

Critical notes on the doctoral thesis "The impact of adopting ethics and compliance programs on business strategy" elaborated by Valeriu Deciu, „Al. I. Cuza” University of Iasi

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Abstract: The current paper exposes critical notes on the doctoral thesis "The impact of adopting ethics and compliance programs on business strategy" elaborated by Valeriu Deciu, „Al. I. Cuza” University of Iasi, Romania. Based on the thesis analysis I found that it corresponds to the requirements of the elaboration of a doctoral thesis in the field and I agreed with its public defence.

The PhD student pursues a transdisciplinary approach, having as a central point the field of ethics management, approaching the theories and instruments from the area of management but also from that of applied ethics and sociology.

The research is exploratory in nature, being approached a relatively new field for the literature in the area of ethics management in our country, a field that is also a novelty for the Romanian managerial practice itself. The paper also has a confirmatory side, the statistical processing of the data obtained through a survey based on a questionnaire leading to the confirmation of hypotheses formulated by the doctoral student throughout the paper.

Keywords: *critical notes; doctoral thesis; scientific news; ethics; compliance programs; business compliance; business strategy.*

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The undersigned, Professor PhD Hab. Antonio Ștefan Sandu, full professor at the "Stefan cel Mare" University of Suceava, named by Decision no. 21418 of 14.11.2019 of the Rector of the „Al. I. Cuza” University of Iași, member of the Commission for the public defence of the doctoral thesis entitled “ Impact of adopting ethics and compliance programs on business strategy” elaborated by Mr. Valeriu Deciu, I carefully analyzed the mentioned thesis and found that it corresponds to the requirements of the elaboration of a doctoral thesis in the field and I agree with its public defence.

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The research is exploratory in nature, being approached a relatively new field for the literature in the area of ethics management in our country, a field that is also a novelty for the Romanian managerial practice itself. The paper also has a confirmatory side, the statistical processing of the data obtained through a survey based on a questionnaire leading to the confirmation of hypotheses formulated by the doctoral student throughout the paper.

The purpose of the paper is to demonstrate the effectiveness of implementing "total exhaustive ethical policies" at the level of companies. Specifically, the author shows that "the research focuses on the moral subjectivism derived from the perception created by managers and strategic leaders as firstly subordinating to the principles, aware of their privileges and responsibilities" (p. 7).

The research is meritorious, first of all by approaching a topic whose actuality is obvious, the concerns for ethics in general and for business ethics in particular being increasing in recent years, with the wide awareness of managerial risks but also of social risks generated by unethical behaviours in the business environment. In this respect, we welcome the position of the doctoral student, which aligns with the idea that the existence of an ethics policy legitimizes the organization as a bearer of social responsibility and specializes it in the context of the business environment - which can give it a competitive advantage.

The analysis of the ethics programs carried out by the companies and the identification of those who failed is intended to be an element of originality of the thesis, because it can be the basis of the construction of managerial consultancy programs in the field of ethics. Measuring the effectiveness of ethics and compliance programs allows the author to

highlight the impact that these programs have had on the business operating strategies of companies.

The ethical instruments analysed by the doctoral student were:

- the ethical mission / values included in the organization's declaration of principle of assuming ethical values on which it conducts its activity;

- the code of ethics - which includes the set of mandatory norms and ethical principles, conceived as a prescriptive framework for the ethical behavior of the employees;

- the ethics and compliance program - which includes a set of organizational policies and regulations designed to achieve ethical objectives, etc.

The thesis includes a critical analysis of the literature on the particular features of the ethics and compliance programs within the various business organizations, as well as the public perceptions about how the ethics programs approach the specific ethical values of the company, being a significant component of effective leadership.

We also welcome the fact that the present thesis is delimited by those simplistic approaches to business ethics that are limited to appreciating the existence or absence of correct business behaviors, ethics being understood starting from Kleymann's (2002) work as "a process of staged growth in a continuous decision-making process between good and bad".

The theoretical part reviews concepts such as business morality, ethical innovation, ethical conflict, corporate strategy, competitive priorities from an ethical perspective, the competitive advantage of ethical strategies etc., all of which are correctly and exhaustively presented, using significant literature in the field, which is critically analysed, the author's opinion clearly distinguishes from the information taken from the sources cited.

The applicative part of the thesis is composed of qualitative research based on case studies on the ethical policies and programs that are carried out within the companies Coca-Cola, Toshiba, Volkswagen, Ford and Samsung - and a quantitative one, based on questionnaire-based survey, applied in the Romanian business environment, to a number of 200 companies out of the Top 1000 companies in Romania (according to the *Capital* magazine) and to other 185 companies chosen by the snowball method, outside those included in the Top 1000.

The qualitative component of the research involved a multicriteria analysis of the ethics programs carried out in the mentioned companies, highlighting a series of their particular dimensions: the specifics of the companies, their mission and objectives from the ethical perspective, the

ethical dimension of the corporate culture of the respective companies and the alignment between the directives contained in the code of ethics of companies and the general principles of business ethics.

The operational requirements of the implementation of ethical strategies in the organization, the impact of the leadership on the ethical culture, the management of the ethics but also the evaluation of the employees from the perspective of respecting the ethical standards within the organization, are analysed. The relationship between the ethical culture and the quality of the products and services offered by the organization is emphasized, the quality being considered a fundamental ethical dimension of the organizational activity because it transposes the respect for the client and his expectations from the corporation.

Another component considered in carrying out the case studies (p. 159) is the integrity of the members of the organization, both at the level of management and execution - and the anti-corruption measures that the organization takes on various managerial levels.

The quantitative component analyses:

- the influence of the adoption of ethics programs on the business strategy;
- the influence of the existence of a code of ethics in the organization, or of an ethics and compliance program;
- the differences of impact that the different ethics programs implemented have on the organizational efficiency, etc.

We cannot fail to point out a series of minuses of structural and methodological nature that we sporadically identify in the present work and whose remediation would significantly increase the value of the research undertaken by the doctoral student:

- First and foremost, we suggest the student to pay greater attention in formulating the text, which leaves room for ambiguities and inadvertencies that unpleasantly attract the reader's attention. In the very opening sentence of the Introduction there is the phrase "An adequate ethical conduct in organizations implies the implementation of certain *policies*" (p. 8). The term of *policies* is far too general, and its use without a determinant of the type of what kind of policies, makes the opening sentence of the work vague, giving an unfavourable impression on the whole work, as one made hastily and without reflection appropriate to the terms used.

- Other examples of unfortunately chosen semantic structures are those on page 150: "Qualitative study involves obtaining qualitative data and is a procedural process used to explain phenomena observed in the fields

and topics of interest (Suchman, 1995). We ask the author to observe the unhappy expression that qualitative study involves obtaining qualitative data that takes the form of a circular definition and also in the same sentence, the pleonastic approach existing in the phrase "procedural process". Even if the author quotes from a source, which alleviates his responsibility for the clarity of the text, however, we suggest avoiding deficient linguistic constructions such as the one reported.

- Also on page 150 we find that "*Phenomenological: means investigating phenomena*" - semantic structure that again takes the form of a circular definition. "The causes of their presence, the reasons behind their existence and their nature in general." - the phrase is defective of subject and predicate. And the phrase "Has applications in various fields, such as botany, physics, chemistry, astronomy and geology." - is defective of subject.

- The same flawed approach to the phrase structure is also found on page 150 in the expression: "Ethnographic: it means the analysis of specific ethnic and tribal groups. Their origins and geographical displacement. The state of the present group and its future". Even if the expressions are part of an enumeration, when using the punctuation mark (.), the following phrase should include both subject and predicate. The subject may be in the form of a pronoun or other constructions may be used to avoid repetition.

- Another unhappy expression is found on page 183 in: "The available literature on the social and *natural systems* that are used in the process of implementing ethics and compliance programs has, in our opinion, at least one research direction that needs to be deepened." - It is unclear what *natural systems* can be used in the system for implementing ethics programs. Natural systems can be benchmarks for such programs, such as those relating to environmental protection. But we do not see how they can be used in the implementation of ethics programs other than the coercive tools that were used in the implementation of the ethics during the slavery period or of the methods of pre-modern education of children (see "the stick of St. Nicholas" often quoted by Ion Creangă in his *Memories*).

- We find a new unhappy expression on page 189 in: "***With confidence and conclusively***, the paper will try to determine if such an impact exists and which can be attributed exclusively to the adoption of an ethical program in a private enterprise". We salute the student's trust in his own thesis, and in his ability to "conclusively" determine the impact of ethical programs, but we consider that this kind of expression is far from the academic rigor required for a doctoral thesis! We also noted that, after expressing confidence in the conclusion of his research, the author modestly states that his work tries to establish the existence of an impact. We

suggested to the author, with all due respect and without any intention of diminishing the immense argumentative effort occasioned by the writing of the thesis, that until its publication, the author will carefully review such syntagms which unfortunately abound in the content of the work, and which prevent a correct receipt of the ideological background of the thesis, which deals with current problems and whose clarification is necessary for the development of ethics management in our country. It is not our mission to identify the errors of expression in this thesis and therefore we will not insist on this point.

Regarding the methodological dimension of the work, we have a series of question marks that we raise in the attention of the author and the audience, specifying that they do not significantly influence the validity of the obtained results:

- It is not clear what is the author's contribution regarding the case studies presented and what his critical position was with regard to the ethical literature from which he took the case studies.

- Although the author specifies that he carries out an analysis of the ethical policies of the Romanian companies, the ethics programs included in the case studies of the Coca-Cola companies, etc., in fact target the parent companies, without being obvious references to the situation in the Romanian subsidiaries of these companies. As such, case studies are more an extension of the literature review than an actual qualitative research conducted by the author of the thesis. It performs at most a secondary data analysis, expressed in the form of case studies.

- The criteria by which the success or failure of ethics policies are measured are vaguely outlined, with a better argumentation of the idea of failure of ethics programs being required for companies such as Coca-Cola. It is difficult to accept a failure diagnosis of an ethics program, even if this diagnosis does not belong to the author of the present thesis but it is taken from the literature, in the absence of a reference to the objectives of the program. Moreover, in the case of Coca-Cola company, the author mentions the respect for integrity, the attainment by the members of the organization of the corporate ethical values included in the documents related to the ethics program, the existence of a significant ethical component within the organizational culture of the respective corporation. The failure mentioned seems to be of insufficient nature to promote this ethical culture among the public and the consumers of the company's products, a promotion that would increase the legitimacy of the company and its credibility among the consumers, which should be reflected in an increased trust, which would lead to an increase in product sales. However, it is difficult to appreciate, in

the case of Coca-Cola company, which would be the additional market share brought by the ethics and compliance program developed by this company, provided the brand's awareness is evident and the public's trust in the corporation is significant. We can consider the problem of using ethics and compliance programs in counteracting the negative image of the products that can appear in the context of the competition of its products with the *bio* products, strongly promoted on the market lately.

- In the quantitative research, we notice that out of the 285 companies selected to send the questionnaire, only around 150 have replied. This high rate of non-response raises question marks from a sociological perspective, and a justification should be formulated to inform the reader of the causes of this high rate of non-response. These causes can be: lack of interest of companies for research, lack of time or of staff needed to respond to research. Transparency is a key element of organizational ethics, and the lack of transparency regarding its own ethics policies can disqualify a number of companies from their real ethical concern, beyond the programmatic documents that express some forms without a background. Under these conditions, non-responses acquire a significant value, which can be interpreted in the key of the lack of transparency and indirectly of a possible lack of integrity or at least some false concerns for organizational ethics.

Considering the above mentioned qualities of the thesis and mainly the novelty of the approach and the topic of the thesis for the Romanian business environment, we supported the award of the title of Doctor to Mr. Valeriu Deciu.

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