

## COMPATIBILITY BETWEEN BUSINESS AND ETHICS: REFLECTIONS ON IMPACT OF CODE OF CONDUCT ON WALMART

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### **Abstract**

Business ethics profoundly affects companies, especially stakeholders like customers, employees, shareholders, investors, and the business's environment. This is because of the clash between ethics and business, which raises compatibility question. To that end, this study seeks to qualitatively show the compatibility between ethics and business, drawing evidence from the case of Walmart and some extant literatures on the subject matter. The study shows that despite the clash, ethics and compliance are essential and foundational determinants of sustainably successful business. When a business organization, such as Walmart, sets ethical standards and a strong foundation, it establishes the basis for success and ensures transparency and accountability. Ethical standards also guard against legal hurdles that may arise because of the absence of those standards adding to the cost of doing business. The paper concludes that ethical business practices, as demonstrated by Walmart through its code of conduct, help business organizations to achieve success, build trust and confidence, and win the hearts of a large number of the public, for which Walmart and such other organizations top on the competition chain in the market and thereby attain high level of organizational performance, productivity and profit maximization.

**Keywords:** Compatibility, Business ethics, Walmart, Code of conduct, Impact

### **Introduction**

The rise of the coronavirus put societies under enormous pressure to put massive and rapid behavior changes in motion (Aslam et al., 2022; Hashmi et al., 2021). During the pandemic, business leaders struggled to keep their businesses and employees. And at the same time, they were looking at ways to help their community. A business community is where a company is located, which is home to those get affected by their goods and services. To support their communities, they must respect the culture and practices of the communities, even during difficult situations such as those imposed by as well as experienced during the COVID19 pandemic. The hard situations brought to place by the coronavirus negated the practice or realization of absolute ethics. Clearly, business ethics changes during a period such as that of the coronavirus (Stone, 2020). This study thereby observes that ethics should be contextual and decided based on reality and the context when deciding. A pandemic is not planned. Therefore, ethical decisions cannot be absolute but somewhat relative. This point highlights the fact that Walmart's code of conduct is relative rather than absolute.

Pevkur (2007) has emphasized the compatibility between ethics and business, specifically exploring dwelling on the cases of some public administrative systems. In the paper, the author approaches the compatibility of ethics with the systems from both general and specific perspectives. The question of regularity in ethics management approaches in certain administrative systems is engaged with. Pevkur (2007) argues that the interpretation of some facts is speculative and thereby philosophical and empirical, while some others provide theoretical conclusion. The study by Parker (1998) explores conditions of business ethics from the angle of social theory. It looks at the clash between moral philosophy and pragmatic managerialism, which together constitute business ethics. Focusing on this field, the study compares ethics and morals, looks at the concerns of ethics, post/modern epistemologies, and 'decision' and 'judgement' that central. It concludes that ethics is relevant to business, education and critical thinking.

The central position of this paper is that code of conduct (that is, ethics) of an organization enhances ethical business practices in the organizations. These practices revolve around ethics and business. That is, they are indications of ethics in business. The question of compatibility between ethics and business informed this study, which seeks to draw evidence from the specific case of Walmart and from some

extant studies. The study offers a concise scholarly exposition on the compatibility between ethics and business, reflecting on the impact of the code of conduct of Walmart on its image, business success, popularity and varied feats in the industry.

### **Conceptual Spadework**

Ethics is not easily defined, because it presents conceptual and contextual variances. Ozumba (1995) notes that “conceptual problems are a set of problems in ethics” (p. 4). This means it is problematic to conceptualize and generalize ethics. Uduigwomen (2016) rightly observes that the various definitions of ethics point to the common fact that “ethics majorly concerns regulation of the behavior and conduct of man, as it affects the overall well-being of the state or society in which he lives” (p. 255). This definition captures code of conduct (ethics) in an organization like Walmart. This paper adopts his definition, and agrees that the different definitions of ethics point at the central idea of the foregoing definition.

Business ethics, as Crane and Matten (2010) describe it, refers to “the study of business situations, activities, and decisions where issues of right and wrong are addressed” (p. 5). For this paper, business ethics are objective sets of policies and practices that a company uses to guide decisions about negotiations, deals, corporate social responsibility, and other significant findings that the company faces occasionally. It is what enhances the law by outlining acceptable behaviors in a business environment. Business ethics are generated from a code of conduct, such as that of Walmart. A code of conduct comprises written principles that outline ethical guidelines and best practices that members of an organization are expected to follow.

A code of conduct provides the framework for employees to carry out their responsibilities. Codes can clearly articulate unacceptable behaviors and provide a vision for which the organization strives. A fundamental mechanism for ensuring professionalism is a code of conduct—ethics. A corporate code of conduct is the principal statement regarding how a company conducts its business and its ethics and compliance program’s chief communication (Lunday, 2018). A code generally embodies the standards that a company sets itself and possibly other standards that others encourage it to adopt. Codes are standards for ethics, and the compliance risks that a company wants to prevent, detect, and mitigate should a violation occurs.

Although ethics (code of conduct) is essentially needed and has a lot of impact on every business organization, the question of compatibility rises from the divided views on context-general and context-specific nature and applicability of ethics. That is, since what constitutes ethics or a code of conduct for one place, organization, person or group does not necessarily or compulsorily serve the same purpose elsewhere, ethics is contested to be context-specific rather than context-general. For the ethical Universalists, a single list of truths can be expressed only with one set of concepts and call for precisely the same behavior worldwide (Uduigwomen, 2016). That is, the Universalists consider ethics to be context-general rather than context-specific (Omorgbe, 1990; Singer, 1993). For them, what is right in UK is, or ought to be, right in US and vice versa. Ethical Universalism or Absolutism clashes with the belief that ethics differs among the different cultures of the globe.

Donaldson (1996) avers that a code of ethics must be absolute and relative, because ethical behavior suffers when relativism preferred over absolutism. This applies to the business environment. In some cultures, loyalty to a community, family, organization, or society is the foundation of all ethical behavior. When a code of conduct is absolute, it means the code of ethics is the standard regardless of whether it is accepted or not. It remains unaffected by any change of circumstances. Thus, generalizing ethics would mean disregarding some cultures that their ethics clashes with that considered universal. Rather, the ethics of all cultures should be respected.

### **Impact of Ethics on Organizations**

A good code of conduct reinforces leadership’s good intentions and efforts (Nygaard et al., 2017). It embodies the culture of the organization and the legal boundaries. Principles primarily serve as a guide to regulatory compliance. Organizations establish codes of conduct to prevent legal and regulatory

violations. This is the first objective most companies attach to a code of conduct. When violations occur, a code can help detect them and mitigate their effects (Lunday, 2018). A code reflects what the company desires and seeks to prevent. Employees feel more committed when they feel included and engaged in the company's culture and success (Ogirri, 2024; Zeshung, 2024a; Wambe, 2021; Etim-Robert, 2016). Codes strengthen trust and respect of other stakeholders, such as local communities, regulators, nongovernmental organizations, and even competitors. This is because as codes become publicly available, more outside stakeholders review them and set their expectations of the company partly based on its codes (Nygaard et al., 2017).

Leaders, who are aware of ethical principles and practices obtained in organizations, base their actions, decisions and solutions to problems on them (Illy et al., 2021). Leadership training is essential to acquire and/or become conversant with skills like accountability, motivation, tactics, influence, etc. (Illy et al., 2021). The more a company lives up to its established expectations, the more outstanding goodwill it engenders. Tuan (2012) examines ethics, corporate social responsibility and corporate governance, with a view to showing the nexus between ethics and corporate social responsibility on one hand and ethics and corporate governance on the other. The results of the study show an interplay between ethics and the two other variables, stressing that ethics of care leads to ethics of justice and legal corporate social responsibility and to the cultivation of corporate social responsibility. Training on ethics is recommended by the study. This underscores the place of ethics in organizations as well as businesses. A correctly written code of conduct makes business ethics effective. When the language of a code is correct and concise, it prevents ambiguity and wrong interpretation. Wrong interpretation sends a false perception of the organization to its stakeholders, especially employees and customers. Employees are also made to feel unnecessarily restricted, even in what they are permitted to do. As a result, they feel trapped. Thus, language plays a critical role in a code of conduct. That is why in writing a code of conduct, language should be kept simple and straight to the point without ambiguity. That is, ambiguity should be avoided. Many companies choose personal language to make their employees feel included in the community. Secret language also promotes employee trust in the organization (Gino et al., 2020). However, research has shown that individual language increases misconduct and unethical behavior (Gino et al., 2020).

On the contrary, when a code of conduct uses impersonal vocabulary in communicating ethical standards, employees feel more distant, and their relationship with the organization is almost strictly transactional. As such, they become more aware and respectful of the code of ethics. Personal language makes the employee feel that the organization is more tolerant and forgiving and is less likely to be punished for misconduct. Conversely, impersonal language communicates that the organization is serious and ready to punish any erring members for wrongdoing. As Gino et al. (2020) note, the less use of personal language propels more ethical behavior in an organization. In that regard, the company's message matters a lot to employees, because its code of conduct represents its main statement about its business (Zeshung, 2024b; Ogirri, 2024). The code refers to the standards a company had set for itself, and those it sets for those wanting to do business or engage with it, which includes compliance and ethics that guide the company by preventing and detecting when a violation occurs (Lunday, 2018). The company uses messaging to express how it wants to set expectations for outside stakeholders and business partners (Nwankwegu & Nwode, 2012).

### **Reflections on Walmart**

Walmart Inc. engages in the retail and wholesale businesses (Zeshung, 2024b). Trust is one of Walmart's competitive advantages over other businesses. This paper avers that stakeholders such as store associates, investors, customers, suppliers, and business partners choose Walmart because they believe it is an organization they can trust, since it has invested in creating an environment that builds trust. With many stores and clubs worldwide and tens of thousands of suppliers, their actions can positively impact and influence beyond the organization's walls. Since Walmart is a vast organization, its ethical practices have affected not only its employees but also the market around it, as it has built trust in the brand, which continuously influences the company's image. And, with millions of associates globally, Walmart's integrity depends upon ethical and compliant behavior and decision-making throughout the organization. The law inspires ethical principles and a code of conduct.

A rule or a law requires people to obey. Failure to follow often requires sanction. Moral rights, ethical obligations, and responsibilities constrain a person's ability to improve outcomes. Legal rights are often looked at as moral rights. Although an effort is usually made to bring the force of law behind some moral rights by making them legal rights, moral rights must be distinguished from legal rights. There is no contradiction in saying that a person has a legal right to do something, not a moral right, or in claiming that some laws are unjust. Laws that treated enslaved people as property violated the moral rights of the enslaved people. The argument given to justify slavery in the United States was that the Constitution guaranteed rights only to citizens. The law did not recognize enslaved people as citizens or accord them civil rights. Furthermore, the law regarded enslaved people as the property of others. The Fourteenth Amendment to the U.S. Constitution provides that formerly enslaved people were citizens. All citizens possessed the right to life, liberty, and property, though only men had the right to vote and voted for. Also, naturalized citizens had the same rights as native-born Americans. The Civil Rights Acts of 1964-65 legislated against discrimination based on race, sex, religion, and national origins. Today, the inalienable right to liberty is generally agreed to mean that a person cannot make a morally valid agreement to sell himself into slavery. Because of the widespread seventeenth-century practice of making agreements to be an "indentured servant", it is not so clear that the framers of the Declaration thought inalienable rights could not be traded away, at least temporarily.

Furthermore, Walmart faces much criticism concerning business ethics which include predatory prices, acting inhumanely, gender stereotypes, supporting unethical decisions, and policies against the union which can be overcome by working more on corporate social responsibility, sustainability conferences, and projects (Zeshung, 20224b). Trust is an essential component in a business, and Walmart has implemented many ethical principles in its operational code of conduct for employees' best interest. If companies, such as Walmart, follow ethical practices, they do not only make a good reputation but also get determined employees, who would be happy and willing to work for the company without any hesitation and be an example for other small organizations to implement and follow their businesses ethically. Walmart must keep working for the betterment of its employees, consumers, and itself. They need to develop more varied strategies to improve on their ethical practices and turn down their unethical practices.

Just as Ozumba (1995) states that any "society having no norms or ethically intelligible way of ascertaining and enforcing good conduct is bound to disappear in the short or long run" (p. 55), no organization can do well without an established code of conduct. Interestingly, Walmart has an established code of conduct, which has been impacting positively on its entirety, both internally and externally. The code of conduct guides employees and other peoples of the organizations to behave well in line with the acceptable ways of organizational behavior. Their operations and all other activities therein are guided by the code of conduct in order to stay on track. The quest to please the public and win more members of the public to itself, as clients and customers, informed the relentless efforts made by Walmart to build and sustain trust and confidence among its employees, clients, customers and other stakeholders.

Interestingly, the sustained efforts are yielding appreciable positive results for Walmart. There is no doubt that if customers get quality, satisfaction, trustworthiness, support, standards, etc. from a business organization, including finding and interacting with well-behaved employees, they remain committed to the organization, expand their businesses with them or increase their purchases, and refer them to their fellows, friends, families and what have you. The foregoing summarily captures the impact of ethics on business. Ethics (code of conduct, as it may be called in some organizations like Walmart) sees to organizations having fair deals with customers and clients, and employees and employers working ethically, morally, legally and otherwise, all in ways that are acceptable, virtuous or of great value. It is value that attracts many people to an organization. Trust and other motivations follow suit. These, among other factors, are what put Walmart above its fellows in the competitive global market. The code of conduct of Walmart makes it possible for it to achieve a lot that it would not be achieving in the absence of the code (ethics). Thus, ethics is compatible with business, as it impacts positively on business. However, business cannot impact on ethics.

## Conclusion

Business and ethics are compatible because ethics is a guide. Ethics are the very foundation of why laws are passed to act as a guide to how employees relate with each other and with their organizations. Ethics also acts as a guide to companies drafting policies and procedures. Every employee in a business has different moral values. Every company has a different culture. Without ethics, values would be competing. Workplace policies would only exist with the presence of ethics. Ethics and compliance are essential components that are the foundation of a successful and sustainable business. When a business organization, such as Walmart, sets ethical standards and a strong foundation, it establishes the basis for success and ensures transparency, accountability, productivity, maximal performance, profit maximization and high patronage by a large number of the public.

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