

Business ethics and compliance

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Ethics is not something foreign to humans as most of their behavioural patterns are governed by accepted standards. Businesses too have their own ethical standards which play a pivotal role in steering organizations towards success. However, non adherence to those ethical principles has led to the downfall of many organizations.

Hence, the problem under the purview of this study is that, "The corporate code of ethics is not generating the expected results when there's no proper follow up process subsequent to its implementation, thus the issue of non compliance arises due to the absence of a proper monitoring mechanism" The independent variable under consideration is the characteristics of good follow up process while the dependent variable being the expected results. The main objective of this study was to determine the impact of a good follow up process of business ethics on key corporate performance indicators. The sample consisted of forty leading organizations in Sri Lanka representing five industries. Primary data was gathered by way of a questionnaire and from discussions held with the respective managerial personnel.

The findings indicate only 10% of the organizations to be having an extremely satisfactory follow up process on ethics while the follow up process of 30% of the organizations is weak. Further analysis reveals that organizations with an extremely satisfactory follow up process succeed heavily in terms of customer loyalty and brand popularity. Organizations with a weak follow up process on ethics have failed under all considered criterias i.e profit, employee job satisfaction, customer loyalty and brand popularity.

The study has contributed to bridge the research gap on ethics and compliance while outlining key variables for the management community to be vigilant in managing their code of business ethics.

Key words: Business ethics, Follow up process, Profit, Customer loyalty, Brand popularity

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