no means all inclusive; however, the key element contained in all such actions is highlighted: the requirement for openness and accountability as prerequisites for restoring credibility to the leadership corps of American institutions.

Or course, advocates of improving the behavior of contemporary leaders through legislative means are not the only ones who are interested in eliminating corrupt practices from American society. Leaders within business, law, medicine, the military, and other professions are deeply concerned about restoring public confidence to the institutions; however, efforts to improve the situation are proposed from within the professions rather than to have regulations imposed externally. Proponents of this view believe that good behavior cannot and should not be legislated, and share the beliefs so eloquently expressed by former Senator Sam Ervin in a farewell address:

> . . . law merely deters some human beings from offending, and punishes other human beings for offending. It does not make men good. This task can be performed only by ethics or religion or morality (Ref 62:12).

The words of Dr. Robert H. Smith, a professor at the College of Wooster (Ohio), are also brought to mind:

> If government laws become construed as ethics, then increasingly we will call upon government to control behavior by passing a law. And at the same time, as we get more and more laws, there will be a tendency to look upon any act not forbidden by law as "ethical." So the danger I see is increasing reliance upon the laws accompanied by an erosion of true ethics--personal responsibility in free choice (Ref 66:46).

Many leaders sharing these views express fears over the growing involvement of the government in the affairs of private individuals and private enterprises. A recent survey conducted by The Conference Board revealed that business managers consider the encroachment of government in the affairs of commerce to be their second greatest concern, outranked only by concern for public distrust of business (Ref 74:2). These leaders, and others like them, recognize the importance of policing their own affairs. The words of Arch Booth, former president of the Chamber of Commerce of the United States, are especially appropriate in this regard:

> Our choice is clear: we must take voluntary action to increase the number of people practicing honesty or ethics--or find our freedom repressed by centralized authority and coercive regulation (Ref 50:261).

People having this persuasion believe that credibility with the public can be improved and governmental intervention can be reduced through self-regulation efforts. It is recognized that:

> in most fields government has accepted, with little apparent hesitancy, the profession's definition of the content and criteria of qualification and merit (Ref 35:410).

Since codes of ethics have always played a preeminent role in any drive for self-regulation, it is not surprising to find many companies developing codes as alternatives to legislation. The importance of such codes cannot be ignored, for as Earl W. Kintner, former chairman of the Federal Trade Commission and current president of the Federal Bar Association Foundation and National Lawyers Club, recently noted:

> Without formal codes of ethics, there is a very real danger that commercial intercourse will be smothered under the pressure of iron statutes--statutes which preclude the flexibility that is necessary if laws are to be effective, just, and non-discriminatory (Ref 50:402).

A code of ethics is viewed as being more than an alternative to legislation. Advocates of self-regulation believe the forces of internal control embodied in a code of ethics can lead to the professionalization of management, a long-cherished objective.

A Requirement for Professionalization of Management

For many years advocates for the professionalization of management have considered the development of a single code of ethics for managers to have high priority. Such action is viewed as being a fundamental prerequisite before aspirations can be realized. To highlight the importance of having a code of ethics for the professional manager Fulmer recently stated that:

> advocates of professionalization of management must . . . unite their constituency behind a code before their goal can be achieved (Ref 39:450).

Of course, a code of ethics is not the only characteristic of a profession. An analysis of several treatments of a profession indicates that many authors believe that certain other characteristics also must be present before a vocation can be viewed as being a profession. Several of these treatments are presented before discussing the vocation of management as a profession.

Characteristics of a Profession. The ways to determine the characteristics of a profession can range from a list of traits found in professions to an extensive treatise describing a particular profession. The former approach is sufficient for the purposes of this research effort.

According to Webster, a profession is defined as:

> a calling requiring specialized knowledge and often long and intensive preparation including instruction in skills and methods as well as in the scientific, historical, or scholarly principles underlying such skills and methods, maintaining by force of organization or concerted opinion high standards of achievement and conduct, and committing its members to continued study and to a kind of work which has for its prime purpose the rendering of a public service (Ref 110:1811).

There in one sentence is a comprehensive characterization of a profession; however, since this thesis is concerned with management as a profession it is appropriate to present some treatments offered by contemporary management authors. Louis Allen describes a profession as:

> a specialized kind of work practiced through the use of classified knowledge, a common vocabulary, and requiring standards of practice and a code of ethics established by a recognized body (Ref 6:87).

Several authors use the approach adopted by Bunting to cite the requirements of a profession. Their requirements are as follows (Ref 21:231):

1. Establishment of a field to be covered.
2. Provision of an ethical code.
3. Provision of rules for membership.
4. Development of educational standards.
5. Provision for an administrative code.
6. Establishment of penalties for noncompliance.
7. Establishment of an educational degree.
8. Provision of the service motive.

Other authors feel that the characteristics of a profession may be classified into fewer major headings. Fulmer believes that four criteria must be fulfilled before a vocation can be labeled a profession (Ref 40:13-14):

1. A systematic body of knowledge.
2. A service motive.
3. A professional association with power.
4. An ethical code.

Massie also espouses the belief that a profession is characterized by four elements (Ref 73:10):

1. Based on a proven, systematic body of knowledge, and thus requires intellectual training.
2. Maintains an experimental attitude toward information, and thus requires a search for new ideas.

3. Emphasizes service to others, and usually develops a code of ethics that requires financial return not be the only motive.

4. A calling into which the entrance is usually restricted by standards established by an association that requires its members be accepted by a group composed of people with common training and attitudes.

Austin goes one step further by suggesting only three requirements of a profession (Ref 9:60):

1. The requirement that a member demonstrates an acceptable standard of excellence within a recognized body of knowledge.

2. A code of conduct produced by the profession which each member affirms that he or she will follow.

3. The recognition and assertion of the fact that each member will place the interests of society before his (or her) own personal interest.

Bowen agrees with Austin that a profession is a vocation in which three conditions exist (Ref 18:113):

1. Pursuit of vocation demands that practitioners acquire an intellectually base technique.

2. Practitioners assume a relationship of responsibility toward clients.

3. Practitioners are organized into responsible associations which set standards for admission to practice and exert control over the actions of their members through codes of ethics.

One can readily see a pattern developing in these descriptions of a profession. What is particularly noteworthy is the fact that each author cites the need for a code of ethics. This is not surprising, for as one author puts it: "in all attempts to describe the distinguishing

marks of a profession, a high, if not the highest, place is given to standards of professional conduct (Ref 108:166)."

With this conceptual framework of a profession established, it is possible to determine whether management can be viewed as a profession. Using the format presented above by Fulmer, the vocation of management is examined to see whether the four characteristics of a profession exist in the practice of management.

Management as a Profession. The professionalization of management has been a long-cherished goal of many who are engaged in the practice of management. As long ago as 1922 people were talking and writing about whether business, the cradle of management, could be viewed as being a profession (Ref 63:vii). Critics remarked that the focus on the profit motive made talk of professionalization just an illusory dream. Moreover, the shadows of the "caveat emptor" (let the buyer beware) policy still lingered within many businesses. Such a practice was anathema to the concept of a profession, with its focus on service. Over the years, however, the attitudes and policies of business managers have adjusted to the changing demands of the public. Whether things have changed sufficiently to warrant the title of "profession" is subject to argument.

A Systematic Body of Knowledge. It is generally accepted that scientific principles and an underlying body of theory must be developed before a vocation can evolve into a recognized profession. Few can deny that management meets these requirements. Principles of

management abound in most management texts. The theory of management draws from many social and physical sciences. The existence of over 500 institutions which offer courses in management is sufficient evidence that management can be taught (Ref 40:13). It is also noteworthy that management schools are concerned with the ethical requirements of management practice. In the fall of 1975 alone, some 50 business colleges planned to offer courses on social, legal, and ethical issues for the first time (Ref 115:1).

A Service Motive. Inherent in the concept of a profession is the requirement to place service to others before self-interest. As MacIver once said, "every organized profession avows itself to be an association existing primarily to fulfill a definite service within the community (Ref 69:123)." Peter Drucker adds that the first responsibility of a professional is to the public served (Ref 34:368). Whether management meets this criterion is subject to discussion.

Although the primary orientation of a manager is often an economic one, there can be no doubt that a valuable service is being provided. Current emphasis on issues of civil rights, ecology, and consumerism indicates that management focuses on things other than the profit motive. It is believed, therefore, that management fulfills the requirement of having a service motive.

A Professional Association with Power. The existence of an organized body to administer and enforce the requirements set forth by the members of a profession is common to all descriptions of a

profession. Recognizing the importance of a single professional association for management, Louis Allen once wrote: "an association, national in scope, should be organized to provide impartial objective leadership in the development of the scientific and professional aspects of management (Ref 6:88)."

Included in the Encyclopedia of Associations are more than 100 associations containing either the word "management" or "manager." Several other associations are listed under the word "executive." Although standards of behavior are not enforced in the manner of the American Medical Association, Albers notes that these associations may serve as the basis for more complete professionalization in the future (Ref 4:34). That future may not be too far off because, even today, steps are being taken to organize managers under one common association.

In 1975 W. Michael Blumenthal, President and Chief Executive Officer of the Bendix Corporation, called on his fellow business managers to "organize an institute or association to promote the idea of responsibility and ethics in business practice in the broadest sense (Ref 15:3-1)." In advocating such an association Mr. Blumenthal noted that the benefits would be twofold as follows:

1. By establishing the benchmarks of what is right and what is wrong, we are more likely to be able to fend off punitive, heavy-handed and possibly damaging legislation that the public will insist on if a degree of self-policing is not seen to be effective.

> 2. Such action more importantly can provide a clear path for restoring confidence in business in our society by improving the performance, and not merely the image, of our business organizations (Ref 15:3-1).

Many share Mr. Blumenthal's belief in the urgent need for restoring credibility within national leadership, and that the approach is better to be accomplished from within.

In a more professional vein, the National Management Association and the International Management Council recently created the Institute of Certified Professional Managers. Open to managers in all fields of endeavor, a primary objective of the institute is to increase the professionalization of management (Ref 40:13). Although the institute is still in the early stages of developing admission tests it has certified a number of managers on the basis of experience alone (Ref 68). The mere existence of this institute lends credibility to the idea that management may soon meet the criterion of having a single professional association with power.

An Ethical Code. Although acceptance of an ethical code is only one of the marks of a profession, it seems to occupy a position of primary interest. It is not surprising that a code of ethics holds such a high position within a profession. An engineering author once wrote:

> A written code of ethics declares before all the world the high standards which are professed and gives an understanding of what the public may expect in their relations with members of the professions (Ref 70:60).

A code of ethics is, then, a symbol of trust between experts and amateurs, and reflects the competence, trustworthiness, and expeditious

action expected of a professional person by the public. It is, therefore, incumbent upon managers to develop a code of ethics in order to identify the standards of behavior which the public can expect of managers. When such a code is adopted and observed "confidence and trust in the profession will be firmly established (Ref 108:166)." Until that time, management cannot be viewed as being a true profession because it does not meet the requirements of a profession, "one of which is an internally developed code of conduct that can be professed as the code by which members of the profession will live (Ref 9:53)."

The fulfillment of the requirements of a profession is undoubtedly a valid rationale for developing a code of ethics for managers because the honor of being labeled a profession is great. A code of ethics is, however, more than a characteristic of a profession or an alternative to legislation. In the final analysis, a code of ethics is, and must be, a practical working guide to assist managers in the performance of duties.

A Guide to Assist Managers

Managers, and others, receive guidance from a variety of sources which Jucius suitably classified into four standards(Ref 58:362-363):

1. Subjective Standard: Based on perception of self and others, personality, and personal attitudes and value systems.

2. Normative Standard: Based on influences of custom, culture, and laws; i.e., on prevailing societal concepts of morality.

3. Objective Standard: Based on influences of religious doctrine; a permanent basis for establishing behavior.

4. Associational Standard: Based on influences of close personal contacts: family, peers, clergy, associates, and superiors.

These standards account for much of the ethical behavior of an individual, and serve as the basis for the personal conscience. By the time a person has reached a position of authority one would think that the developed conscience would provide all the guidance necessary to make ethical decisions. The words of Winston Churchill are recalled:

> The only guide to a man is his conscience; the only shield to his memory is the rectitude and sincerity of his actions (Ref 31:2).

A recent survey lends credibility to the thoughts of Churchill. When responding to the question "What do you believe is the most influential source of business ethics today?", managers overwhelmingly replied that "their own conception of right and wrong defines proper business behavior, not company policies, society's expectations, or anything else (Ref 66:44)." One may wonder, then, why additional guidance in the form of a code of ethics is needed.

Previous sections of this chapter presented a code of ethics as an alternative to legislation and as a step toward the professionalization of management. However, the nature of a code of ethics runs deeper than that. American society is undergoing a considerable change today

and values of personal integrity, honesty, openness, and realness are becoming more important (Ref 3:364). Increasingly evident is the reality that "ethical decisions are the important decisions today, and will continue to be in the days ahead (Ref 13:14)." As the function of management adapts to the new value systems, and adapt it must, it is assuming a new and more important role in society. As the management author Massie puts it:

> Management has evolved into more than the use of means to accomplish given ends; today it includes moral and ethical questions concerning the selection of the right ends toward which managers should strive (Ref 73:4).

There can be no doubt that public opinion is determining, to a great extent, those ends toward which managers should strive.

In recent years, the attention of the public has been directed to issues concerning the social responsibilities of management. Once predominantly an economic function, management is fast becoming a social institution. Managers are being called upon to make decisions concerning social problems such as consumerism, pollution, racial and sex discrimination, public safety, and the energy shortage. The assumption of these social responsibilities is making "more complex the decision making and management task of organizational managers (Ref 26:613)." But the problem is more than just the assumption of additional responsibilities. As Mr. Blumenthal recently noted:

> . . . there have been changes in what are considered acceptable standards of moral behavior, as well. Things that were countenanced as normal practice . . . are now regarded as unacceptable. And there have been changes

> in the ways in which we hold businessmen accountable, as well as to whom they must defend their actions (Ref 16:3).

It is this growing complexity of decisions coming as it does during a period of moral uncertainty which has created the need for additional guidance to assist managers in the performance of duties.

The individual conscience is not able to provide all of the guidance which is needed when making the complex decisions facing managers today. What is needed is a practical guideline to assist all managers, newcomers and experienced ones alike, who are confronted with the many ethical dilemmas which appear so often in the world of today. A code of ethics, when properly developed and applied, fulfills that need for guidance, and serves as both the conscience and shield mentioned by Churchill.

Through the years, informed leaders have recognized the need for a code of ethics as a source of guidance for managerial behavior. In 1924 Edgar Heermance, a pioneer in the cause for codes of ethics, wrote that a code of ethics "educates sentiment within the profession or trade, particularly among the younger men who enter or are about to enter (Ref 71:22)." A code of ethics is seen to be essential for new managers to establish proper standards of behavior. This is especially important when the conduct of others appears inconsistent or questionable to the new manager. At the same time, a code of ethics serves to guide experienced managers in setting proper examples of behavior. The importance of having proper behavior exhibited at the highest

management levels is stressed often in the literature, for it is well established that the ethical behavior of managers is greatly influenced by the standards espoused by top-level managers (Ref 11; 27; 91; 99; 101; 105).

In 1961 John B. Shallenberger, President of the Connellsville Corporation and Research Officer of the Comite International de l'Organisation Scientifique, had the unique opportunity of interviewing some 7500 top-level managers in 109 different countries. Based on extensive interviews, Mr. Shallenberger concluded that:

> top managers . . . are potentially a great force for good. All that is needed is . . . a set of guidelines by which to steer (the) course of management behavior, . . . (Ref 11:171).

Mr. Shallenberger made two recommendations that would go a long way to unleash the latent forces for good (Ref 11:172):

1. Codification of ethical standards for manager performance.
2. Establishment of a "Hippocratic Oath" to be administered by a suitable body of authority to all persons admitted to top management levels.

Some fifteen years later, efforts still are underway to develop ethical guidelines for managers.

In March 1976 W. Michael Blumenthal reiterated the need for a common code of ethics during an address to the Graduate School of Business Administration, University of Michigan:

> . . . businessmen ought to get together and write a code of ethics that would deal with some of the more vexing questions about corporate behavior. . . . The suggestion for a code is not very different in concept from the professional codes of ethics subscribed to by . . . other professionals (Ref 16:9, 10).

As of this writing such a code of ethics has not been composed. Most efforts have been geared to tailor codes of ethics to meet the needs of particular organizations. A sample of these organizational codes are examined in Chapter IV of this thesis for the purpose of developing a single code of ethics for all managers.

In summary, it is evident that there is sufficient rationale for developing a code of ethics for managers. Some people advocate adoption of a code as an alternative to legislative control. Others view a code as a necessary step towards the professionalization of management. All proponents agree that the basic reason for developing a code of ethics is to provide guidance to the manager. The next chapter, Chapter IV, presents an analysis of sample codes of ethics to determine the guidance contained in such codes, and to serve as the basis for developing a common code of ethics for contemporary managers.

IV. The Contents of Ethical Guidelines

Chapter III provided insight into the possible contents of ethical guidelines by examining some fundamental reasons for and values to be derived from developing codes of ethics. This chapter reviews and analyzes the actual contents of sample ethical guidelines used by selected organizations. The contents studied herein serve as the basis for the proposed code of ethics developed for managers in Chapter V.

It is recognized that different organizations may require somewhat different or tailored ethical guidelines; consequently, the analysis is presented according to the three environments examined during this research effort: industry, professions, and government. The main thrust of the analysis centers on guidelines used by large industries. Attention is also given to small businesses, professional associations, and governmental agencies to provide a basis for comparing contents of various ethical guidelines and to assure more comprehensive consideration for inclusion into a single proposed code for managers.

It is recognized also that the depth of coverage included in various ethical guidelines may range from generalized guidelines to rather detailed procedures. The purpose of this chapter is to examine the key contents of ethical guidelines and not to be overly concerned with minute details. The main focus of attention is directed to generalized statements of conduct rather than specific procedural guidelines. The

analysis of the contents of ethical guidelines is presented in three phases: (1) Contents of Industrial Guidelines, (2) Contents of Professional Codes of Ethics, and (3) Contents of Governmental Ethical Guidelines.

Contents of Industrial Guidelines

Numerous studies have reviewed the contents of ethical guidelines used by industries. It is appropriate to discuss two of these studies before examining the guidelines gathered as a part of this research effort.

In 1958 Stewart Thompson conducted a research study under the sponsorship of the American Management Association in which the management creeds of 103 companies were examined. In reviewing the creeds Thompson noted that a company creed usually contained one or more of three things (Ref 103:10):

1. Statement of company objectives, aims, and goals.
2. Statement of principles, policies, and ethics governing the manner in which the objectives are to be achieved.
3. Statement of responsibilities or obligations which are to be met.

Based on these findings, Thompson concluded that a creed could be defined as "the most basic sort of guiding statement of company objectives which also lays down the ethical practices to be adhered to in achieving these objectives (Ref 103:11)." In other words, a company

creed may be viewed as being similar to or most often containing a code of ethics.

Although it is not practical to provide a detailed examination of all creeds studied by Thompson, it is worthwhile to present a sample creed which may be viewed as being representative of the 103 creeds. The basic philosophy of H. W. Lay and Company is presented as follows (Ref 103:118):

> It is our purpose . . .
>
> 1. To provide the consumer at all times with products of highest quality and value.
>
> 2. To earn the respect, confidence, and loyalty of our customers by serving them so well that they can attain maximum turnover of our products at a good profit.
>
> 3. To provide our employees with the opportunity and incentive for maximum self-expression and growth.
>
> 4. To fulfill our obligation to our stockholders by providing a fair return on investment and by insuring future growth and earning power.
>
> 5. To be good citizens in our community by observing the highest moral ethical standards in the conduct of our business and by supporting the American system of freedom and opportunity.

One immediately notes the concern for fulfilling responsibilities to clients of a manager: consumer, customer, employee, stockholder, and community. This theme of multiple-client relationships appears frequently in ethical guidelines. It is also noted that creeds often are presented in the form of statements of purpose or objectives relating to people interests.

In late 1975 the Business Conduct Guidelines Committee of the Business Roundtable issued a report summarizing the contents of the guidelines or codes of ethics of some 100 companies (Ref 24). It is particularly relevant to examine the findings of the report since the membership roles of the Business Roundtable include some of the largest industries in the United States.

The report presented three sections in which the various codes of ethics were evaluated (Ref 24:1):

1. The major areas covered by most companies.
2. Other, special concerns addressed by one or two firms.
3. Methods by which guidelines are built into the management system.

One principal area covered in many guidelines was conflict of interest. Two-thirds of the companies participating in the survey included guidelines on this subject. A summary listing of the major areas of coverage is as follows (Ref 24:2-3):

1. Conflict of interest situations
2. Dealings with suppliers
3. Compliance with laws: Antitrust, commercial bribery, etc.
4. Corporate political contributions
5. Product quality and marketing
6. Confidential and proprietary information
7. Company property

The materials submitted also contained a variety of concerns addressed by one or two companies. The following secondary concerns were viewed as being most notable by the Business Roundtable (Ref 24:4-5):

1. International operations
2. Relationship with employees
3. Press relations
4. Electric power conservation
5. Truth and candor in reports
6. Participation of employees in candidacy for public offices
7. Credit data organizations

One cannot help but to notice the concern for many areas which have made headlines in recent times.

The final area of interest examined by the Business Roundtable concerned the format of the various ethical guidelines and how such guidelines were built into management systems. Although policy letters or corporate instructions were the most common media used for transmission and dissemination, the format varied considerably and several methods were used as follows (Ref 24:6-7):

1. Forceful statement by chief executive, which is distributed to all employees.
2. Policy letters stating that all managers are to insure compliance by their employees.
3. Internal controls and necessary operating procedures established by major operating units.

4. Periodic audits conducted by designated staff agencies to insure compliance.

5. Policy statements on disciplinary action for violations of guidelines.

6. Requirement that designated employees certify compliance to rules on conflicts of interest, political contributions, and antitrust concerns.

7. Periodic management meetings to cover business conduct guidelines.

8. Formation of top management committees on business ethics or good corporate practices to oversee and to audit compliance.

The use of words such as "to insure compliance," "internal controls," "audits," "disciplinary action," and "oversee and audit" provides insight into the quasi-legal nature of ethical guidelines which is developed further in a later section of this chapter.

These summary findings of the American Management Association and Business Roundtable studies indicate, to some extent, the ethical concerns of businessmen during the past and present. More insight into the present concerns is gained by analyzing the contents of guidelines solicited during the research quarter. The presentation begins with those guidelines received from smaller industries as follows.

Contents of Codes of Small Industries

As noted in Chapter II, small companies were a minor source of information in this study because it was believed that larger firms

would be most likely to have written ethical guidelines in the form of codes of ethics, company creeds, and similar statements of conduct. The findings validated this belief in that only eleven, or 25 percent, of the forty-four firms contacted in the local area professed to have written ethical guidelines. The typical attitude of firms which did not have written guidelines can be summarized as follows:

> We are a small company, and rely on individual responsibility rather than on broad policy statements for guiding our behavior.

Seven firms provided materials which were reviewed and analyzed for inclusion in this thesis. Although a sample size of seven is small, a pattern was readily apparent in the guidelines submitted by the seven companies. Each of the guidelines was relatively short in length, with five documents consisting of only one page.

The titles of the guidelines varied considerably, and ranged from "Code of Principles," "Standards of Conduct," "Code of Conduct," "Basic Principles," to "Creed" and others, but a pattern of contents clearly emerged. The following contents appeared most frequently among the seven respondents, with the number of times noted in parentheses:

1. Recognition of the importance of conducting affairs with integrity and keeping with the highest degree of ethical standards. (7)

2. Relationship with customers, to include providing high quality products and service and dealing fairly with all customers. (6)

3. Relationship with employees, to include providing for recognition, opportunity for advancement, fair wages, fair supervision, good working conditions, and others. (7)

4. Relationship with stockholders, to include providing for a reasonable profit, growth of the company, maintaining a good reputation, and efficient operation. (6)

5. Relationship with community or public, to include supporting the American way of life, being a good citizen by paying taxes, encouraging civic participation by employees, and complying with the letter and intent of laws. (5)

The support of top management personnel was readily apparent either directly through the stated authorship of the documents, or indirectly through the tone of the guidelines. In any event it is clear that the guidelines were promulgated from positions of high importance and authority.

Although most of the guidelines were similar in format and content to the previously mentioned philosophy of H. W. Lay and Company, one document stands out as containing many guidelines similar to those identified by the Business Roundtable. It is relevant to note that this document was issued in March of 1976; consequently, the contents are likely to be indicative of the current concerns of businessmen. For that reason, it is appropriate to present a summary listing of the areas included in the document as follows:

1. Compliance with laws
2. Political contributions
3. Bribes and kickbacks

4. Acceptance of costly entertainment or gifts
5. Corporate hospitality of public officials
6. Conflicts of interest
7. Fair competition
8. Candor with management and auditors
9. Proper accounting
10. *Discovery of violations procedures*
11. Interpretation and reporting compliance with policy, including a signed testament by officials of understanding and compliance with policy

An informed reader recognizes that many of the above areas are central themes in many recent allegations of corporate wrong doings.

It is readily apparent that the contents of this small sample of size seven are very similar to the contents of the guidelines studied by Thompson and in the Business Roundtable sample of 100 companies. It is interesting to note also that the contents relate directly to the nature of a code of ethics examined in Chapter III. Some contents are concerned with clarifying matters relating to legal questions; some contents are concerned with service to others in the manner of professional ethics; and all are developed to guide managers and others in the performance of duties.

The contents of ethical guidelines used by large industries are examined next to determine what patterns, if any, exist and how the contents relate to the contents of guidelines used by smaller industries.

Contents of Codes of Large Industries

In March of 1976 an article in The Wall Street Journal highlighted the growing use of guidelines on ethics among large corporations as follows:

> Responding to the wave of corporate payoff scandals in recent months, dozens of major companies are issuing employees written rules governing corporate ethical questions, or are revising long-standing codes of conduct to cover new problems (Ref 79:1).

The findings of this research effort fully substantiate the validity of this statement.

Including the Bendix Corporation, a total of 201 large industries, selected from Fortune's 500 leading industries, were asked to participate in this study by submitting codes of ethics, codes of conduct, company creeds, or comparable projections, and certain supporting information. To date, 98 companies have provided responses, 94 of which are usable. Four were of the nature or format which precluded inclusion. Before examining the contents of the various ethical guidelines received it is worthwhile to present some data concerning the respondents and the nature of the responses.

Analysis of Responses. The unusually high response rate of almost 49 percent is significant and worthy of comparison with similar studies. In the Thompson study of 1958, 103 companies, roughly 15 percent of the 700 firms surveyed, responded to a letter requesting copies of management creeds and similar documents. It should be

noted that the response rate was low even though all of the 700 companies had used services of the American Management Association (AMA) and, therefore, were well aware of the function of the AMA as a research institute in the field of management (Ref 103:14).

In 1961, Reverend Raymond Baumhart solicited information from some 5000 managers concerning the ethics of businessmen. Approximately 1700 executives, or roughly 34 percent of those surveyed, responded to the request for information. It should be noted that all of the 5000 managers were readers of the Harvard Business Review, the sponsor of the survey, and, as such, had a professional as well as personal interest in the results of the study (Ref 11:6). No doubt this affiliation had an effect on the response rate.

In the Business Roundtable study conducted in late 1975, some 100 companies, or 62 percent of the 160 firms surveyed, provided responses for inclusion in the report concerning the contents of business conduct guidelines (Ref 24:1). This response rate is noteworthy; however, it should be noted that all of the firms surveyed are members of the Business Roundtable. As leaders among large industries it is not surprising that Business Roundtable members express such interest in sharing materials that might be used to improve the image of large businesses in general.

By comparison to these studies affiliated with particular organizations, the survey conducted as part of this research effort was conducted on a completely random basis. The response rate of 49 percent

is significantly greater than that of either the Thompson or Baumhart studies. Perhaps this indicates that contemporary managers are more interested in ethical questions and solutions to ethical problems than were managers of the past.

The response rate realized in this study compares favorably with that achieved by the Business Roundtable. From Table II below, it is readily apparent that the 61 percent response rate from companies among the top 150 industries compares favorably to the 62 percent response rate achieved in the Business Roundtable study. This comparison is all the more significant when it is recognized that the companies surveyed in this research effort had neither a vested interest in the sponsor nor a promise of the report of findings as participants generally do in more formally sponsored surveys.

The gratifying response rate to date of 49 percent to a graduate research thesis in an institute of technology is most rewarding and attests to the prevailing interest and awareness and timeliness of the topic. Additionally the response rate may have been enhanced by the request having been signed by Professor Klug. It is indeed complimentary and a favorable reflection on the interest and cooperation of the busy respondents who are known to be plagued by the volume of such requests for information. An added influence for the favorable response may have been the level to which the inquiries were addressed; i.e., to the chief executives or chairmen of the board.

Table II

Response Rates

Companies from Top	Surveyed (#)	Responses (#)	Rate (%)
25 Industries	12	11	92
50 Industries	22	18	82
75 Industries	35	27	77
100 Industries	45	29	64
150 Industries	62	38	61
500 Industries (Entire Group)	202	98	49

Table II summarizes the number of companies surveyed, the number of responses received, and the response rates for the group as a whole (the top 500), as well as for companies among the top 150, 100, 75, 50, and 25 firms. The high rates are significant and indicate that the leaders of large industries are very much concerned with the issues addressed in this thesis: developing a code of ethics for managers. Furthermore, the interest expressed is on a personal level as well as on a professional level since there was no associational pressure exerted on the companies surveyed, and no direct rewards or penalties for compliance. A genuine and wholesome interest in the topic is inferred.

The high response rate is not the only number of importance. Of greater significance is the number of organizations having written

guidance on ethics for employees. Of the 98 responses received, 66 firms acknowledged the existence of a code of ethics or comparable creed, and 62 companies provided such materials for review and analysis in this thesis. Twenty-eight firms responded that no company code of ethics existed; however, even these companies provided valuable information. The remaining four respondents chose not to contribute to the study, either because the information requested was stated to be "confidential" and "not available for public dissemination," or because participation in such studies was "against company policy."

Of the 94 companies which contributed to the study, over 70 percent have written guidance concerning ethical issues. A study conducted by Reverend Baumhart in 1966 revealed that only 32 percent of 100 businessmen interviewed professed to have a company code of ethics (Ref 12:169). Baumhart used the term "code of ethics" to include such things as codes of ethical practices, corporation creeds, and policy statements (Ref 12:153); consequently, this study and that of Baumhart are comparable, at least from a definitional point of view. A more recent study, conducted by the Study of Applied Ethics at the Barden School of the University of Virginia, revealed that some 60 percent of business organizations responding to an inquiry had codes of ethics or ethical guidelines (Ref 84:69). It is recognized that overgeneralizations are cautioned against, but the dramatic difference in the number of companies having codes of ethics is certainly indicative of the growing use of and increasing awareness of the need for written

ethical guidelines in just 10 years of comparison.

The increasing use of ethical guidelines is especially apparent among the largest companies. Among firms which contributed to this research effort, 75 percent of those companies among the top 100 industries and 90 percent of those firms among the top 25 industries have written guidance on ethics for employees. When compared to the number of smaller industries having codes of ethics, these findings lend credibility to the belief that large industries are more likely to have written guidance concerning ethical questions.

Although the large number of companies having written ethical guidelines is, in itself, an indication of the widespread interest in ethical issues and codes of ethics, further examination of the responses makes such interest more readily apparent.

Among the 66 companies having a code of ethics, 58 firms provided dates on which codes were issued. It is noteworthy that 50 documents, or 86 percent, were issued in either 1975 or 1976, and 33 documents were issued in 1976 alone. As current as the ethical guidelines are, it is additionally interesting to note that 13 companies are in the process of revising guidelines. Of equal significance is that 31 companies, or 79 percent of the 39 firms offering an opinion, expressed interest in seeing a common code of ethics developed for managers. These findings certainly support the beliefs stated in the previously cited article of The Wall Street Journal that many companies are currently actively engaged in the development of ethical guidelines.

By no means is the interest in codes of ethics confined to firms having written guidelines. Companies not having such guidance also provided information which revealed widespread interest in codes of ethics. Among the 28 companies not having a code of ethics, 15 firms foresaw a real need for, and value of, a code and 13 companies were in the process of developing a code. Of even greater significance is that among 23 companies offering an opinion concerning the development of a common code of ethics for managers, 20 firms, or 87 percent, expressed interest in seeing such a code developed.

This research would be incomplete if the comments of those who did not express interest in seeing a common code of ethics being developed for managers were ignored. For that reason, some of the comments are presented as follows:

> "I believe it would be extremely difficult to write a universal code of business conduct, given the great diversity of American business today. Each company should have its own guidelines that are distributed to its employees and made public."
>
> Chairman of the Board

> "From what we have seen to date, the intensely individual nature of the problem makes difficult any meaningful attempt to reduce codification to a common denominator and some efforts we have seen have either been bland mush or detailed to the point of Orwell's 1984."
>
> Vice President and General Counsel

> "This basic problem is to get a proper code of behavior at the government level and not at the business level."
>
> Executive Vice President

"Each company should have its own Code of Ethics."

Vice President

"Codes often have the unfortunate effect of stating what may be done with impunity. The law and religious or ethical teachings are better guides for conduct."

Unsigned

"We have not issued a detailed statement of ethics for the corporation. We have not seen the necessity for it in the past because it has been established and understood within the company that we do insist on high ethical conduct in all our business transactions."

Vice President

"Too often the mere preparation of a "code" of ethics is something which is read once, filed and forgotten. Everyone in an organization must strive to meet the highest standards in all dealings at all times and that comes only from continuous inculcation of the business philosophy, not from summary documents."

Vice President

"In addition to having little positive value, there is a strong likelihood that any attempt to prescribe morality by rote as a substitute for judgement will be detrimental. The inclination of individuals reducing ethics to a set of rules is to "over-kill" in their desire not to appear to condone anything subject to any potential criticism by anybody, including unknowledgeable people unfamiliar with the circumstances."

Vice President

"We believe deeply in the ethical conduct of business affairs, and aspire to high standards for ourselves and our employees in that regard . . . We feel that our expectations for high levels of ethical behavior are best conveyed by conduct, example and the atmosphere maintained throughout the Company. . . We also feel that the determination of standards of ethical conduct is a responsibility that should not be delegated. For that reason, although a synthesized

> code of ethics for managers might be of general interest, it is doubtful that our Company would feel its responsibilities were discharged by simply subscribing to such a code."
>
> Vice President

It is indeed commendable that very busy and high level industrial executives while perhaps having no direct set of data to provide to this research effort still do take the time for such erudition. The provision of contra insights is indeed equally valued as contributions for objectivity in this study.

One inference is clearly drawn from the cited comments: codes cannot be used as substitutes for individual judgment. Of course, that is true, but the very existence of codes of ethics in so many industries suggests that "there is some value in a formal statement of obligations which goes beyond those defined in the law (Ref 76:101)."

In summary, 79 companies, or 84 percent of firms contributing to this research effort, either have or are in the process of developing written ethical guidelines. In addition, of the 62 companies offering an opinion concerning the development of a common code of ethics for managers, 51 firms, or 82 percent, expressed interest in seeing such a common code for managers developed. These findings provide insight into the widespread interest in codes of ethics yet do not provide information concerning the nature of codes of ethics. An examination of the contents of ethical guidelines to discover which contents should be contained in a common code of ethics for managers follows as a logical requirement.

Analysis of Contents. The materials submitted by 62 companies provide a wide range of ideas regarding what contemporary managers consider to be ethical issues worthy of inclusion in written guidance. The materials range from one-page policy statements and management creeds to small booklets containing as many as thirty-eight pages of detailed guidelines on proper business conduct. In total, the materials accounted for some 335 pages of information.

Analysis of the materials submitted suggest three categories of evaluation:

1. Major areas of coverage; that is, areas included in at least 50 percent of the guidelines.
2. Minor areas of coverage
3. Methods by which guidelines are built into management systems.

Although the three categories are similar to those used by the Business Roundtable, the areas covered under each category are not necessarily the same.

Major Areas of Coverage. General statements concerning the importance of having a good reputation and conducting affairs in accordance with the highest standards of ethical behavior were included in nearly three-fourths of the company guidelines submitted to this study. These statements implied that the individual was aware of what constituted the "highest standards of ethical behavior." The written guidelines were there merely to assist employees in defining certain aspects of proper conduct most applicable within the individual company.

Statements concerning the need for all employees to obey all laws were contained in 70 percent of the documents. Written guidance was provided to identify those laws most susceptible to being violated within the company and to outline procedures for employees so the laws would not be violated. Included among the laws covered were antitrust laws, election laws, securities laws, equal employment opportunity laws, safety laws, and others.

The third most frequent topic, occurring in 56 percent of the guidelines, concerned the use of corporate funds for political contributions. In most cases the policy stated that corporate funds simply would not be used to support any political candidate or party, whether or not it was legal to do so. It is particularly noteworthy that political contributions were addressed only in guidelines issued during 1975 or 1976, further indicating general broadening awareness of business managers to affairs and current events outside of the individual business confines.

The final major area of coverage occurred in 55 percent of the documents and was concerned with conflict of interest situations. Such situations were identified to include outside employment, financial interest in competitors, customers, or suppliers, receiving or giving gifts from or to employees of firms doing business with the company, and speculating in company stock. The reader may recall that conflict of interest situations were the most frequently covered areas in the Business Roundtable study.

A summary listing of the major areas of coverage, including sample guidelines, is presented as follows:

1. Engage in highest standards of conduct

   "To do business guided and governed by the highest standards of conduct so the end result of action taken makes a good reputation an invaluable and permanent asset."

   "The . . . Company does not expect anyone to act in any way contrary to his or her high moral and ethical standards under the pretext that it would be in the best interest of the company."

2. Obey laws

   "It is the policy of The . . . Corporation and its subsidiaries to comply with the laws governing their operations and to conduct their affairs in keeping with good moral, legal, and ethical standards."

   "Agreements to fix prices, allocate markets, suppress technology or limit the quality of products, and engage in group boycotts are unlawful, and the burden of establishing freedom from wrongdoing is on you."

3. Political Contributions

   "Corporate funds or other assets cannot be used directly or indirectly for political contributions, whatever the amount of the contribution, whatever form the contribution takes, whatever the laws of the country or locality."

   "No funds or assets of the Corporation or any subsidiary shall be used to make any political contributions in the United States or in any other country."

4. Conflict of Interest

   ". . . officers and employees may not pursue private activities in any manner injurious to the

> Company and must subordinate those activities where they may be in conflict with the best interests of the Company."
>
> "No Officer or Employee should accept any gift or loan from any person or firm having current or prospective dealings with the Company as a supplier, contractor, or purchaser . . . if the acceptance of it would influence, or would create the appearance of influencing, him to act other than solely in the best interests of the Company."

Of course, the guidelines entail more than generalized statements as described above. The reader who is interested in reviewing the detailed contents of some existing ethical guidelines is directed to Appendix G, where sample contents are provided.

Minor Areas of Coverage. The materials submitted contained a variety of concerns addressed by less than a majority of companies contributing to the research effort. Included in 48 percent of the documents were guidelines concerning the use of company funds, excluding the subject of political contributions. Of concern here are things such as bribes and exorbitant fees or other illegal and unethical use of funds. It is noteworthy that references to bribes were made only in those guidelines issued in either 1975 or 1976.

Statements regarding the accuracy of reports and financial records appeared in 42 percent of the documents. Concerns for candor among management personnel and for integrity in reporting were included in this category.

Next in frequency were statements concerning relationships and responsibilities to the various clients of a manager: employee,

consumer or customer, community or public, and stockholder or owner. Employees were addressed in 37 percent of the documents; consumers or customers, in 34 percent; community or public, in 32 percent; and stockholder or owner, in 26 percent of the samples submitted. It is interesting to note that 13 companies, or 21 percent, addressed mutual responsibilities toward and among each of the four interest groups mentioned above. Four companies addressed nothing but corporate responsibilities to the four interest groups, and the document was called a creed by three of those companies. As is shown in a later section of this chapter such creeds are most similar to professional codes of ethics.

Rounding out the areas of minor concern were guidelines concerning the uses of proprietary information and the relationship with suppliers; these two areas of attention were contained in 24 and 19 percent of the documents respectively. Other concerns which appeared quite infrequently are not addressed in this thesis.

A summary listing of the minor areas of coverage, together with representative supporting guidelines, follows:

1. Use of Company Funds

> "The use of corporate funds or assets for any unlawful purpose, including any illegal payments, is prohibited."
>
> "No sales commission shall be paid to an agent or representative acting for the Corporation or a subsidiary in an amount out of proportion to the services performed, so that one could reasonably infer

that such agent or representative intends to make payments to a person who had such a decision-making role."

"The payment or acceptance of bribes or kick-backs to or from any individual with whom we do or hope to do business--in any form, for any purpose--is absolutely prohibited, regardless of the customs in the country or industry involved . . ."

2. Accuracy of Reports and Financial Statements

"No false entry or entry that obscures the purposes of the underlying transaction shall be made in the books and records of the Corporation or its subsidiaries for any reason."

"Compliance with accepted accounting rules and controls is required at all times. All company records must accurately reflect and properly describe the transactions they record. All assets, liabilities, revenues and expenses of the company shall be recorded in the regular books of the company."

3. Responsibility to Employees

"The . . . Company is proud of the people who work for it. Its people are employed without regard to race, creed, or other. It tries to provide a maximum of job security, a sense of individual worth and dignity, an opportunity for advancement within capabilities for all its employees. It believes in providing superior working conditions and a fair return for effort."

"(The) Company will respect the dignity of each member of the organization and enable each to develop and utilize his or her potential abilities to the fullest possible extent."

4. Responsibility to Customers or Consumers

"(The Company will) prepare and market products that represent superior values to consumers and constantly improve those values."

"We believe that we have the responsibility to provide each of our customers with the product or service that meets his desired requirement for quality, schedule and price, while permitting (the Company) to derive a reasonable profit."

5. Responsibility to Community or Public

"Our policy with regard to new installations or major expansions is to design and install the facilities so as to protect public health and avoid degradation of the environment--whether or not this action is dictated by any local laws or regulations."

"To meet our civic responsibilities, each (employee) is urged to qualify as a voter, know the issues, platforms and the capabilities of candidates, and vote in every election in which he is qualified to vote."

6. Responsibility to Stockholders or Owners

"The rights of the owners must be safeguarded." The objectives of the company are, therefore, "to adequately reward investors commensurate with the risk and cost of capital" and "to provide a secure and stable investment opportunity."

". . . we have a further responsibility to earn a reasonable profit for the shareholders of (the Company), thereby insuring them of a fair and adequate dividend on their investment and also meeting (the Company's) requirements for additional capital in pursuing growth opportunities."

7. Use of Proprietary Information

". . . employees may not use for their own financial gain, or disclose for the use of others, inside information obtained because of their employment with (the Company)."

"The unwise dissemination of company information can cause many harms, and this need not require that you receive a personal benefit from the disclosure. . . That is all we ask; help keep

information private that should remain internal until the appropriate time."

8. Relationship with Suppliers

"We do not expect an exclusive relationship, we will not take advantage of any misfortunes of our suppliers, and we will be fair and honest in our dealings."

"(The Company will) provide fair treatment. To have a successful, growing business there must be good relationships with . . . suppliers. These relationships are good because they are based on fair and uniform treatment, opportunities for betterment and mutual respect."

A summary capsulation of the major and minor areas of concern addressed in the ethical guidelines submitted by 62 large industries is presented in Table III. Shown also is the number of guidelines in which the various areas of concern were addressed.

One cannot help but notice the similarity and common thread of contents between the ethical guidelines used by small and large industries surveyed during this research effort and those used by firms as surveyed in other studies. Furthermore, it is interesting to note that most of the guidelines are policies, in effect serving as the "laws" of the various companies. Further insight into the legal nature of many ethical guidelines is achieved by examining the manner in which guidelines are developed and built into the management system.

Building Guidelines into Management Systems. With the possible exceptions of guidelines concerned with the responsibilities towards the various clients, most of the written documents are structured as

Table III
Areas of Concern Addressed in Guidelines
of 62 Large Industries

Area of Concern	Frequency of Concern Number	Percentage
Engage in High Standards of Conduct	46	74
Obey Laws	44	71
Political Contributions	35	56
Conflict of Interest	34	55
Use of Company Funds	30	48
Accuracy of Reports	26	42
Responsibility to Employees	23	37
Responsibility to Customers	21	34
Responsibility to Public	20	32
Responsibility to Owners	16	26
Use of Proprietary Information	15	24
Relationship with Suppliers	12	19

"Thou Shalt Not" policy statements and deal with legal or quasi-legal issues having punitive implications. It is noteworthy that 53 percent of the companies include procedures and accountability for insuring compliance with guidelines. These procedures include, for the most part, requirements for employees to sign statements which certify that performance of duties is in accordance with proper standards of behavior, as set forth in appropriate policies.

It is not surprising, therefore, to find that corporate legal offices or general counsels are designated as having responsibility for developing and/or monitoring ethical guidelines by 35 firms, or 46 percent of the companies which provided an office of primary responsibility. This includes 9 of 16 firms which listed such an office yet which do not currently have written codes of ethics. It should be noted that in 13 percent of the firms, the legal office shares responsibility with some other office.

The use of legal offices as offices of primary responsibility can be understood with respect to the actual contents of the ethical guidelines; however, with respect to information reviewed during the literature search, it might be expected that top management personnel would have primary responsibility. As F. Perry Wilson, Chairman of the Board of Union Carbide Corporation, recently noted:

> In the final analysis, it is management and particularly the chief executive officer who set the moral and ethical tone for a corporation's decision-making process (Ref 113:758).

Examination of the various ethical guidelines revealed that top management personnel including presidents, boards of directors, chairmen, and chief executive officers were designated as having developing and monitoring responsibilities by 30 companies, or 39 percent. In six of these firms, top management personnel shared responsibility with other offices, and most notably with legal offices in five out of the six cases. Together, legal offices and top management personnel accounted for 79

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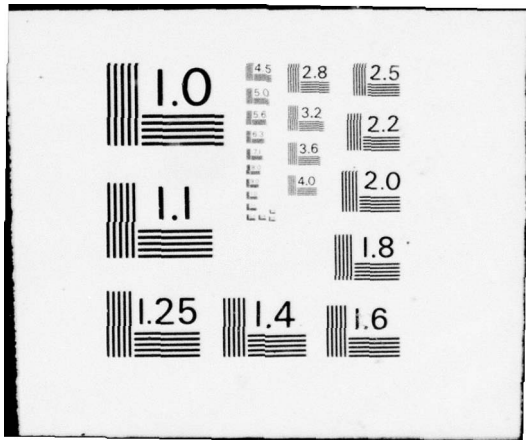
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percent of the offices of primary responsibility.

The remaining 21 percent of the firms designated a variety of offices as having responsibility for monitoring and developing ethical guidelines. Offices of corporate, employee, and public affairs, relations, or communications were designated by some 9 percent of the companies; personnel, administration, or secretaries by 7 percent; and miscellaneous offices by the remaining 5 percent. A summary of the offices having responsibility for developing and/or monitoring ethical guidelines is presented in Table IV. Shown also is the number of times the various offices were designated.

Two things are clear from this examination of the offices of primary responsibility: most documents are of a quasi-legal nature and top management personnel play an important part in the development and approval of ethical guidelines. These findings are further borne out by examining the format of the various guidelines.

Some 63 percent of the documents were structured as formal policies, procedures, or general orders issued by top management personnel for the total organization. Two-thirds of these guidelines included procedures for insuring compliance. Another 13 percent were less structured statements, letters, or resolutions signed by corporate executive officers or boards of directors. Only one-fourth of these included procedures for compliance. Another 8 percent were issued as management guidelines, four-fifths of which included compliance procedures. The remaining 16 percent were labeled as codes of business

Table IV

Offices Having Responsibility for Developing and/or Monitoring Ethical Guidelines

Office	Times Mentioned	Percentage
Legal (only)	25	33
Top Management (only)	24	32
Legal and Top Management	5	6.5
Legal and Others	5	6.5
Top Management and Others	1	1
Subtotal	60	79
Corporate, Employee, and Public Affairs, Relations, or Communications	7	9
Personnel, Administration, and Secretaries	5	7
Miscellaneous	4	5
Subtotal	16	21
Grand Total	76	100

conduct or creeds, 8 percent, and other miscellaneous titles, 8 percent, and only one-tenth included procedures for compliance. Table V presents a summary compilation of the formats used in the various ethical guidelines and indicates the number of guidelines of each format type having compliance procedures.

Table V

Format of Ethical Guidelines

Format	Companies Having Format		Companies Having Compliance Procedures	
	Number	Percentage	Number	Percentage
Policies, Procedures, or General Orders	39	63	26	67
Less Formal Statements	8	13	2	25
Management Guidelines	5	8	4	80
Codes or Creeds	5	8	1	20
Miscellaneous	5	8	0	0
Total	62	100	33	53

In summary, most ethical guidelines used by large industries are concerned with legal or quasi-legal considerations. In only roughly one-third of the documents is concern expressed for the various clients of the manager. By comparison, the guidelines used by smaller industries surveyed as part of this research focus more on responsibilities toward clients than on legal considerations. This comparison is significant for it suggests that small industries, rather than large industries, express greater concern for the interests of others, while larger firms attend more clearly to matters of more legal and punitive nature. This concern for service to and relations with others traditionally has been a dominant characteristic of professional codes of ethics. With that in mind, it is now appropriate to examine some codes used by

professional associations in order to determine what, if any, patterns exist and how the contents compare to those contained in the industrial guidelines just examined. It appears that the era of professionalism in the management discipline is very near and the similarity of requirements will be met either voluntarily or by externally imposed mandate of public or government.

Contents of Professional Codes of Ethics

Twenty-four professional associations were asked to participate in this research effort by submitting codes of ethics and other relevant information. Responses were received from 13 organizations, or 54 percent of those queried. Codes of ethics were thus received from 10 organizations, or 77 percent of those responding to the letter. One association, the American Management Association (AMA), has published quite a bit on ethics, management philosophies, management creeds, and similar guidelines, but has not issued a code of ethics specifically framed for the AMA. The AMA did, however, provide valuable information concerning management ethics including several current articles and a study performed by Thompson in 1958 (Ref 103).

The limited number of responses received from professional associations makes an analysis of the responses more limited than the analysis of responses received from industrial organizations. Even so, some interesting findings can be presented before examining the actual contents of the professional codes.

Although the sample size of 13 is rather small, the fact that 10 of the professional associations have codes of ethics certainly indicates that professional organizations are apt to have codes of ethics. This suggests confirmation of the belief developed in Chapter III that a code of ethics is a predominant characteristic of a professional association.

The reader may recall that many industrial guidelines were only recently developed. Among the nine professional associations providing a date of issue, only one code was developed in the past two years.

The offices designated as having responsibility for developing and monitoring professional codes of ethics also appeared to be different than offices designated by industries. Although only six associations designated such offices it is noteworthy that ethics committees were designated in three cases. The other three offices were those of national directors, thereby indicating again the role and interest of top management personnel in the development process. The specific creation and use of ethics committees reveals the importance of codes of ethics within the professions.

A final note of discussion concerns the interest expressed for a common code of ethics for managers. All four of those offering an opinion, including one association not having a code of ethics, expressed interest in seeing a common code of ethics being developed.

It is recognized that these findings are based on a relatively small sample; however, taken together, the findings offer strong evidence that professional associations mutually and continuously emphasize the need

and value of codes of ethics. Further insight concerning the value of codes of ethics may be gained by examining the contents of codes.

Since the survey of professional associations yielded only a small sample of professional codes of ethics, a source located during the search of secondary sources is used to complement the codes received from organizations, thereby broadening the base of the analysis. The source, Professional Ethics and Insignia, brings together the codes of ethics of some 200 professional organizations. The groups included in the study are "major national organizations in all occupational areas--the biological and physical sciences; social sciences; fine arts and humanities; and technology (Ref 29:1)." Most are professional associations, but additional groups such as trade associations, labor unions, businesses, and governmental agencies also are included.

Thirty-eight codes were selected from Professional Ethics and Insignia for inclusion in the analysis of contents, thus making a total of fifty codes included in the review of professional codes of ethics: ten codes from the survey of professional associations, two codes from the National Management Association, and thirty-eight codes from the secondary source. Organizations whose codes were obtained from the secondary source are listed in Appendix H.

Analysis of the materials gathered suggested two areas of evaluation:

1. Major areas of coverage
2. Minor areas of coverage

As expected, the analysis of the contents of professional codes of ethics strengthened the belief that professions are more service oriented than industries appeared to be. The concern for others is evinced in the following discussion of the major areas of coverage.

Major Areas of Coverage. A distinct pattern of key contents emerged early during the analysis of the fifty professional codes of ethics. In some ways the pattern was similar to that developed in the industrial codes, differing only within the relative positions of importance; however, some entirely new concerns were found to be addressed within the professional codes.

All codes contained general statements concerning the need for professional people to act in accordance with the highest standards of ethical conduct. Next in frequency were statements which appeared in 80 percent of the codes concerning the responsibilities of professional people toward their clients; i.e., toward recipients of the services offered by professionals. Statements concerning obligations to the public and to the profession itself appeared in 76 percent of the codes of ethics. Guidelines concerning the protection of confidential information were included in 74 percent of the codes. Next in frequency were statements concerning professional relationships with associates and guidelines on promotional activities, each appearing in 68 percent of the codes. Rounding out the major areas of concern were guidelines concerning the competency of practitioners and conflict of interest situations, appearing in 54 and 50 percent of the codes respectively. A

summary listing of the major areas of coverage, including some sample statements, is presented as follows:

1. Engage in highest standards of conduct

   "The (professional), committed to increasing man's understanding of man, places high value on objectivity and integrity, and maintains the highest standards in the services he offers."

   "I will earn and carefully guard my reputation for good moral character and good citizenship."

2. Responsibility to Client

   "The (professional) will act in professional matters as a faithful agent or trustee for each employer or client."

   "The (professional) informs his prospective client of the important aspects of the potential relationship that might affect the client's decision to enter the relationship."

3. Responsibility to Public

   "The executive should consider himself a public servant and his every act should be performed with that thought in mind."

   "The honored ideals of the . . . profession imply that the responsibilities of the (professional) extend not only to the individual, but also to society where these responsibilities deserve his interest and participation in activities which have the purpose of improving both the health and well-being of the individual and the community."

4. Responsibility to Profession

   "I will support efforts to strengthen professional management through example, education, training and a life-long pursuit of excellence."

   "The (professional), to uphold and advance the honor and dignity of the . . . profession . . .

will strive to increase the competence and prestige of the . . . profession."

5. Protection of Confidential Information

"Since (the profession) is a business which requires us to deal with many matters in confidence, it is imperative that we keep this information in strictest confidence and under no circumstances reveal it to unauthorized persons."

"The observance of the ethical obligation . . . to hold inviolate the confidences and secrets of (the) client not only facilitates the full development of facts essential to proper representation of the client but also encourages laymen to seek early . . . assistance."

6. Responsibility to Associates

"(The professional) will not injure maliciously the professional reputation, prospects, or practice of another (professional). However, if he has proof that another (professional) has been unethical, illegal, or unfair in his practice, he should so advise the proper authority."

"I will help my associates reach personal and professional fulfillment."

7. Promotional Activities

"It shall be considered unprofessional . . . to advertise . . . services in self-laudatory language, or in any other manner derogatory to the dignity of the profession."

"The member shall not allow nor participate in employment listings which contain exaggerated or misleading statements of his qualifications."

8. Competency of Practitioners

". . . a (practitioner) should act with competence and proper care in representing clients. He should strive to become and remain proficient in his

> practice and should accept employment only in matters which he is or intends to become competent to handle."
>
> "The maintenance of high standards of professional competence is a responsibility shared by all (practitioners), in the interest of the public and of the profession as a whole."

9. Conflict of Interest

> ". . . administrators shall conduct their personal and professional relationships in such a way as to assure themselves, their organizations, and communities that decisions made are for the best interest of the organization without the slightest implication of wrong doing. The exercise of judgement is required to determine if a potential conflict of interest situation exists."
>
> "Officers and other employees shall not engage in business activity or employment which interferes with their duties to the (organization) or its stockholders, divides their loyalty, or allows a possibility of conflict of interest."

Concern for the welfare of others is readily apparent in the statements. Primary emphasis is placed on service to others while maintaining the honor and dignity of the profession. Since the basis and form of the behavior of professionals stem from the nature of the responsibility and relationship to others, this commitment to service is not surprising. Analysis of minor areas of coverage further emphasizes the concern for others prevalent in professional codes of ethics.

Minor Areas of Coverage. The codes of ethics contained a variety of concerns addressed by less than a majority of associations contributing to the research effort. Included in 36 percent of the codes were statements concerning the need to obey laws. Remuneration was

addressed in 34 percent of the codes. Other, special concerns addressed by only one or two associations are not included in this thesis. A summary listing of the minor areas of concern, including representative statements, is presented as follows:

1. Compliance with Laws

> "The (practitioner) in the practice of his profession (recognizes) that violation of accepted moral and legal standards on his part may involve his clients, students, or colleagues in damaging personal conflicts, and impugn his own name and the reputation of his profession."
>
> "(Practitioners) should observe all laws, uphold the dignity and honor of the profession and accept its self imposed disciplines. They should expose, without hesitation, illegal or unethical conduct of fellow members of the profession."

2. Remuneration

> ". . . a (practitioner) should limit the source of his professional income to . . . services actually rendered by him . . . His fee should be commensurate with the services rendered and the (client's) ability to pay. He should neither pay nor receive a commission for referral of (clients)."
>
> "Financial arrangements in professional practice are in accord with professional standards that safeguard the best interest of the client and the profession."

Once again, the importance of serving others in order to protect the good name of the profession is emphasized in these statements. A summary compilation of the major and minor areas of concern addressed in the fifty professional codes of ethics is presented in Table VI to highlight the emphasis on service to others. Shown also is the

number of codes in which the various areas of concern were addressed. The reader can recognize at once some key differences between and similarities among industrial codes and professional codes of ethics as highlighted in this discussion. Governmental codes and ethical guidelines are examined in the next section to see what, if any patterns exist and how the contents compare with those of codes already examined.

Table VI

Areas of Concern Addressed in 50 Professional Codes of Ethics

Area of Concern	Frequency of Concern	
	Number	Percentage
Engage in Highest Standards of Conduct	50	100
Responsibility to Client	40	80
Responsibility to Public	38	76
Responsibility to Profession	38	76
Protection of Confidential Information	37	74
Responsibility to Associates	34	68
Promotional Activities	34	68
Competency of Practitioners	27	54
Conflict of Interest	25	50
Compliance with Laws	19	38
Remuneration	17	34

Contents of Governmental Ethical Guidelines

The essence of current governmental guidelines prescribing standards of ethical conduct for government employees is contained in Executive Order 11222, issued by President Johnson in 1965:

> Where government is based on the consent of the governed, every citizen is entitled to have complete confidence in the integrity of his government. Each individual officer, employee, or adviser of government must help to earn and must honor that trust by his own integrity and conduct in all official actions (Ref 2:12).

Various military regulations on standards of conduct are concerned with the implementation of that Executive Order; consequently, examination of the contents of this order will provide insight concerning the nature of other governmental ethical standards.

Executive Order 11222 is concerned primarily with conflict of interest situations. For example, it contains a section on the acceptance of gifts from individuals or corporations having a business relation with the government. Another section concerns outside employment activities and the resulting conflicts of interest which arise from such activities. Other sections prohibit government employees from using government information and property for the purpose of furthering a private interest. Disclosure of financial interests is required of certain appointed officials in another section. The intent of the entire document is that employees should avoid any action which might result in, or create the appearance of affecting adversely the confidence of the public in the integrity of the Government (Ref 2).

There are other governmental ethical standards in addition to those prescribed by Executive Order 11222. For example, both the House of Representatives and the Senate have what may be called codes of ethics. Although the Senate Select Committee on Standards and Conduct did not respond to a letter requesting information, the House Committee on Standards of Official Conduct did provide copies of the House Code of Official Conduct and the Code of Ethics for Government Service.

The House Code of Official Conduct requires members of the House of Representatives to behave in a manner to reflect credit on that governmental body. It also addresses conflict of situations such as receiving gifts, abusing the influence of the office, and accepting payment for duty-related activities.

The Code of Ethics for Government Service was agreed upon by the House of Representatives and the Senate in 1958. In view of the short length, the entire code is presented as follows:

Any person in government service should:

> Put loyalty to the highest moral principles and to country above loyalty to persons, party, or Government department.
>
> Uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion.
>
> Give a full day's labor for a full day's pay; giving to the performance of duties his earnest effort and best thought.

> Seek to find and employ more efficient and economical ways of getting tasks accomplished.
>
> Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his government duties.
>
> Make no private promises of any kind binding upon the duties of office, since a Government employee has no private word which can be binding on public duty.
>
> Engage in no business with the Government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.
>
> Never use any information coming to him confidentially in the performance of governmental duties.
>
> Expose corruption wherever discovered.
>
> Uphold these principles, ever conscious that public office is a public trust.

The resemblance of this code to professional and industrial codes of ethics is striking; however, there is one important distinction between governmental codes and professional and industrial codes: governmental codes are enacted as laws whereas professional and industrial codes are assumed voluntarily and rely on professional self-discipline or organizational persuasion for compliance.

With the existence of the Code of Ethics for the total Government Service and the many other ethical guidelines contained in various interpretative regulations and manuals, it is not too surprising that the

individual military services do not yet have separate codes of ethics. Furthermore, as was learned through telephone interviews, no steps are being taken to develop such codes of ethics, at least not in the Army (Ref 80) or Navy (Ref 98). The current revelations of a cheating scandal in the United States Military Academy (Ref 28:A1) may lead the Army to direct greater attention to the possibility of developing a more comprehensive code of ethics.

Within the Air Force, efforts are underway to develop a code of ethics for Air Force officers. A current Air Force Personnel Plan lays down the requirement "to enhance the professional image of career officers by establishing a Code of Ethics (Ref 71:1)." As mentioned in Chapter I, several codes of ethics have been proposed by students within the Air University academic environment; yet no single code has been officially adopted. When, and if, such a code is adopted, there is little doubt that it will follow the format, if not the content, of the Code of Ethics for Government Service, for an Air Force officer is, in fact, a government employee.

In summary, it can be said that industrial ethical guidelines, professional codes of ethics, and governmental ethical guidelines all are concerned with essentially the same issues, although the emphasis placed on specific issues may differ. Each type of code is concerned with the need to engage in the highest standards of ethical practice and to obey the laws of the land. In addition, each code provides guidance on certain issues to preclude actions and situations which may create

ethical dilemmas: conflict of interest, receipt of gifts and favors, protection of confidential information, and similar considerations. Finally, each code addresses the responsibilities an individual has to the public, to employers and employees, to customers, and to other interest groups.

The reader will recognize how (1) the contents of codes examined in this chapter relate to (2) the nature of a code of ethics examined in Chapter III. There are contents concerned with legal or quasi-legal issues. There are contents concerned with professional relationships with various interest groups. Finally, all contents serve to guide individuals in the performance of duties.

In addition to examining the contents of various codes of ethics, this chapter has further validated the widespread use of ethical guidelines in industrial, professional, and governmental organizations. The need for a common code of ethics for managers has been validated and supported by literary research and respondent organizations of industry, professions, and government. In view of these facts, and by knowing the substantive contents of contemporary codes of ethics used by managers and other professional people, it is possible from those bases to construct a proposed common code of ethics for managers. The next chapter, Chapter V, develops and presents a common code of ethics for managers which is based on the findings presented in this chapter.

V. A Proposed Code of Ethics for Managers

The purpose of this chapter is to bring together the information presented in the previous chapters and to round out the development and presentation of a proposed code of ethics for modern managers. Chapter I introduced the subject and objectives of this study and developed the need for performance on a higher ethical plane for contemporary managers. The need is based on a clear and loud pattern of evidence drawn from a plethora of current documental references to a very urgent and timely requirement for renewed attention to ethical standards by managers. Chapter II presented the plan, approach, methodology, organization, and strategy of development and presentation of this research effort. Chapter III presented a code of ethics as one response to the public mandate by viewing such a code as an essential alternative to legislation, an inherent characteristic of a profession, and above all a useful and necessary guide to assist managers. Chapter IV analyzed the contents of numerous representative current ethical guidelines and found the contents to be closely related to the character of a code of ethics as examined in Chapter III. Additionally, the currently widespread popularity, growing interest, and use of ethical codes in industrial, professional, and governmental organizations were highlighted.

This chapter then draws and builds upon the findings presented in earlier chapters in order to develop and present a proposed code of ethics for managers. An analysis of contents and criteria and an examination of various formats used in codes of ethics follow as prelude to presentation of the proposed code. The proposed code of ethics for managers contains a Preamble and ten Articles, and is offered as a document which can stand by itself.

Development of a Code of Ethics

A natural starting point for the development of a code of ethics for managers is, as the American Society of Association Executives recommends, "to study what others have done (Ref 56:72)." This has been accomplished. Even though the codes of other professions may be tailored specifically for those professions, the essential ingredients are quite similar, as validated in earlier chapters. The substantive contents of industrial, professional, and governmental ethical guidelines examined in Chapter IV thus form the basis for the development of a code of ethics for managers as offered in this chapter. What is required, then, is to tailor, adjust, and propose contents for a managerial code of ethics meeting prescribed criteria established over the years.

Criteria for a Code of Ethics. In essence, a code of ethics which is developed for managers must prescribe rules and guidance

for the conduct of managers. Since a manager is subject to such a variety of influences the proposed rules of conduct should address each of a number of concerns and influences involving the performance of managers. Alexander conveniently classified the influences into six dimensions (Ref 5:1818-A):

1. Society--A manager occupies a position of leadership in managing the resources of society for the mutual benefit of organization and society.

2. Law--A manager is responsible to a body of laws regulating the life of the organization at many levels, from the health of employees to ensuring the quality and safety of products and resources.

3. Industry--The industry serves as the main frame of reference for the organization's understanding of itself and orientation to the specific situation.

4. Organization--A manager has the task of maintaining the organization as a viable, adaptive entity in a complex and dynamic society, for guiding its technical, economic, and social development, and for leading it in joint work and performance in the behalf of society.

5. Profession--A manager is a professional man whose understanding of his role plus certain standard norms of conduct and competency comes from people who play similar roles.

6. Personal--A manager is a valuing self, whose personal values actualize themselves in the selection of mode, means, and ends of action.

A manager functions within all dimensions simultaneously and yet is separately accountable in each. Since the value systems and demands of each dimension present sources of potential value conflict a manager requires guidelines, in the form of a code of ethics for example, which

will help to clarify and perhaps resolve or preclude the various conflicts. The six dimensions are addressed in the development of the proposed code of ethics for managers.

Edgar Schein classified the influences operating on a manager in a slightly different view from Alexander; i.e., according to the various clients or interest groups which interact with the manager: consumer, customer, community, enterprise, subordinates, peer and boss, and profession (Ref 96:5). It is the vulnerability to conflict in values in relations with these clients which has clearly highlighted the necessity for renewed attention to the development and application of moral and ethical codes. A code of ethics should, therefore, include the responsibilities a manager has in relation to each of the various interest groups. The reader will recognize the similarity between the schemes used by Alexander and Schein. Both categorizations address the multiple roles and interfaces played and involved in by managers.

While the classifications presented by Alexander and Schein were developed rather recently, 1972 and 1966 respectively, it is interesting to note that similar issues were addressed as early as 1922. In that year, the International Association of Rotary Clubs sponsored a campaign for the development of codes of ethics for businesses and professions. It issued a statement which said that codes of ethics should include the following (Ref 46:230-231):

1. A statement covering the personal character rules of conduct for the craftsman himself as the executive officer, if it be a corporation.

2. Rules of conduct governing the relation of the employer with the employee (the observation of which may be the only known antidote for social unrest).

3. Rules of conduct governing the craftsman's relations with those from whom he makes purchases.

4. Rules of conduct governing the craftsman's relations with his fellow craftsmen.

5. Rules of conduct governing the craftsman's relations with professional men whose professions are interlocked with the profession.

6. Rules of conduct respecting the craftsman's relations with the public, presumably his patrons, both clients and purchasers.

7. Rules of conduct governing the making and executing of contracts, with special reference to specifications.

8. A statement of certain well-known violations of the code of correct practices with strong discouragement of such practices. In brief--a statement of the "Don'ts" of business conduct.

In the words of Guy Gundaker, "the underlying principle of these rules is Service, flanked by Honesty and Truth (Ref 46:231)."

The reader will recognize that these concerns are addressed today in many industrial or professional codes of ethics, as highlighted in the discussion and analysis presented in Chapter IV. Once again, multiple-client relationships are emphasized, and are addressed in the proposed code of this chapter.

Edward Rust and the Chamber of Commerce of the United States recommend that codes of ethics be developed around the obligations of the manager to only one client, the consumer. The responsibilities of

the manager are derived from the five rights of the consumer: right to safety, right to be heard, right to choose, right to be informed, and the right to quality and integrity in the marketplace. The code of ethics is designed to spell out the obligations of manager to consumer in explicit guidelines covering each of the five rights (Ref 92:37).

Turning to the Air Force management environment, Kammer and others developed a set of specific criteria that any code must meet if it is to be effective (Ref 59:22-25):

1. The code must serve as a standard by which each officer can measure his own behavior.
2. The goals stated in the code must be achievable.
3. The code must encourage an officer to correct deficiencies when he observes them.
4. The code must serve as an aid in identifying and minimizing those pressures within the Air Force that lead to unethical behavior.
5. The code must apply equally without regard to rank.
6. The code must explicitly state that senior officers have the obligation to set the example of ethical behavior.
7. The code must apply equally during peace and war.
8. The code must not be a statement of specific religious or philosophical tenets.
9. The code must recognize that professional behavior is not limited to duty hours.
10. The code must be general enough to allow for differences in moral beliefs as well as evolutionary changes in acceptable conduct; yet the code must be specific enough to normalize ethical behavior in the Air Force.

With slight revision, these criteria can be applied to the general field of management when used in conjunction with criteria discussed previously. These criteria provide insight into the general content of the code of ethics proposed for managers. An examination of the various formats used in transmitting a code of ethics leads to a prescribed format most suitable for the purposes of this thesis.

Format of a Code of Ethics. Selection of the proper format for a code of ethics is quite important since a code in which contents are presented haphazardly or without rationale is apt to be ignored even when the contents are worthwhile. The format helps define the scope of coverage, presents a sequential ordering of contents, and provides structure to the code.

Scope of Coverage. As noted in Chapter IV, many of the ethical guidelines used by large industries were in the form of legalistic policy statements which were often stated in the negative rather than in the positive and which required written certification to ensure compliance. According to Austin, such documents often "create problems of individual judgement as to what is prohibited, and fail to create a positive sense of duty or responsibility (Ref 9:59)." What is needed, then, is a code of ethics which is stated in the positive and relies on internal persuasion rather than threat of punishment as a means for enforcement. Managers, as professional individuals, recognize that:

> it would be clearly in the interest of those who are obeying the codes to enforce them, to call attention to violations, to use the ethical and social pressures of the society at large against their less scrupulous rivals (Ref 85:20).

To obscure a code of ethics with legal jargon and quasi-legal means of enforcement could lead to misunderstanding and loss of professional pride.

At another extreme are codes of ethics which are regarded by some people as being "vague generalities written in indefinite, misty, and grandiose terms (Ref 56:72)," and are often referred to as "motherhood" statements. Such statements may provide warm and fleeting sentiment, but contain little in the way of helpful standing guidance. The following phrase extracted from Pilgrim's Progress illustrates the point well (Ref 22:123):

> Better, though difficult, the right way to go
> Than wrong, though easy, where the end is woe.

The problem with pleasant generalities is that the reader receives no specific guidance relative to what is right and what is socially or morally, if not legally, unacceptable practice.

The Bible is the source of many general statements of principle. One noteworthy phrase taken from Matthew 7:12 is called "The Golden Rule," and is used by many people as the main principle of life:

> Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets (Ref 51).

In another passage, 1 Timothy 3:2-4, the following guidelines are presented:

> An overseer, then, must be above reproach, the husband of one wife, temperate, prudent, respectable, hospitable, able to teach, not addicted to wine or pugnacious, but gental, uncontentious, free from love of money. He must be one who manages his own household well . . . and he must have a good reputation with those outside the church . . . (Ref 42:154, 166).

The Ten Commandments are used by many people as guidelines for personal behavior. As the reader will note, Patrick Henry used the Ten Commandments and other passages in the Bible as a basis for a personal code of ethics:

> To be true and just in all my dealings. To bear no malice or hatred in my heart. To keep my hands from picking and stealing. Not to covet other men's goods, but to learn and labor truly to get my own living, and to do my duty in that state of life unto which it shall please God to call me (Ref 54:21).

The sentiments expressed in such guidelines are certainly important and worthwhile, but it is often difficult to apply the rules to real-life situations; something more specific is necessary for implementation.

The influence of the Bible is found in all walks of life, including the field of management. Lawrence Appley, former Chairman of the Board of the American Management Association, once said that the Golden Rule is the only principle that is needed:

> "Do unto others as you would have them do unto you." There, in one sentence, in the greatest book ever written, on the greatest subject there is, by the greatest author that ever lived . . . There is the main principle of good management in its simplest form. Why do we need more? Why do we require tons of books to explain something so simple? (Ref 8:31).

George Terry also uses the Golden Rule, but as the basis for only one of many principles of management:

> Principle of Ethics: Proper ethics in management requires a manager to be honest with himself and with society, and to deal honorable with others just as he would like to be dealt with (Ref 102:214).

It is important to note that Terry recognizes the need for other principles of management as well.

There is no doubt that the thoughts conveyed in such general statements are meaningful and worthwhile, attested to by their existence in more than 86 percent of ethical guidelines reviewed during this research effort. The problem with having only general statements is that matters of application are left to the individual. Since interpretation of generalities varies from person to person, general statements do little to standardize behavior or to provide guidance; and those are two of the main reasons for having a code of ethics.

Between the extremes of legalistic policy statements and vague generalities are codes of ethics containing statements which address specific issues or codes which Van Vlack describes as combining general statements with specific rules of practice (Ref 107:78). Most of the professional codes of ethics and a few of the industrial creeds reviewed during this research effort fall into these two categories. The format selected for the proposed code of ethics for managers combines a preamble which sets the tone of the code with general articles which address specific issues of importance to a manager. This format is used because of personal appeal and because it packages the essential points of concern in a brief, concise document. Detailed

guidelines are not included because it is recognized that no single code of ethics could hope to cover all situations and busy managers would probably not find time to read, assimilate, and apply the greater degree of details. Additionally it is expected that some detailed extensions may be added at any time by discretion of individual organizations.

Sequential Ordering of Contents. The primary objective of this thesis is to develop a proposed code of ethics for the "professional" manager; consequently, somewhat more emphasis is placed on the contents of codes drawn from professional organizations than from industrial policy statements, creeds, and codes. The reader may recall that "service to others" is a primary and distinguishing characteristic of a profession. For that reason, sequential priority is accorded to guidelines concerning the responsibilities a manager has toward others. For the most part, the ordering of contents which developed in the collection of professional codes of ethics is preserved in the proposed code of ethics for the professional manager. Personal preference may influence the selection of the sequence in some instances; however, in those cases, rationale is provided for the selection.

The following portion of this chapter presents a proposed code of ethics for the professional manager. The code is designed to instill an ethical attitude within managers thereby contributing to more ethical behavior on the part of managers. It is recognized that improvement of behavior through adherence to a code might restore credibility to the leadership corps in the United States and elsewhere, but improved

public image would come as a by-product based on professionalism observed and is not, nor should be, the primary purpose of the proposed code of ethics.

Presentation of a Proposed Code of Ethics for Managers

A proposed code of ethics for the professional manager is now presented in fulfillment of the primary objective of this research. The proposed set of guidelines is presented as a single code of ethics which can stand by itself if withdrawn from this thesis. It is recognized that a code of ethics could ultimately be included within a set of management guidelines as was done in supervisory handbook form by Sallee (Ref 94: 108-109); but since the focus of this study is on the development of a proposed universal set of ethical guidelines, it is appropriate to present and set out the code as a separate entity and not as a subset of another document.

A preamble to the general articles of ethics is presented as part of the code in order to set the tone and to highlight attention to the essential behavior required of managers. Following the preamble, each article is presented to address concerns and relationships of essential importance to a professional manager. For purposes of extraction, presentation of the preamble and general articles is begun on a new page. Interpretive comments explaining the rationale and content of each section of the code follow presentation of the code as a whole.

Code of Ethics for Professional Managers

Preamble

The professional manager recognizes that the trust and respect of those he serves are valuable assets which cannot be purchased, but which must be continually earned. It is, therefore, incumbent upon managers to conduct all affairs in accordance with the highest ethical standards. The articles set forth below are intended to aid managers individually and collectively in determining and maintaining a high level of conduct while serving others. Since professional standards are in addition to and above standing laws, it is axiomatic and expected that legal statutes will be complied with as a minimum standard of acceptable behavior.

General Articles

Article 1: Integrity, characterized by honesty and openness, will guide all my actions.

Article 2: I will strive continuously to demonstrate managerial competence of the degree required for the responsibility undertaken and will use my knowledge and skills in the best interests of those I serve.

Article 3: I will place the interests of others before my own and will be loyal to my employer; yet, if confronted with illegal or unethical situations, I will be faithful to my moral convictions regardless of the consequences.

Article 4: My primary responsibility is to provide each customer with the product or service that meets his desired requirements for quality, schedule, and price, while insuring a fair return for investors.

Article 5: I will respect the dignity and worth of each employee and will strive to satisfy the needs of each individual, keeping within the objectives of the organization in which I serve.

Article 6: I recognize the imperatives of good public service and will, therefore, make the most effective use of natural resources and encourage civic improvement, education, good government, and equal opportunities for all.

Article 7: As an individual whose actions serve as examples of ethical behavior for others I will avoid situations which are, or could appear to be, either unethical or unlawful, and I will strive to minimize the pressures which create such situations.

Article 8: As a professional individual I will continue to develop myself and then share acquired skills and knowledge for the development of subordinates and peers, with whom I will maintain professional relationships at all times.

Article 9: I will uphold and advance the honor and dignity of the management profession and will strive to increase the competence and prestige of management.

Article 10: I will use this code as a standard for determining and comparing the propriety of my conduct and will identify, correct, and discourage breaches of these standards by others.

The interpretative comments which follow help explain the message, both in content and sequence of presentation, of the proposed code of ethics for managers presented above. The preamble sets the tone of the creed by identifying trust and respect as assets worthy of attainment, but assets which must be earned and maintained through continued exemplary behavior. Hence, the stage is set for the need to conduct affairs on the highest ethical plane, above and beyond legal standards which present the required minimum levels of behavior.

Article 1: Integrity, characterized by honesty and openness, will guide all my actions.

The first article acknowledges that trust is the keystone of good relationships and honesty is the only real basis for trust. The words of George Washington are recalled:

> I hope that I shall always possess firmness and virtue enough to maintain what I consider the most enviable of all titles: the character of an honest man (Ref 52:1).

Integrity provides the essential bond which enables the manager to pursue objectives in an atmosphere of mutual trust and confidence. General John D. Ryan, past Chief of Staff of the Air Force, emphasized the overwhelming importance of integrity among managers during a recent address to the Air War College:

> If we are to have the support of Congress and the American people . . . the most necessary ingredient we must have is integrity. Integrity is the most important responsibility of command. . . . Integrity is the uncompromising adherence to our code of values, which when taken together

> encompass our duty, our honor, and our Country--its resources and citizens. Integrity does not mean adherence to some parts of our code, some of the time. Expedience is not an excuse for a breach of integrity (Ref 95:32).

General David C. Jones, current Chief of Staff of the Air Force, also addressed the need for adherence to the highest standards of conduct as follows:

> All Air Force personnel, as guardians of the public trust, must conduct themselves in such a manner that the public has confidence in the integrity of the Government. All personnel are required to refrain from any activity which directly or indirectly places or appears to place them in a position of conflict between their private interests and the public interest of the United States. The appearance of a conflict of interest must be avoided even if a technical violation of laws or regulations does not exist (Ref 57).

Additionally, the reader may recall from Chapter I that a current year poll of some 1400 key Americans revealed that moral integrity was the attribute selected as being most needed by contemporary leaders (Ref 112:29). It is only fitting, therefore, that the first article of the proposed code of ethics for managers be concerned with the need for integrity.

Article 2: I will strive continuously to demonstrate managerial competence of the degree required for the responsibility undertaken and will use my knowledge and skills in the best interests of those I serve.

The second article serves several purposes. It emphasizes that a manager must be competent before he is able to serve the interests of others. The manager is called upon to upgrade competence

continuously in keeping with job and growth requirements. Given the dynamic nature of management, continuous improvement of skills and knowledge is essential. Finally, the manager is asked to use knowledge to serve others. Quite appropriately, service to others is the theme and guidance emphasized in the second article of the proposed code.

Article 3: I will place the interests of others before my own and will be loyal to my employer; yet, if confronted with illegal or unethical situations, I will be faithful to my moral convictions regardless of the consequences.

The third article is concerned with the selfless nature of professionalism, and with the need to be loyal to employer or employing organization Since the manager is being paid by the organization it is appropriate that first loyalty is given to objectives of the organization, yet not at the expense of compromising personal value systems. As Solzhenitsyn noted in Gulag Archipelago, "every person must draw a moral line beyond which he must refuse to go regardless of the circumstances (Ref 105:23)." Twedt claims that a manager has three choices when confronted with a corporate policy which violates standards of personal integrity: (1) ignore conscience and follow corporate policy out of blind loyalty, (2) make a determined effort to change the policy, and (3) if the policy continues to be unacceptable and cannot be changed, then resign (Ref 105:23). The third article calls upon the manager to choose from or blend the second and third choices into a course of action. No doubt, this is hard to do since "every conventional instinct

of the employed professional leads him (her) to resist speaking out against the practices of his company (Ref 17:43)."

Article 4: My primary responsibility is to provide each customer with the product or service that meets his desired requirements for quality, schedule, and price, while insuring a fair return for investors.

The fourth article reminds the manager that, although loyalty is accorded to employer, the primary responsibility and reason for the creation and continued existence of the organization is satisfaction of the needs of the customer. This implies the responsibility to meet the five rights of the customer: right to safety, right to be heard, right to choose, right to be informed, and right to quality and integrity in the marketplace (Ref 92:37). Article 4 also reminds the manager of the obligations to the investors or owners, in the form of a fair return which is necessary for continued existence and to provide and improve upon the services offered to the customer in the future.

Article 5: I will respect the dignity and worth of each employee and will strive to satisfy the needs of each individual, keeping within the objectives of the organization in which I serve.

The fifth article acknowledges the importance of employees, often listed as the most important assets of a manager. The manager should accommodate employee needs to the greatest extent possible, yet not at the expense of preventing achievement of primary service objectives of the organization. It is quite appropriate that obligations to employees directly follow responsibility to customers for without

effective employee performance a manager will find it difficult to serve the customer.

Article 6: I recognize the imperatives of good public service and will, therefore, make the most effective use of natural resources and encourage civic improvement, education, good government, and equal opportunities for all.

The sixth article recognizes the public responsibilities of a manager. This serves as a reminder to the manager that economic considerations should not be the only concerns of a manager. The contemporary manager must be concerned with effective allocation and utilization of natural resources whether in the form of raw materials which become part of the product or in the form of energy used in the product transformation process. It is likewise important for managers to be involved in community improvement whether in the form of reducing pollution or encouraging and practicing fair and non-discriminating hiring and promotion practices.

Article 7: As an individual whose actions serve as examples of ethical behavior for others I will avoid situations which are, or could appear to be, either unethical or unlawful, and I will strive to minimize the pressures which create such situations.

The seventh article serves several purposes. The importance of "leading by example" is stressed. Each employee must see in superiors the qualities and traits expected of the professional manager. There is no doubt that the habits, image, and practices of the manager are emulated by subordinates who aspire to follow the career path

toward higher levels of management responsibility. As Garrett once wrote:

> If a manager expects to have his business develop and maintain a reputation for honesty and integrity, he must do more than pay lip service to this goal. He must instill these ethics in his subordinates, and he cannot do that unless he sets the example. He needs to do more than just hang a sign on the wall which exhorts people to be honest. His ethical practices set the tone for his subordinates, so he must establish himself as an ethical leader (Ref 41:373).

A manager must do more than give the appearance of doing the right things. The manager must consciously avoid doing the wrong things and must take actions to minimize the effect or existence of potentially compromising situations. Within each organization there is no doubt that opportunity and invitation for involvement in certain unethical practices exist. Newstrom and Ruch identified 17 such practices ranging from "passing blame for errors to an innocent co-worker" to "doing personal business on company time" and others (Ref 82:31). The manager must identify and discourage such behavior. In essence, the professional manager must know and be dedicated to principles of good management rather than to the principles of management to look good.

Article 8: As a professional individual I will continue to develop myself and then share acquired skills and knowledge for the development of subordinates and peers, with whom I will maintain professional relationships at all times.

The eighth article both cautions and encourages a manager to avoid professional stagnation. In the dynamic profession of

management a manager must continually improve upon the complement of technical, human, and administrative skills during a never ending maturation process, if managerial obsolescence is to be avoided. Once acquired, skills and knowledge should be taught to and shared with others so they, too, might improve themselves. Article 8 also reminds the manager to deal honestly and fairly with employees and associates. A professional manager recognizes the contributions of others and does not take direct credit for the work of others. Furthermore, a professional manager does not attempt to injure the reputation of others. In short, the Golden Rule should guide the manager during interpersonal relationships.

Article 9: I will uphold and advance the honor and dignity of my profession and will strive to increase the competence and prestige of management.

The ninth article calls upon a manager to rally to the defense of the management profession when it is falsely maligned and to denounce abuses and corruption that disgrace the honor of the profession. In short, the manager should promote the ideas of responsibility and ethics in the practice of management in the broadest sense. Some day this could conceivably mean participating in the adoption and adherence to a universal code of ethics for managers. The subsequent establishment of a single association for enhancing professionalism among managers is a possible move from there. Article 9 also encourages the manager to be innovative and to recommend and initiate new methods

to increase productivity, efficiency, and worker satisfaction, thereby adding to the competence of the profession. By positive improvement of behavior and image and by continually increasing the competence of managers in general, the profession of management may once more earn the respect of the public and gain the prestige associated with that respect.

Article 10: I will use this code as a standard for determining and comparing the propriety of my conduct and will identify, correct, and discourage breaches of these standards by others.

The tenth article establishes the code as the standard of ethical conduct toward which each manager must strive and pledge personal allegiance and effort. The code will serve as the guide for proper behavior when the right and wrong of a decision are not clearly evident. The manager is personally obligated to identify and correct violations of the code. It bears repeating that a professional manager must recognize that:

> it would be clearly in the interest of those who are obeying the codes to enforce them, to call attention to violations, to use the ethical and social pressures of the society at large against their less scrupulous rivals (Ref 85:20).

In other words, a code which is not applied and enforced serves little lasting contribution and provides little impact on conduct.

In summary the above code of ethics presents a consolidated, yet brief, visible summary of the high ethical standards which can guide managers in carrying out the responsibilities entrusted to them.

It is hoped that this research will be of service to many busy managers, few of whom have the time or opportunity to sit down, reflect, develop, and perform research for framing a code of ethics.

If a common code is promulgated and accepted among practitioners, each manager, knowing that fellow managers subscribe to the same high standards, can perform duties in an atmosphere of greater mutual trust and confidence so essential to the achievement of organizational goals and to increasing satisfaction of individual performance. Furthermore, high standards invariably attract the high calibre of people so needed as managers in contemporary times. Finally, proper emphasis on the code will continually preserve and advance a managerial corps of high quality which by its deeds will be worthy of public trust and confidence.

Certain other considerations merit attention here. While it is recognized that improved behavior might indirectly result from punitive legislative or court action, the associated loss of freedom might be greater than the degree of improved behavior. That potential loss of freedom makes it important to restress that ultimate responsibility for ethical behavior rests heavily on the shoulders of managers. This burden can be lightened by the availability of an agreed upon code of ethics so that each manager need not grope to frame his or her own set of guidelines. Only within that realization and context can managers of today and tomorrow fully earn the respect required for effective accomplishment of duties. As Bunting said some time ago:

> It is impossible for this segment of society to shed the mantle of responsibility and to lay it upon the shoulders of the state, the church, or any other public or quasi-public authority. Regardless of the basic purpose of such authority, the only successful movement in the direction of increased morality in economic life can come through the concerted efforts of those individuals and institutions that comprise the leadership of economic society (Ref 21:251-252).

Adoption of the proposed code of ethics for professional managers would represent a logical and urgently needed first step toward "increased morality in economic life." At the same time it would further the cause for the professionalization of management and would serve as an essential alternative to legislation, each of which is, in itself, a worthwhile aspiration.

The code of ethics finally developed and presented in this chapter utilized and extended the findings contained in earlier chapters. A discussion of the character of a code of ethics in Chapter III provided insight into the need for and use of a code of ethics as one means for improving managerial behavior. An examination of the contents of sample ethical guidelines in Chapter IV provided insight into the widespread use, structure, and contents of contemporary codes of ethics, contents which served as a basis upon which the proposed code of ethics for managers was developed. With the presentation of the managerial code of ethics in this chapter the purposes of this research effort have been fulfilled.

Perhaps through these efforts and with improvements, adjustments, and endorsements for acceptance to follow, the public outcry

and thinly veiled dictum for improvement of standards of conduct by managers can be arrested, and managers might then more fully address their attention to the other manifold problems confronting managers in their daily efforts. The next chapter, Chapter VI, presents a summary of the contents of this thesis, highlights key conclusions reached, and offers recommendations for additional research.

VI. Summary, Conclusions, and Recommendations

A proposed code of ethics for professional managers was developed in preceding chapters and presented in Chapter V. This chapter summarizes the research presented in this thesis, presents the key conclusions reached, and offers some pertinent recommendations developed from the research findings.

Summary

Recent disclosures of questionable behavior on the part of leaders of many American institutions--government, business, accounting, journalism, medicine, education, and others--have left Americans demoralized and disillusioned with professions which once held their respect. Enlightened leaders are aware of the need for restoring and maintaining the trust of the public and are, therefore, desperately trying to find ways and means to improve the behavior of contemporary leaders from within the institutions.

Among the many actions being taken to help restore public confidence, one area which is receiving much new attention is that of revising or developing codes of ethics, particularly within the business environment. Historically, ethical guidelines have been tailored to meet the needs of particular organizations; however, there is current interest and a strongly apparent need for the development of a common code of ethics for managers.

The primary goal and efforts of this research effort have been the development of a proposed code of ethics for professional managers as a means for measurably improving the behavior of contemporary leaders in business and government institutions. To achieve this goal, three separate interim objectives were established:

1. To examine the character of a code of ethics.
2. To analyze current ethical guidelines in use within business, professional, and governmental environments in order to determine contents germane to a code of ethics for managers.
3. To develop a proposed code of ethics for the professional manager.

The contents of this thesis are organized to report on the accomplishment of these objectives, beginning with the examination of the nature of a code of ethics and ending with the presentation of a proposed code of ethics for professional managers.

Chapter I developed and documented prevailing thought to provide insight concerning the current need for ethical guidelines. Recent efforts to develop codes of ethics for managers on the international, national, and Air Force scenes are examined. Key definitions and assumptions underlying this thesis also are presented in the introductory chapter.

Chapter II defines the scope and limitations of this study, and outlines the research methodology followed during the research effort. A comprehensive survey of existing codes of ethics, creeds, policy statements, and related doctrine from 273 industrial, professional,

and governmental organizations is presented. An extensive search and review of current secondary sources is combined with the survey results to provide the broad base of information required to fulfill the objectives of the thesis.

Chapter III examines the character and nature of a code of ethics, as a preliminary step to understand the contents of ethical guidelines in general and of professional and managerial codes of ethics in particular. Three views of a code of ethics are presented during the character analysis: (1) an alternative to legislation, (2) a characteristic of a profession, and (3) a guide to assist managers.

As an alternative to legislation, it is expected that a code of ethics will be concerned with legal or quasi-legal matters. As a characteristic of a profession, it is anticipated that a code of ethics will contain high standards of behavior expected of a professional person. As a guide to assist managers, it is expected that a code of ethics will contain guidelines which address issues of practical concern to a manager. In essence, then, an examination of the nature of a code of ethics provides both considerable insight into the possible contents of ethical guidelines and a basis for framing a proposed code which conforms reasonably in substance, format, and use to other codes in existence.

Chapter IV reviews and analyzes the actual contents of sample ethical guidelines used by selected organizations. Analysis of ethical guidelines used by small industries, large industries, professional

associations, and governmental agencies reveals certain differences as well as certain commonality of contents among and between the various organizations.

Small Industries--Forty-four small industries were queried concerning the existence of written ethical guidelines. Of eleven firms which had such guidelines, seven companies provided materials for review. These guidelines emphasize the importance of keeping with the highest degree of ethical standards and address relationships between the company and customers, employees, stockholders, and community.

Large Industries--Of 201 large industries surveyed, 98 firms provided responses, 94 of which were usable and 62 of which included ethical guidelines. Analysis of the responses reveals several significant facts:

1. Eighty-six percent of the guidelines were issued in either 1975 or 1976.

2. Seventy percent of the firms contributing to this study have written ethical guidelines, and another fourteen percent are in the process of developing such guidelines.

3. Eighty-two percent of the firms offering an opinion are interested in seeing a common code of ethics being developed for managers.

4. Seventy-nine percent of the firms providing information designated legal and/or top management offices as having primary responsibility for developing and/or monitoring ethical guidelines.

5. Sixty-seven percent of the guidelines were issued as policy statements, most of which required certification of good behavior.

Analysis of the contents of the ethical guidelines provides insight concerning the major and minor areas of interest as follows:

1. Major Areas of Interest
   a. Engage in high standards of conduct
   b. Compliance with laws
   c. Political contributions
   d. Conflict of interest
2. Minor Areas of Interest
   a. Use of company funds
   b. Accuracy of reports
   c. Responsibility to employees, customers, public, owners, and suppliers
   d. Use of proprietary information

Professional Associations--From 24 professional associations surveyed, 13 responses were received and 10 codes of ethics were provided for study. Analysis of the responses reveals some significant findings:

1. All firms offering an opinion expressed interest in a common code of ethics for managers.
2. All firms providing information designated either top management offices or ethics committees as having responsibility for the development of codes.
3. Among the nine associations providing a date of issue, only one code was developed during the past two years.

In order to provide a broader base for analyzing the contents of professional codes an additional 40 codes were obtained from sources other than direct receipt from those associations queried. Analysis of the contents of the total of 50 professional codes provides insight concerning the major and minor areas of interest as follows:

1. Major Areas of Interest
    a. Engage in highest standards of conduct
    b. Responsibility to public, client, profession, and associates
    c. Promotional activities
    d. Use of confidential information
    e. Competency of practitioners
    f. Conflict of interest
2. Minor Areas of Interest
    a. Compliance with laws
    b. Remuneration

Governmental Agencies--Contents of the governmental ethical guidelines address primarily the need for conducting affairs on the highest level and for avoiding conflict of interest situations. One important difference between governmental codes and professional and industrial codes is that governmental codes of ethics tend to assume the form of "thou shalt not" laws whereas the other codes are instituted voluntarily and rely on professional self-discipline or organizational persuasion for compliance.

The contents of codes in each organizational category relate to the nature of a code of ethics as analyzed and presented in Chapter III. Some contents are concerned with legal or quasi-legal issues; some contents are concerned with service to others which stress professional relationships with various interest groups; and finally, all contents serve to guide individuals in the performance of duties.

Chapter V utilizes the research reported in Chapters III and IV to form the basis for developing and presenting a proposed common code of ethics for professional managers. Discussion of specific formats, criteria, and general contents of a code of ethics is presented as prelude to formulation of the proposed code. Presentation of the proposed managerial code of ethics in Chapter V consists of a Preamble followed by 10 Articles of fundamental ethical principles, with rationale provided for each principle in a following discussion section. By design, the Preamble and final proposed set of 10 Articles of ethics which combine to comprise the "Code of Ethics" are inserted in Chapter V and can be extracted for discussion and use.

Conclusions

Although the primary objective of this thesis is simply the development of a proposed code of ethics for professional managers, several conclusions were reached during the course of accomplishing the secondary objectives, and are presented as follows:

1. There is strong evidence suggesting the need for ethical guidelines for contemporary managers.

2. Large industries have responded with vehement interest to the needs for ethical guidelines, most noticeably within the last two years.

3. Large industries are more likely to have written ethical guidance than are smaller industries.

4. Large industries express greater concern for legal or quasi-legal issues than for professional responsibilities toward and relationships with various interest groups.

5. Most professional associations have codes of ethics and are concerned primarily with service to others.

6. Top management personnel play key roles in the development and monitoring of ethical guidelines within industrial and professional associations.

7. Legal offices tend to have primary responsibility for framing and maintenance of creeds, policy statements, and codes of ethics within large industries whereas special ethics committees have such responsibilities within professional organizations.

8. Contemporary managers strongly support the development of a common code of ethics for all managers.

The conclusions presented in this section reflect a growing recognition of the need for and potential value of a code of ethics as a means for improving the behavior of contemporary managers at all levels within the wide spectrum of industrial, professional, and governmental organizations researched. The final portion of this thesis presents some recommendations.

Recommendations

Based on the findings and conclusions of the research reported in this thesis, the following recommendations are offered:

Long Range

1. Formulation of Professional Management Association

   It is recommended that a single professional associations be established for all managers. Entrance requirements should be established, a code of ethics should be developed, and a guidance agency should be set up. Additional research could be accomplished to determine what entrance requirements are needed and/or to determine the structure and power of the proposed guidance agency.

Near Term

2. Development of a Code of Ethics for Air Force Managers

   It is recommended that a written code of ethics for Air Force managers be developed and officially adopted. Such a code would serve as a daily reminder to highlight the behavior expected of a manager. The proposed code of ethics presented in this thesis would serve these purposes.

Application

3. Refinement and Projected Use of Proposed Code

   It is recommended that the proposed code of ethics presented in this thesis be reviewed, tested, and, if necessary, refined for adoption and projected use within business and government management environments. Potential reviewing offices could be The Business Roundtable, the Institute of Certified

Professional Managers, the Air Force Management and Leadership Center, The Conference Board, or similar research institutes.

Possible Future Research

4. Investigation of Social Responsibilities of Managers

It is recommended that Dr. Raymond H. Klug, Professor of Management, Department of Systems Management, sponsor additional research to investigate the social responsibilities of managers in general or of Air Force managers in particular.

5. Investigation of Unethical Practices in Air Force

It is recommended that research be undertaken to determine what, if any, practices within the Air Force environment are unethical. Included in such research might be attempts to investigate individual perceptions of what is unethical. The study conducted by Newstrom and Ruch could be used as a starting point.

6. Comparison of Military and Business Ethics

It is recommended that research be accomplished to determine whether the ethics of military and business managers are comparable. In this thesis it is assumed that military and business managers perform essentially the same functions. A follow on study would determine whether ethical perceptions are essentially the same.

These recommendations conclude the presentation and discussion of this research effort. With the support, encouragement and advice of others who contributed much to its completion, this study has been enlightening and satisfying. Deep personal appreciation is directed especially to Professor Klug for initiating the topic and organizing,

guiding, and aiding in the research and editing of this paper. The objectives have been achieved, and the writer has acquired new knowledge and insight into the field of management, particularly with respect to the ethical standards of contemporary managers. It has been gratifying indeed to pursue independent research in a topic of timely relevance and, at the same time, to expand personal knowledge. It is hoped that the efforts reported in this thesis may prove informative and useful to others in the future.

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Appendix A

Annotated Listing of Key Materials

(1) In May 1922, the American Academy of Political and Social Science published The Ethics of the Professions and Business, a 253 page volume of articles on professional and business ethics. More than twenty formal codes of ethics are presented, including one for the business manager. Among other topics, the significance of ethical codes is discussed (Ref 63).

(2) In January 1955, the American Academy of Political and Social Science compiled another volume dedicated to ethics: Ethical Standards and Professional Conduct, 124 pages devoted to the discussion of ethical standards of selected professions. Included in the study is a section concerned with defining a profession, discussing the emergence of business management as a profession, and examining the social significance of professional ethics (Ref 65).

(3) In 1958, the American Management Association sponsored a research study on Management Creeds and Philosophies. The results were published as a 127 page report which included guidelines on the development, use, and value of formal management creeds. Example creeds selected from 28 of the 103 companies participating in the study are included (Ref 103).

(4) In 1961, the findings of Rev. Raymond C. Baumhart were published in the Harvard Business Review in the article "How Ethical Are Businessmen?" The article focused on the responses of some 1700 executives and their appraisals of current business ethics. The executives called for top-management leadership in correcting the wrong-doings (Ref 11). The findings included in this article, when combined with another study conducted by Reverend Baumhart in 1966, served as the basis for a book published in 1968: Ethics in Business (Ref 12).

(5) In June 1962, the American Management Association compiled a collection of ethical guidelines in the pamphlet Business Ethics for Professional and Trade Associations. The 39 page pamphlet contains the codes of ethics, statements of principles, or standards of practice of fourteen organizations and was compiled in cooperation with the Business Ethics Advisory Council (then headed by the Secretary of Commerce Luther H. Hodges) (Ref 7).

(6) In December 1964, Philip W. Van Vlack, in cooperation with the South Dakota State University for Small Business Administration, prepared a comprehensive 110 page research document entitled Management Ethics Guide. The report contains practical guidelines which managers may find useful when dealing with ethical issues (Ref 107).

(7) In 1973, the American Management Association published The Changing Success Ethic. Based on a 1972 survey which generated some 2800 responses from managers at all levels, the 52 page report focuses on managers' perceptions of success. Included in the study are sections on value systems and ethical dilemmas (Ref 101).

(8) In 1974, Jane Clapp published a comprehensive document entitled Professional Ethics and Insignia, a collection of discussion of codes of ethics and other information from some 200 professions, ranging from accountants to zoologists (Ref 29).

(9) In April 1974, Lieutenant Colonel Clark R. Morgan prepared a professional study at the Air War College entitled A Code of Ethics for Air Force Officers. He concluded that a written code of ethics was not required in view of the abundance of ethical guidelines already in existence in regulations and manuals (Ref 78).

(10) In May 1974, Major Francis C. Marqua, III conducted research at the Air Command and Staff College and reported his findings in A Code of Ethics for Air Force Officers. It is a comprehensive study dealing with historical and current developments of ethical guidelines for Air Force officers, specifically a formal code of ethics (Ref 71).

(11) In 1974, Archie B. Carroll conducted a study of 238 managers regarding their perceptions of ethics in business. A principal finding was that managers are under pressure to compromise their personal standards to achieve company goals (Ref 27).

(12) In May 1975, Major Gerry D. Kammer and others developed A Code of Ethics for Air Force Officers under the auspices of the Air Command and Staff College. After identifying the need for a code of ethics, the report develops a proposed code and offers recommendations on how the code may be implemented (Ref 59).

(13) In 1975, William A. Ruch and John W. Newstrom conducted a survey of 121 managers with specific reference to their perceptions of their own ethical behavior and that of others. A major finding was that most managers believe others to be less ethical than themselves (Ref 91).

(14) In December 1975, The Business Roundtable published A Survey of Business Roundtable Members on Business Conduct Guidelines, a 24 page summary report on the content of ethical guidelines in use by some 100 corporations. Examples of current guidelines in specific areas of business conduct are included (Ref 24).

(15) In May 1976, American Viewpoint, Incorporated published The Ethical Basis of Economic Freedom, a collection of current essays on ethical standards plus special commentaries on codes of ethics and how they work (Ref 50).

Appendix B

Industries and Special Organizations

Included in Mail Survey

Industries

A-T-O Incorporated
ACF Industries, Incorporated
Addressograph-Multigraph Corporation
*Air Products and Chemicals, Incorporated
**Akzona, Incorporated
Allegheny Ludlum Industries Incorporated
**Allis-Chalmers Corporation
American Bakeries Company
American Home Products Corporation
American Petrofina, Incorporated
**American Standard, Incorporated
**Amtel, Incorporated
*Anaconda Company
Anderson, Clayton and Company
**ARMCO Steel Corporation
Asarco Incorporated
*Associated Milk Producers, Incorporated
**Avco Corporation
Avon Products, Incorporated
Babock and Wilcox Company
Bangor Punta Corporation
**Beatrice Foods Company
Belco Petroleum Corporation
**Bell and Howell Company
**Bemis Company, Incorporated
**Boise Cascade Corporation
**C. Brewer and Company, Limited
Brunswick Corporation
Budd Company
**Campbell Soup Company
Campbell Taggart, Incorporated
**Castle and Cooke, Incorporated
Celanese Corporation
**Cenco Incorporated
*Cessna Aircraft Company
Champion Home Building Company
Champion International Corporation
*Chesebrough-Pond's Incorporated
Chicago Bridge and Iron Company
**Cities Service Company
Cluett, Peabody, and Company, Incorporated
Coastal States Gas Corporation
*Colgate-Palmolive Company
Collins and Aikman Company
*Continental Can Company, Incorporated

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*Responded to survey
**Responded and provided materials

**Continental Oil Company
Cook Industries, Incorporated
Copperweld Corporation
Corning Glass Works
CPC International Corporation
Crown Central Petroluem Corporation
**Cyclops Corporation
Dana Corporation
**Dart Industries, Incorporated
Di Giorgio Corporation
Digital Equipment Corporation
R. R. Donnelley and Sons Company
Dresser Industries, Incorporated
**Eaton Corporation
Emerson Electric Company
**Ex-Cell-O Corporation
**Fairchild Camera and Instrument Corporation
Federal Company
Fieldcrest Mills, Incorporated
Firestone Tire and Rubber Company
FMC Corporation
*Foster Wheeler Corporation
**GAF Corporation
General Cinema Corporation
**General Electric Company
**General Foods Corporation
General Mills, Incorporated
General Refractories Company
**General Signal Corporation
B. F. Goodrich Tire Company
**W. R. Grace and Company
*Great Northern Nekoosa Corporation
**Greyhound Corporation
**Gulf Oil Corporation
**Handy and Harman
Hart Schaffner and Marx
H. J. Heinz Company
**Hercules Incorporated
**Heublein, Incorporated
Hewlett-Packard Company
**Hobart Corporation
*Hoover Company
I-T-E Imperial Corporation
**Inland Container Corporation
Inland Steel Company
**International Business Machines Corporation
**International Minerals and Chemical Corporation
International Multifoods Corporation
**International Paper Company
**International Telephone and Telegraph Corporation
**Johns-Manville Corporation
Kayser-Roth Corporation
Kellwood Company
Knight-Ridder Newspaper, Incorporated
**Koppers Company, Incorporated
Land O'Lakes, Incorporated
**Levi Strauss and Company
**Libbey-Owens-Ford Company
Libby, McNeil and Libby
Eli Libby and Company
**Thomas J. Lipton, Incorporated
Lone Star Industries, Incorporated
M. Lowenstein and Sons, Incorporated
LTV Corporation
The Lubrizol Corporation
Macmillan, Incorporated
*Mattel Incorporated
MCA Incorporated
**McDonnell-Douglas Corporation
Mead Corporation

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*Responded to survey
**Responded and provided materials

**Merck and Company, Incorporated
Microdot Incorporated
Midland-Ross Corporation
Miles Laboratories, Incorporated
Minnesota Mining and Manufacturing Company
*Monfort of Colorado, Incorporated
**Murphy Oil Corporation
Nabisco, Incorporated
Nashua Corporation
National Distillers and Chemical Gypsum Company
National Services Industries, Incorporated
*Norris Industries, Incorporated
*Norton Company
Occidental Petroleum Corporation
Ogden Corporation
Oil Shale Corporation
Olin Corporation
**Olinkraft, Incorporated
*Otis Elevator Company
Outboard Marine Corporation
Parker-Hannifin Corporation
Penn-Dixie Industries, Incorporated
Pennzoil Company
Pet Incorporated
*Pfizer Incorporated
*Phillips Petroleum Company
Phillips-Van Heusen Corporation
*Polaroid Corporation
H. K. Porter Company, Incorporated
PPG Industries, Incorporated
*Proctor and Gamble Company
Rath Packing Company
Raytheon Company
**Reliance Electric Company
Republic Steel
Rexnord, Incorporated
*R. J. Reynolds Industries, Incorporated
Reynolds Metals Company
**Rockwell International
Rohm and Haas Company
Rohr Industries, Incorporated
**Jos. Schlitz Brewing Company
Scott and Fetzer Company
**Scott Paper Company
**Scovill Manufacturing Company
**Shell Oil Company
Sheller-Globe Corporation
Signode Corporation
Simmons Company
**The Singer Company
Skyline Corporation
Southern Industries Corporation
Spencer Foods Incorporated
**Sperry and Hutchinson Company
**Sperry Rand Corporation
Square D Company
Squibb Corporation
**Standard Oil Company (Indiana)
Stauffer Chemical Company
**Sunbeam Corporation
The Superior Oil Company
**Texas Instruments, Incorporated
Thiokol Corporation
The Times Mirror Company
Timken Company
U.S. Industries, Incorporated
U.S. Shoe Corporation
*Union Camp Corporation
**Union Carbide Corporation
Union Oil Company of California
Uniroyal, Incorporated
*United Brands Company

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*Responded to survey
**Responded and provided materials

*Upjohn Company
USM Corporation
Utah International, Incorporated
UV Industries, Incorporated
Wallace-Murray Corporation
**Ward Foods, Incorporated
Warner Communications Incorporated
**Western Electric Company, Incorporated
**Westinghouse Electric Corporation
Westmoreland Coal Company
**Whittaker Corporation
*Xerox Corporation

Special Organizations

**American Viewpoint, Incorporated
**The Bendix Corporation
**Organization for Economic Cooperation and Development

**House of Representatives Committee on Standards of Official Conduct
Senate Select Committee on Standards and Conduct

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*Responded to survey
**Responded and provided materials

Appendix C

Professional Organizations

Included in Mail Survey

Academy of Management
Administrative Management Society
*American Association of Industrial Management
**The American Bankers Association
**American Bar Association
**American Chamber of Commerce Executives
**American College of Hospital Administrators
American Institute of Management
**American Management Association
**American Medical Association
**American Psychological Association
**American Society of Civil Engineers
American Society of Insurance Management
American Society for Public Administration
**American Society of Safety Engineers
*Apartment Owners and Managers Association of America, Incorporated
Armed Forces Management Association
**Association for Systems Management
International City Management Association
International Executives Association Incorporated
International Management Association
International Management Council
**National Association of Social Workers
Society for Advancement of Management, Incorporated

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*Responded to survey

**Responded and provided materials

Appendix D

Sample Letter to Organizations
Requesting Ethical Guidelines

Mr. James E. Lee
President
Gulf Oil Corporation
Pittsburgh, Pennsylvania

Dear Mr. Lee:

We at the Air Force Institute of Technology are conducting graduate research into an area of timely interest: developing a code of ethics for managers.

We would especially appreciate your participation in this study by sharing your experience with us. Specifically, we would like to receive and study codes of ethics (or codes of conduct, company creeds and the like) which your company is currently using. A synthesized code of ethics for managers will be developed based on the codes we receive.

A sheet is attached to facilitate your response. A self-addressed envelope is enclosed for mailing your response sheet and, if possible, a copy of your code of ethics. We have no need for proprietary information.

In view of a time constraint imposed by a ten-week research period, it would be greatly appreciated if we can plan to receive your response within fifteen days of your receipt of this letter.

If further clarification is needed, please call me at (513) 255-2549 or 255-3362. An alternate contact is Captain Randolph Adams, same phones, or 878-5277.

I do hope that we may have the benefit of your experience. Thank you very much for your time and for sharing your views and literature with us.

Sincerely,

DR. RAYMOND H. KLUG
Senior Professor of Management
Department of Systems Management
School of Engineering
Air Force Institute of Technology

1 Atch
Response Sheet, with Envelope

GSM/SM/76S-1

CODE OF ETHICS RESPONSE SHEET

Please place a check in the appropriate spaces.

1. Does your company have a code of ethics (or the like)? YES __ NO__

   a. If YES, may we please have a copy to include in our study? Date of Issue _____

   b. If YES, is it currently being revised? YES __ NO __

2. If your company does not have a written code of ethics,

   a. Do you foresee a real need for or value of a code of ethics? YES __ NO __

   b. Is a written code being contemplated? YES __ NO __

   c. Is a written code currently being developed? YES __ NO __

3. Which office has the primary responsibility for developing and monitoring the use of your code of ethics? Office _____

4. Are you interested in seeing a common code of ethics being developed for managers? YES __ NO __

5. Comments:

An addressed envelope is provided for mailing this response sheet and the copy of your organization's code of ethics if available. In event envelope is not appropriate or is inadvertently misplaced your response may be mailed to the address below. Thank you once again for your help.

Air Force Institute of Technology
ATTN: DR. RAYMOND H. KLUG (AFIT/ENS)
Wright-Patterson AFB, Ohio 45433

Appendix E

Sample Thank You Letter

To Respondents

Mr. James E. Lee
President
Gulf Oil Corporation
Pittsburgh, Pennsylvania

Dear Mr. Lee:

Thank you for your response to the needs of our research study concerning the development of a code of ethics for the professional manager. The participation of your organization in this project is especially gratifying.

Your inputs are currently being studied and, as a result, our research efforts are more relevant, timely, and comprehensive. The completed research paper will properly acknowledge your contribution.

Please accept my personal thanks in behalf of the Air Force students and faculty involved in this endeavor. The sincere interest and cooperation received from your organization is indeed appreciated. Thank you again.

Sincerely,

DR. RAYMOND H. KLUG
Senior Professor of Management
Department of Systems Management
School of Engineering
Air Force Institute of Technology

Appendix F

Local Industries Contacted

AMF Electrosystems, AMF, Incorporated
*Apex Machine and Tool Company, Incorporated
Chemineer, Incorporated
Chrysler Corporation
DAP, Incorporated
Dayco Corporation
Dayton Malleable Incorporated
Dayton Newspapers, Incorporated
Dayton Power and Light Company
*Dayton Press, Incorporated
Dayton Progress Corporation
Dayton Tire and Rubber Company
Dayton-Walther Corporation
R. L. Drake Company
Duriron Company, Incorporated
Elano Corporation
The Gem City Engineering Company
Globe Tool and Engineering Company
Harris Corporation
Hewitt Soap Company, Incorporated
Howard Paper Mills, Incorporated
Kurz-Kasch, Incorporated
Lau Incorporated
*Ledex, Incorporated
*Lowe Brothers Company
MacMillan Bloedel Container, Incorporated
*Mead Corporation
Miami Paper Corporation
Micro Devices Corporation
Monarch Marking Systems
NCR Corporation
NDM Corporation
*NIBCO-Dayton
Phillips Industries, Incoroporated
Premier Rubber Manufacturing Company
Price Brothers Company
Protective Treatments, Incorporated
The Reynolds and Reynolds Company
Southwestern Portland Cement Company
Specialty Papers Company
*Standard Register Company
Systems Research Laboratory, Incorporated
Technology, Incorporated
Vindale Corporation

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*Provided materials

Appendix G

Sample Industrial Guidelines on Ethics

CONFLICTS OF INTERESTS

We recognize and respect, of course, the right of employees to lead their private lives as they see fit, so long as their private activities do not interfere with the performance of their jobs.

But we expect and insist that employees avoid participating in or contributing to activities which create a conflict of interests, such as

- Working on the side for a customer or supplier;
- Borrowing money from, or lending money to, a customer or supplier;
- Owning even a small portion of a customer or supplier, unless the ownership is in the form of stock listed on a recognized stock exchange;
- Buying stock in a company which the Corporation has an interest in acquiring. (This applies also to companies whose stock is listed on an exchange.)
- Doing business with a company in which a close relative has significant ownership or an executive position, unless such transactions are cleared with and monitored by the legal department.

There are other forms of conflict, all of which can be avoided if reasonable judgment and thought are exercised. (In this regard, the annual conflict-of-interest questionnaire sent to key employees is helpful to the individual employee as well as to the Company.)

USE OF INSIDE INFORMATION FOR FINANCIAL GAIN

Officers and directors and other "insiders" are prohibited by law from trading in the stock of the Company on the basis of important information not generally available to the public.

While this rule does not classify most non-officer employees as insiders, it should be recognized that there are occasions when some employees may become insiders by being exposed to certain sensitive information (such as consideration being given to a major acquisition) prior to its disclosure to the public. Great care should be taken in such instances to avoid embarrassment to yourself or to the Company.

Obviously, the disclosure of inside information to outsiders is unfair under any circumstances and is illegal if it results in any trading in the company's stock.

ACCEPTING GIFTS AND PRIZES

When present or potential business relationships are involved, employees should discourage gifts and should not accept any of more than nominal value. (If there is doubt about the definition of "nominal value" in the case of a specific gift, the matter should be referred up the line of management until a clear-cut policy decision is made--but certainly anything worth more than $25 is beyond the limits.)

It is recognized, however, that the customs of some foreign countries call for the exchange of gifts as a gesture of mutual respect. Sometimes those gifts are of substantially more than nominal value. If in the judgment of the recipient, refusal of such a gift would create an irreversibly awkward situation, the gift should be accepted gracefully and then should be turned over to the Company for appropriate disposition to a charitable organization. Suitable records should be established to document the gift and its disposition.

Even in some domestic situations, the return of a well-meant gift could conceivably do serious damage to a long-standing commercial relationship. In such exceptional cases, it is important that the employee not keep the gift and that the donor be fully aware that the gift has not been kept. This can be handled by the employee donating the gift to a recognized and worthy institution (charitable, cultural, educational, youth) in the name of the donor, requesting the institution to send a letter of receipt to the donor with a copy to the employee.

Some gifts take the form of prizes at customer- or supplier-sponsored golf or tennis tournaments, fishing derbies, etc. One approach is to inform the sponsor beforehand that acceptance of gifts or prizes of more than nominal value is contrary to policy. If this is awkward, another approach is for the employee to accept the award and dispose of it as described in the preceding paragraph. In any case, if of more than nominal value the prize should not be kept by the employee.

The above guideline should not be confused with the acceptance of prizes awarded at conventions of trade associations. If the Company is a

dues-paying member of the association, the employee is on safe grounds in accepting an award but should not overlook the personal income-tax implications if the prize is of significant value.

MAKING GIFTS

The same general rules for accepting gifts can be applied, in reverse, to the proffering of gifts to individuals with whome we have a present or potential commercial relationship. Under ordinary circumstances the Company discourages the making of gifts of even small value unless a Company tradename is printed on the gift--vix., fountain pens, cigarette lighters, etc.

ENTERTAINMENT

The nature of some jobs requires entertainment of or by customers or suppliers, sometimes with costs substantially higher than nominal. We consider such entertainment healthy and not at all unethical provided there can be reasonable expectation of reciprocating at some future date. We need to know our customers and suppliers intimately, and quite often a non-business environment can offer the most effective means of meeting that need.

The providing of such entertainment is within company policy if it is clearly related to your job, if it is not overly lavish, and if it cannot place the recipient in a potentially embarrassing position with his employer or with the public. In this connection, special care should be taken not to embarrass government employees or elected officials. Harmless and inexpensive entertainment can be blown out of proportion by the media, so the best policy is to limit entertainment of government employees to simple meals, to accept without argument if they offer to pay their share, and never to offer extraordinary services such as the use of company facilities or equipment. (An exception, of course, is the provision of office space and equipment to government agencies with personnel assigned to the Company's premises for inspection or auditing purposes.)

The acceptance of such entertainment is within company policy if it is clearly related to your job and if the answer to the following question is affirmative: If you were paying the costs yourself, would the company reimburse you for the expense as a legitimate cost of doing business? (That question implicitly prohibits the use of facilities of customers or suppliers for personal purposes. In the prohibited category would obviously be the use, for a family vacation, of the beach or mountain cottage or boat of a customer or supplier.)

BRIBES AND KICKBACKS

The payment or acceptance of bribes or kickbacks to or from any individual with whom we do or hope to do business--in any form, for any purpose--is absolutely prohibited, regardless of the customs in the country or industry involved; and special care should be taken to ensure that none of our agents uses commissions or fees received from the Company for the payment of bribes or kickbacks. This is not only an ethical guideline; it is a prime company policy from which no deviation will be tolerated.

The policy is of the utmost importance, but it should not be construed indiscriminately as necessarily extending to certain types of peripheral activities.

Corporate rebates to customers or from suppliers (but not to or from individual employees) are legitimate if done to provide funds for advertising and promotional efforts or to correct commercial inequities--and if done within government trade regulations. The purchase of dinner seats at the fund-raising affairs of a customer's favorite cause is a perfectly appropriate business expense if the cause is legitimate and if political contributions are not involved. Even the excessive tip to a headwaiter for a table when entertaining business acquaintances is not unetical, although it is distasteful, provided normal prudence is exercised regarding business expenditures.

The guideline for peripheral activities is this: when disbursing Company funds other than for small tips in situations which traditionally call for tips, be sure no individual personally benefits; when accepting funds or material goods from commercial relationships, be sure they don't involve individual gain.

POLITICAL CONTRIBUTIONS

Corporate funds or other assets cannot be used directly or indirectly for political contributions, whatever the amount of the contribution, whatever form the contribution takes, whatever the laws of the country or locality. There are many aspects to this policy, but it includes the following: no direct contributions of corporate funds to a political candidate or office holder, or to or for any mechanism supporting a candidate or political cause; no use of company assets (transportation vehicles, stationery and supplies, stamps, printing facilities, clerical help, etc.) to support a political candidate or cause; no time off with pay for an employee running for political office or supporting the candidacy of another--unless the time is made up within a reasonable period of time; no contributions of political funds through indirect channels (customers,

suppliers, agents, law firms, advertising agencies, etc.); no reimbursement of individual political contributions by means of salary increases, bonuses, expense statements, etc.

This guideline conforms with the United States law, and we intend to abide by that law. Should it ever be deemed necessary to make political contributions in countries whose laws permit and encourage such contributions, prior written approval by the chief executive will be required and he in turn will be responsible for informing the Board of Directors in a timely manner and for ensuring compliance with United States tax laws in regard to such contributions.

The policy is in no way intended to discourage individual employees from seeking political officer or from making political contributions from their own funds. On the contrary, we encourage such activities (being very careful never to coerce an employee)--but we encourage the activities only to the extent that the Corporation is in complete compliance with all the applicable laws. We encourage our employees to support political referendums and bond issues which improve their communities--but we are bound by law not to provide corporate financial support for such purposes.

Nor is the policy designed to prohibit the legal use of corporate funds for the support of democratic institutions and the free-market system under which this country has prospered. It is corporate policy to provide judicious financial support to associations which seek to increase the economic awareness of citizens and government. It is corporate policy to provide financial support to trade and business associations which seek to present the business side of questions to the public and to the people who make our laws and regulate our commerce. And it is corporate policy to provide financial support to organizations which assist industry in regulating itself so as to avoid abuses of commercial privileges.

TRADE SECRETS

Among the most valuable assets of the Corporation are our trade and processing secrets. It is our responsibility to take whatever steps are necessary and legal to protect those secrets. This applies to present employees, to former employees, and to outsiders.

The corollary is also true. We respect the trade secrets of our competitors. If one of our employees has formerly worked for a competitor, we expect him to take special care to avoid disclosing to us--by word or by action--any of the trade or processing secrets of the former employer.

Until the passage of the new pension law, it had always been assumed that any normally retired management or technical employee who went to work for a competitor, in a position utilizing special trade or technical knowledge gained in the employ of the Company, would have his pension revoked. This seemed fair and reasonable, but the new law takes a contrary position. Certainly we will abide by the law, but we will make every effort to enforce compliance with contractual agreements entered into by the retired employee during his employment tenure--and we will not make any payments outside the pension plan to such employees even though such special payments may be standard practice for retired employees who recognize their moral obligations to the Company.

EXPENSE ACCOUNTS

The employee who cheats on his expense account, or the supervisor who condones the practice, is a thief and will be treated as such. It is never the intention of the Company to have expense account vouchers used for any purpose other than the reimbursement of legitimate business expenses. They cannot be used as hidden, non-reported compensation increases to avoid the normal salary-authorization procedures, to "make up" for extraordinary services, or to evade taxes.

USE OF COMPANY FACILITIES FOR PERSONAL REASONS

The assets of the Company belong to the shareholders, and we must be sure not to misuse those assets for personal purposes. It is a dangerous and unethical practice for an employee to justify such use by assuming his hard work or his job entitles him to special privileges not necessary to the carrying out of his responsibilities.

We all work hard, and many of us hold positions of great responsibility --but each of us must observe the fine line which separates prerequisites from abuse. The higher the position in management, the more important it is that the manager lean over backward to avoid even the appearance of taking advantage of his position.

The occasional use of Company copying machines for personal purposes--acceptable. The occasional use of secretarial services for personal purposes--acceptable. The hitching of rides on Company transportation facilities when it does not add significantly to the costs of a trip scheduled for business purposes--acceptable. But beyond occasional items of that sort, the employee owes it to the shareholder--and to himself--to work out arrangements for reimbursing the Company for the costs.

OBSERVANCE OF GOVERNMENT TRADE LAWS

It is a prime Company policy to observe the letter and the spirit of government trade laws. We do not directly or indirectly engage in price-fixing, agreements to limit production or services, unjustified and undocumented preferential prices, or trade reciprocity--not will we stand behind any employee who engages in such activity, regardless of his position.

If an employee is exposed to discussion about such matters by competitors (or by third parties misguidedly acting as conduits), it is the employee's responsibility and obligation to remove himself immediately from the area of the discussion.

ACCURACY OF ACCOUNTING ENTRIES AND CLASSIFICATIONS

If for locally sensitive reasons an accounting entry must be deceptively labelled--a rare event--it is the responsibility of those authorizing the entry to inform the internal and outside auditors and the Audit Committee of the Board of Directors promptly and in detail.

Appendix H

Professional Codes of Ethics

Reviewed in Secondary Sources

American Anthropological Association
American Arbitration Association
American Association of Airport Executives
American Association of Museums
American Chemical Society
American Chiropractic Association
American Corrective Therapy Association
The American Dietetic Association
American Institute of Architects
American Institute of Certified Public Accountants
American Institute of Interior Designers
American Library Association
American Nurses' Association
American Optometric Association
American Society of Agricultural Consultants
American Society of Appraisors
American Society of Association Executives
American Society of Landscape Architects
American Society for Personnel Administration
American Society for Quality Control
American Society of Traffic and Transportation
Board for Certification of Genealogists
Building Officials and Code Administrators International, Incorporated
Data Processing Management Association
Engineers' Council for Professional Development
Institute of Certified Travel Agents
The Institute of Chartered Financial Analysts
Institute of Internal Auditors, Incorporated
International Association of Assessing Officers
International City Management Association
National Association of Insurance Agents, Incorporated
National Association of Life Underwriters
National Association of Realtors
National Auctioneers Association
National Education Association
Public Relations Society of America
Society of American Foresters
Society of Fire Protection Engineers

Vita

Randolph Keith Adams was born on 26 April 1948 in Poughkeepsie, New York. After graduating from high school in Athens, Greece in 1966 he attended Tufts University where he was inducted into the Eta Kappa Nu and Tau Beta Pi Associations, Electrical Engineering and National Engineering Honor Societies, respectively. In May 1970 he received the degree of Bachelor of Science in Electrical Engineering (Cum Laude) and was commissioned as an officer in the United States Air Force. Following completion of technical training at Lowry Air Force Base, Colorado in February 1971 he was assigned to the 318th Fighter Interceptor Squadron, McChord Air Force Base, Washington where he served as an avionics maintenance officer until January 1974. During his subsequent assignment to Detachment One, 552nd Airborne Early Warning and Control Wing, Korat Royal Thai Air Force Base, Thailand from February 1974 to June 1974 as Officer in Charge, Field-Avionics Maintenance Branch, he received the Air Force Commendation Medal. He then served as Officer in Charge, Communications-Navigation Branch, Avionics Maintenance Squadron, 432nd Tactical Fighter Wing, Udorn Royal Thai Air Force Base, Thailand until his assignment to the School of Engineering, Air Force Institute of Technology, in February 1975.

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This thesis was typed by Mrs. Joyce Clark.

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Recent disclosures of questionable behavior on the part of leaders of many American institutions have left people disillusioned with professions which once commanded deep respect. Numerous allegations of corruption have highlighted the current need for comprehensive and visible standards of conduct for contemporary managers. The primary objective of this study is to develop a proposed universal code of ethics for managers in response

(Continued 172)

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to public demand for a clearer picture of the ethical responsibilities of the leaders of today. Insights are developed concerning the nature, need, widespread use, value, and key contents of ethical codes through an extensive review of current literature. Information on currently existing ethical codes, creeds, and related policy was solicited from presidents of 201 large industries selected from the 1975 "Fortune 500" listing. Inquiries were made to executive directors of 24 professional associations, to 44 small industries, and to the ethics committees of both the House of Representatives and the Senate. The proposed Code of Ethics for Professional Managers which is developed in this thesis is modeled as a logical extension to the information gathered regarding contents, format, scope of coverage, and criteria contained in the aggregation of collected codes. Responsibilities of a manager are classified and addressed in terms of key interest groups as follow: customers, investors, employees, employer, the public, and professional associates. The final proposed code is presented as a separate unit within the thesis which may be extracted for review, discussion, and use. It is recommended that the proposed code be studied for adoption and considered for use as a first step toward improved behavior and restoration of public confidence in modern managers.