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BUSINESS ETHICS: INTERNATIONAL ANALYSIS OF CODES OF ETHICS AND CONDUCT

ABSTRACT

Codes of ethics and code of conduct formalize an ideal of expected behavior patterns to managers and employees of organizations, providing standards and orientation that states companies interactions with the community, through products /services, sales force, marketing communications, investments, and relationships with other stakeholders, influencing company reputation and overall Marketing performance. The objective of this study is to analyze the differences in codes of ethics of the largest companies based in Brazil and in Portugal, given their cultural and linguistic similarities. Findings show that the use of codes of ethics are more common in Brazil than in Portugal and that codes of ethics are substantially more extensive and cover a larger number of categories in Brazilian companies, reflecting the organizations' mission and perception of stakeholders concerns and priorities. We conclude that ethical issues severely impact company reputation and, in a comprehensive sense, overall Marketing performance. Marketing professionals should be systematically aware of how company core values are transmitted to different audiences, including the use of code of ethics to communicate both with internal and external publics.

Keywords: Ethical Business Practice; Codes of Conduct; Business and Society; Cultural Differences; Communication.

ÉTICA EMPRESARIAL: ANÁLISE INTERNACIONAL DE CÓDIGOS DE ÉTICA E DE CONDUTA

RESUMO

Os códigos de ética e de conduta formalizam um ideal de padrões de comportamento esperado para os gerentes e funcionários das organizações, fornecendo padrões e orientações que estabelecem as interações das empresas com a comunidade, por meio de produtos/serviços, força de vendas, comunicações de marketing, investimentos e relacionamentos com o público, influenciando na reputação da empresa e desempenho global do marketing. O objetivo deste estudo é analisar as diferenças nos códigos de ética das maiores empresas com sede no Brasil e em Portugal, dadas as similaridades culturais e linguísticas entre os dois países. Os resultados mostram que o uso de códigos de ética é mais comum no Brasil do que em Portugal e que os códigos de ética são substancialmente mais extensos e abrangem um maior número de categorias em empresas brasileiras, refletindo a missão e a percepção das partes interessadas. Com os resultados, concluiu-se que as questões éticas afetam seriamente a reputação da empresa e, em um sentido mais abrangente, o desempenho geral do marketing. Os profissionais de marketing devem estar sistematicamente conscientes de como os valores fundamentais da empresa são transmitidos a diferentes audiências, incluindo o uso do código de ética para se comunicar com os públicos internos e externos.

Palavras-chave: Prática Ética de Negócios; Códigos de Conduta; Negócios e Sociedade; Diferenças Culturais; Comunicação.

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1 INTRODUCTION

Companies increasingly interact with stakeholders through multiple relationship platforms (sales force, website, promotions, word of mouth), with a growing scrutiny the practices they observe, namely at the ethical level. Codes of ethics may provide tools that will help an organization and its members to avoid or solve the ethically troublesome issues that may affect company reputation. In this context, marketing professionals should be systematically aware of their stakeholders' ethical expectations and the company core values that are transmitted to the public through all consumer experiences, understood in a comprehensive sense.

Social pressures also increasingly require marketers to examine how companies deal with consumers, competitors, investors, suppliers, and other stakeholders from an ethical perspective (Takala&Uusitalo, 1996). Several examples of the impact of ethical issues in different national companies include Portugal Telecom, Banco Espírito Santo in Portugal, or Petrobras, and/or international companies such as Siemens or Volkswagen. All those situations represent a severe marketing challenge to recover company awareness, perceived quality, associations, and reputation.

Recently, the German multinational company, Siemens, has been the target of accusations and investigation for distribution of kickbacks to authorities in the process of obtaining contracts over 830 million dollars for construction and operation of train and subway lines in São Paulo, Brazil (Agência Pública, 2013). On the scheme of cartel formation, which lasted for more than 10 years, other companies have also been investigated, such as Alstom, Bombardier, and Caterpillar. In May 2013, Siemens and its executives have agreed to collaborate with CADE (Administrative Council for Economic Defense), the Brazilian government agency that works in the area of competition, in exchange for immunity.

Siemens Brazil has a code of ethics published on the Internet that says:

We compete in a loyal way to obtain the award of orders, on the basis of quality and price of our innovative products, and do not offer undue benefits to third parties. Consequently, no employee may directly or indirectly offer, promise, grant, or authorize the surrender of monetary values or other values to a civil servant in exchange for their influence in an official

action, or to obtain any improper benefit.

Volkswagen's "Dieselgate" experienced a similar situation that took place in 2015 despite their code of conduct that states "The reputation of the Volkswagen Group is determined in large part by the demeanor, actions, and behavior of each individual employee. Inappropriate behavior by just one employee can cause serious damage to the organization" (Volkswagen, 2015).

Codes of ethics are formal documents accessible to those inside and outside the organization that outlines ideal behavior expected from both managers and employees. However, according to McKinney and Moore (2008), the mere existence of a code of ethics does not solve the problem. Ensuring ethical behavior must be seen as an ongoing practice, not restricting itself to a declaration of intent, which is often merely instructive. Following an ideal vision, ethics and the correction of conduct should permeate the entire corporation from top management to the front line. However, problems, conflicts, inappropriate behaviors, and doubts persist, as evidenced by the news, which is fed by many examples of deviations, worldwide.

Following this line of thought, the use of a code of ethics is a formal way to communicate and form reputation, both to internal and external populations. It may be understood, in a broad sense, as a commitment effort and a communication action used to build image.

There is evidence that in companies that have codes of ethics, managers are less likely to accept bribes (McKinney & Moore, 2008). Maybe, because of that, there is intense pressure from society that principles of conduct for organizations are more evident and declared, including for stakeholders who are not directly involved with the operations of the companies. The actions of activist groups and NGOs, who monitor the actions, behavior, and results of the organizations, in order to ensure these are responsible and socially fair (Stohl, Stohl & Popova, 2009), have been facing an increasing legal code of conduct related to the subject. New technologies, new media, and particularly the advent of the Internet have enhanced consumer access to policies and actions of the companies. According to Humberg (2008), the focus on ethical issues is recent, after a series of scandals involving European, Asian, and American companies and governments. In 2002, in the USA, the cases of Enron and Arthur Andersen, for example, were particularly salient.

Codes of ethics are used to communicate to companies' internal and external populations: they are formal and specific written documents, which include the standards of behavior that must

be followed by the entire organization (Schwartz, 2002). However, these codes do not have the pretension to anticipate every situation that the company's employees will face, but rather encourage the individuals within the organization to follow the principles set out in the code, whenever faced with certain situations or ethical dilemmas (Collenn, 1998).

According to Stajkovic and Luthans (1997), the managers of multinational companies must recognize the influences of different cultures, with regard to legislation, organizational codes of conduct, and personal factors, such as values, beliefs, morals, and self-regulation. The study of Scholtens and Dam (2007) shows there are significant differences in ethical policies adopted by companies with branches in various countries. Also, the differences in codes of ethics among countries are due to different business cultures (Wood, 2000). The home-country context also influences the development of different codes of ethics, as government regulations usually vary among countries - for example, the US government has been the only home government that has shown concern for labor practices in the sporting goods industry (Van Tulder&Kolk, 2001). Finally, Christie et al. (2003), indicate the culture of a country has a strong influence on business managers' ethical attitudes.

In this sense, the objective of the present study is to analyze the differences and similarities in the codes of ethics of companies based in Brazil and in Portugal. These are countries with large cultural similarities, since one was colonized by the other, and which still carry a heavy load of values and beliefs in common, given the religious and business traditions related to the colonial heritage that lasted until the mid-twenty century. Furthermore, these countries share the same language (Portuguese), which allows for better lexical analysis, and consequent comparison, of the content of codes of ethics and conduct, without problems arising from difficulties and biases of translation of terms with different semantic meanings. However, because they are located in different continents and are at different stages of economic development and standard of living, some cultural aspects could present strong differences, which are reflected in ethical and moral standards.

The study focuses on the 100 biggest companies of the two countries (apart from financial companies, since balance sheets and other financial statements are presented in a different way for these companies which is the reason why ranking of financial companies is usually presented separately from other types of companies). From the collection of codes of ethics and conduct available on the Internet, we used content analysis techniques to identify and categorize themes,

words, and structures that the codes reveal. After that, comparisons between Portuguese and Brazilian companies were conducted, to check whether or not there are differences between these codes.

Sharing their codes of ethics – namely corporate websites – organizations are using them as a marketing communication tool, as a driver to sustain corporate identity and institutional brand associations – and no longer, a mere internal issue.

From the managerial point of view, this study is relevant to the planning of international business, as the results reveal different ethical conditions in countries that are perceived as culturally similar. In this way, managers may have to provide different steps for the management of conflict situations, with greater or lesser levels of detail and formalization of expected conduct, in addition to different structures to deal with accusations and to audit activities.

From the theoretical point of view, our study is important because, in the context of the biggest companies of the two countries, we reveal evidence regarding the differences and similarities denoted by the codes of ethics and conduct, which themes are repeated, and with what degree of intensity. The work also provides a foundation for future studies accompanying the evolution of which ethical values deserve attention and also for studies that compare countries taken as similar from the cultural point of view and level of economic development.

2 THEORETICAL REVIEW

2.1 Ethics on Business

The *Ethics & Compliance Initiative* (ECI, n.d.) shares a set of definitions of ethics, as an area of knowledge which deals with “good” and “evil,” with moral duties and obligations. The ECI outlines decisions, choices, and actions that we take as reflections of our values; a set of moral principles or values; a theory or system of moral values; and/or a “philosophical guide”.

The discussion on business ethics evolved quickly, but it is considered a recent theme, both from the academic point of view as well as from organizations. In 1997, all of the more than 7,000 US colleges already had courses on ethics, and 90% of the Business students studied this discipline (Humberg, 2008).

Humberg (2008) points out that the development of this area started in the USA with the Lockheed scandal, with the involvement of several companies of military equipment. With the discontent of the population, the government created the Foreign Corruption Practices Act (FCPA), establishing heavy penalties for acts of

corruption. It was then that companies began to establish clearer action rules, with implementation of codes of ethics and conduct.

Brooks (1989) suggests four phases in the evolution of the corporate social contract. In the first phase the owners were single individuals motivated by their own interests, who, by being part of the community, ensured that their businesses would be operated for the benefit of that society. Thus, the need for a corporate social contract was replaced by the interests of the company owners. In the second phase, there was an increase in the number of shareholders, but each was still close to the company's operations and its relationship with the community. It was in the third phase that questions arose about how well the interests of society were being served. Right now, companies have several plants in operation, in different localities, and shareholders become more heterogeneous and distant from the daily life of organizations. It was at this stage that a few antitrust cases start appearing, and business leaders begin to realize that such a situation could not continue indefinitely, considering the social contract that companies have with society. The fourth phase, in which we live today, confirms this perception, in which trade unions and the government have power to influence and control corporations. With the increased power of stakeholders, a social public conscience also increases, in which the actions of a company are not evaluated only in terms of what is legal, but especially with regard to what is morally acceptable.

2.2 Codes of Ethics and Conduct

Ethical concerns in the corporate context, materialized with the development of codes of ethics, appeared especially in the decade of 1960, in the United States and later in Europe and Australia (Wood & Rimmer, 2003; Azevedo et al., 2011). Until 1990, the majority of companies that had codes of ethics were American multinationals, which were driven to develop them in the light of a series of scandals in the years 1970 and 1980 (Melé, et al., 2006).

According to Brooks (1989), certain factors contributed to the increased concern of companies with corporate ethics: (1) crisis of confidence with respect to the activities of the companies, (2) greater emphasis on quality of life (health, leisure, working conditions, clean water and air, etc.), (3) growing expectation that corporations and their executives must not go unpunished if unethical actions are discovered, (4) increase of special interest groups – for example ethical investors, (5) increase in the number of scandals exposed by the media, which contribute to increase the sensitivity of entrepreneurs, and (6)

change in the objectives of organizations, with less emphasis on short-term profit.

These codes fit in with the efforts of many organizations to create a more transparent performance by setting an ethical conduct for their employees (Sharbatoghlie et al., 2011). The codes serve as a compass, guiding business practices that lead to ethical behavior (Melé et al., 2006; Stohl et al., 2009). At the same time, the guidelines commit the organization to develop its activities in compliance with the rules and objectives outlined in the code that the company develops and publishes (Schwartz, 2002).

According to Adams, Tashhchian, and Shore (2001), codes of ethics impact employee perceptions and behaviors, and the process of developing and introducing an organizational code of ethics may increase employees awareness of ethical issues.

Even among companies that do not have any formal documents on corporate ethics (mission and vision, corporate values, and/or codes of ethics and conduct), there is a strong concern with ethical issues. Such companies justify themselves by pointing out that they reinforce ethical behavior in other ways, and many of them plan to introduce a formal document soon (Melé, Debeljuh, & Arruda, 2006).

There are some legal instruments for the regulation of these codes, notably in the USA. The Sarbanes-Oxley Act (US Congress, 2002) aims to protect investors by improving the accuracy and reliability of the communications made by the company. In this context, it imposes a set of reporting requirements, defining the code of ethics as a set of appropriate standards to promote honesty and ethical conduct, published in a complete, accurate, timely and understandable way, respecting the legal requirements. Codes of ethics have become an important control tool – internal and external – in relation to the ethical performance of the organization (Silva & Gomes, 2008; Schwartz, 2002).

In Brazil, a code of ethics and conduct is mandatory for companies wishing to list their shares at BM&FBOVESPA on the segments Level 1, Level 2, New Market and BOVESPA MAIS (PWC, BM&FBOVESPA, 2011). Despite the requirement, the document does not highlight the importance and reason of the necessity of the code of ethics and conduct. On the other hand, in Portugal there is no reference to “ethics” or “codes of ethics” on the Website of Euronext Lisbon.

With the development of codes of ethics, organizations also seek to improve their communication with the outside world, promote internal learning and organizational knowledge, improve team performance and organizational reputation, and prevent fraud and reprehensible conduct (Collett, 1998). Melé et al. (2006) also

highlight that codes of ethics help to create a corporate culture, and have influence on the policies and business practices. Azevedo et al. (2011) add to the benefits of codes of ethics the possibility of standardization of performances and the explanation of the social role of the organization in relation to the requirements of the market and of partners (customers, suppliers, shareholders and other stakeholders). In this sense, there are an increasing number of companies that make codes of ethics public, in particular through their websites.

Codes of ethics are composed of five vectors (Wood and Rimmer 2003): (1) Moral content: identification of actions and values of the organization; (2) Procedural content: indication of relevance and organizational framework (enforcement) and consequences of possible violations; (3) Public ownership: how the code is publicized among different stakeholders; (4) Adaptation to continuous improvement: associated with the evolution of the organization and the organizational environment; (5) Applicability to the company specificities: related to its needs and cultures.

According to Schwartz (2002), the existence of four stages in the development of the ethical code of organizations must be verified, related to: (1) The contents must include the universal moral values; obligations to stakeholders, consistency of options with the moral standards, prioritizing of ethical values in the company performance; justification of choices; procedural support to the code and easy/clear understanding of the code; (2) Its conception must involve the company's employees so they feel involved in the process; (3) The implementation of the code implies its availability (distribution) to all staff, implementation of training actions, monitoring, and reinforcement over time. It is also essential to have a large involvement of the whole management, whose performance should serve as a model for its implementation; (4) The administration of the code of ethics implies its protection; the promotion of actions that reinforce its importance as the organization's central axis (Enforcement) and its monitoring, evaluating its effectiveness and its impact on the performance of the company's employees.

In Spanish, Argentinean, and Brazilian companies, for example, when drawing up codes of ethics and conduct, the human virtues are considered the most important factors, followed closely by universal ethical principles and the most accepted social values. These principles are more important than utilitarianism, legal requirements, and the international texts on human rights (Melé et al., 2006).

In the case of multinational companies, their country of origin (location of head office) has an important influence on ethical codes of their

subsidiaries (Wood, 2000; Scholtens & Dam, 2007). In this respect, various studies have warned against replicating directly processes and "ethics" practices in subsidiaries. Rather than imposing a set of rules -which can fail or bring counterproductive results - it is essential to take into consideration local specificities, because they reflect the beliefs and attitudes that employees bring to organizations, and they may constitute cultural problems (Weaver, 2001).

Codes of ethics are specific to each organization, varying over time, on the basis of their cultural peculiarities, the industry, and the changes in the environment in which it operates (Sharbatoghlie et al., 2011; Scholtens & Dam, 2007). The passage of time also impacts the content of codes of ethics, in particular on the basis of the legal context, social trends, practices followed by other companies (in particular from prominent companies in the economy and/or industry), and changes in the organizational structure and its leaders, etc.

Stakeholders have expectations regarding the company's ethical behavior. Internal and external disclosure of the code and ethical principles influence stakeholders and shareholders as employees, customers, suppliers, investors and partners.

The business ethics stem from the culture where the organization is located, which frames laws, regulations, rules, values, policies and codes of conduct. Therefore, it cannot be analyzed as an isolated aspect of the work of the organization and its managers (Scholtens & Dam, 2007). The themes and "keywords" used may vary in different countries, as Sharbatoghlie et al. (2011) noted in a study on the largest companies in the world. In this context, it is important to explore the differences between the form and content of codes of conduct and ethics between companies from different countries, as Brazil and Portugal.

2.3 Codes of Ethics and Conduct and the Effective Behavior of Employees

There is no empirical consensus that the existence of these codes have effective impact on employee behavior (Schwartz, 2002) or even in the consumers responses towards a company, given that it should be one of the components of a process, not signaling on its own the existence of an ethical conduct on the part of the organization (Wood and Rimmer, 2003). In a later publication, Cherman and Tomei (2005, p. 117) conclude "that the ethical values guide the activity of collaborators, in cases where the values of the code were built collectively with employees and/or disseminated through consistent and permanent ethics programs, so that the behaviors and desired values were incorporated into the subsystem of

ethical culture, part of the organizational culture”. Wood and Rimmer (2003) also reinforce the need for the code to be considered relevant for its users; therefore, it should be specific to an organization, according to their specificities and organizational culture.

On the other hand, Chonko et al. (2003) point out that the codes of conduct and ethics tend to be more useful the clearer it is the understanding of their content by the collaborators. Such a result denotes the importance of codes of ethics as a partial solution to this problem. Adams, et al. (2001) states that employees in companies with ethic codes tend to give higher rating of company support for ethical behaviour.

Despite the growing number of organizations that develop and share codes of ethics and conduct, both internally and externally, there seems to be in the community the inverse perception regarding the ethical behavior of organizations (Wood & Rimmer, 2003). This constitutes a major challenge for businesses and in particular for their marketing management.

This paper emphasizes the importance to deep the understanding of differences in the content of codes of ethics and conduct, as a way to access differences in business ambiance and markets structure, both aspects strategically important to Marketing planning and its operations. So, the question that guided the present work can be expressed as follows: are there differences between the form and content of codes of conduct and ethics of the 100 largest Brazilian companies, compared to the 100 largest Portuguese companies?

3 METHODOLOGY

The option to study Brazilian and Portuguese companies is justified by the greater scope of ethical dilemmas that these organizations may face, which allows more in-depth analyses and increases the significance of the differences and similarities found.

Brazil and Portugal share the same language and strong historical, cultural and economic relationships. Businessmen, artists, athletes, tourists, researchers, students and many other professional and social groups from both countries have strong relationships and proximity. Nevertheless, the geographical distance, their political and economic networks (European Union Versus Mercosul) the geostrategic framework and other factors impose substantial differences: indicators of cultural proximity (Hofstede, 2015) point out that Brazil has substantially higher performances in the dimension's individualism, masculinity, long term orientation, power distance and indulgence; on the other hand, Portuguese people indicate higher uncertainty avoid.

The two countries have very different sizes, different economic condition and different human development. Brazil is a country with a population 20 times bigger than that of Portugal and a GDP ten times bigger. Despite its economic potential, which attracted in recent decades the attention of investors from around the world and operations of several companies, the country still has several indicators worse than its colonizing country. Brazil is poorer than Portugal. And this can be verified by its GDP per capita, which is nearly half of the Portuguese, with implications in a significantly lower HDI, lower life expectancy and higher rate of illiteracy (Figure 1). This situation strongly influences their macro-environment and consequently the ethical condition for doing business.

Figure 1 – Indicators Brazil x Portugal

Index	Brazil	Portugal
Population (million)	201,032	10,487
GDP	US\$ 2,355 trillions	US\$ 212,446 billions
GDP per capita	US\$ 10,152	US\$ 19,907
Illiteracy rate	7.9%	5.2%
HDI	0.73 / #85	0.816 / #43
Life expectancy (years)	73.8	79.7
Corruption Perceptions Index (2013)	#72	#33

Sources: Transparency International (2014); Estadão (2014); IBGE (2014).

As most of these companies are internationalized, with operations in different countries and cultural environments, besides having a larger number of employees, offices and

activities, it is expected that the scope of concerns with the conduct of their members is more comprehensive, in addition to a larger number of stakeholders involved and impacted with these

operations. Consequently, there is increased attention from the society for their follow-up. The largest companies have also great influence by representing, many times, paradigms of leadership in the markets in which they operate.

Smaller companies, family-controlled and restricted to smaller geographic areas may not offer the desirable and homogeneous scope for comparisons, and may be more subject to subjectivity and peculiarities of their competitive environments.

The ranking of the companies adopted was provided by two of the leading business publications of the two countries, the newspaper *Diário Económico de Portugal* (2013) and the newspaper *Valor Econômico* (2013) from Brazil. These publications use similar criteria classifying the size of companies, based on their annual income declared in financial reports. Both also discard from the ranking financial companies.

After the 100 largest companies in each country were identified, a survey of their websites on the internet was done in order to capture files and texts that represented, formally, a code of conduct or ethics directed to the knowledge of their stakeholders. The existence of a formal document available on the internet is indicative that the analyzed organization considers it is important to broadly give publicity and demonstrate externally their business principles and conduct of their members, to all publics' interests.

Originally, many of these files were in PDF format and in sections of their own sites. The researchers downloaded these files and converted or transcribed them in text processor formats (MS Word).

In order to analyze the corpus found the technique of content analysis was used. Malhotra (2001) states that the content analysis should be considered as an observational methodology, which involves the following characteristics: high degree of structure; high degree of disguise; medium capacity of observation in a natural context; average bias on observation, since often its encoding involves subjectivity in the assessment; low bias on the analysis and strongly limited to communicational contexts.

According to Bardin (2011), this technique offers possibilities for quantitative approach, for the capacity to count and classify the frequency found of certain characteristics of the content and, from the qualitative point of view, the absence or presence of a feature or group of features should be taken into consideration to clarify an intention of the enunciator of the message.

In spite of offering excellent conditions of trustworthiness of data measured, critics of the content analysis call attention to problems with the validity of the data. The criteria adopted for the establishment of categories of observation are often subjective, besides there is the disregard of specific conditions of elaboration of the message, which may compromise the analyses (Schrader, 1974). In the conducted study, the texts that made up the corpus were analyzed in several dimensions: (1) form; and (2) content. With the use of a specific software (Language Processor Insite) measurements of total words numbers and the numbers of different words were obtained, and the TTR (Type Token Ratio) was calculated, which expresses the ratio of the number of different words on the total number of words (Bardin, 2011) and serves as indicative of the variety and diversity of the lexicon used in the message. The most frequent words in each analyzed document were also counted, identifying those that carry specific semantic meanings, i.e. nouns and adjectives with independent and clear meanings, without considering articles, prepositions, adverbs, verbs and other words of connection that cannot be analyzed independently.

Finally, a categorization of themes present in each code was established. For the definition of these themes, initially the researchers based themselves in 22 categories suggested by Azevedo et. al. (2011) and that represent the subjects that the IBGC (Brazilian Institute of Corporate Governance) recommends to be in an organization's code of conduct. Usually the final categories result from previous categories and new progressive elements classification, through a reunification process (Bardin, 2011). After the analysis of the results found in the study of these authors and in need of using categories that covered not only the Brazilian, but the Portuguese reality of the codes of conduct a total of 28 categories were defined for the study.

The texts were then read and analyzed to identify the presence of these themes, classified as "0", absent, or "1", present. It is important to note that an assessment of the deepening and extension of the presence of the theme was not made, but a mere count of each category present in the codes to some degree, being that presence was perceived as all mention that was not only superficial, but snippets of text that expressed some level of commitment expected in the performance of individual functions or business practice of the organization analyzed.

The categories and words associated with their presence are summarized in Figure 2, below.

Figure 2 – Variables and Examined Themes

Variable		Theme/Category	Keywords and phrases related to the categories
1	RESP_LEI	Compliance with laws and payment of taxes	Law, legal, legislation, obedience, taxes, responsibilities
2	REL_ACIO	Relations with shareholders	Shareholder, investor, balance sheet, statements, transparency
3	REL_GOV	Relationship with authorities and governmental bodies	Government, Governmental, authority, public authorities, government agencies, regulators
4	REL_FUNC	Relationship with collaborators and employees	Collaborators, employees, workers, associates, rights, duties
5	REL_FORN	Relationship with suppliers and business partners	Suppliers, supply, commercial partners, billing, delivery
6	REL_CLIE	Relationship with clients	Customers, consumers, users, buyers
7	REL_COMU	Relationship with the community	Community, environment, society, social
8	MEIOAMB	Environmental responsibility	Environment, environmental, sustainability, sustainable, pollution, natural resources
9	CNC_LEAL	Fair competition	Competition, competitor, fair, unfair, practices
10	USO_BENS	Use of the organization's assets	Goods, assets, resources, patrimony
11	CNF_INTR	Conflict of interest	Conflict of interest, familiar, competitors, businesses
12	INF_PRIV	Insider trading	Insider trading, relevant fact, sensitive, disclosure
13	PRIV_PES	Right to personal privacy	Personal privacy, information, confidentiality, intimacy
14	SIG_ORG	Secrecy and confidentiality of the organization	Secrecy, information, confidentiality, security
15	CORRUP	Corruption	Corruption, fraud, bribes, payments, authorities, agents
16	PAG_RECB	Questionable payments and receivables	Undue payments, receivables, billing, money laundering
17	PRESENTE	Receipt of gifts, souvenirs and benefits	Gifts, souvenirs, courtesies, entertainment, invitations
18	DOACOE	Donations policy	Donations, donatives, contributions, entities, sponsorship, patronage
19	ATIV_POL	Party political neutrality	Politics, politician, candidates, parties, electoral, elections, propaganda
20	NEPOTSM	Policy on hiring relatives and family members	Relatives, family, degree, hierarchy, ties
21	DISCRIM	Discrimination in the workplace	Discrimination, diversity, race, ethnicity, religion, sexual orientation
22	ASSEDIO	Moral or sexual harassment and abuse of power	Harassment, moral, sexual, abuse, embarrassment, humiliation, power, authority
23	ALC_DROG	Use of alcohol and drugs at work	Alcohol, drunk, effect, illegal substances, drugs
24	SEGSAUDE	Valorization of safety and health at work	Safety, health, hygiene, well-being
25	EXPL_TRB	Adult or child labor exploitation	Children, minors, slave, forced labor, without payment
26	IMG_COMP	Policies on image administration and contact with the media	Image, media, press, spokesperson, manifestation, public relations
27	LIB_ASSOC	Freedom of association and unionization	Free association, freedom, professional associations, trade unions, collective bargaining
28	ACAT_DEN	Policies for receiving and handling accusations and communications	Accusation, canal, medium, receiving, ombudsman's office, report, reporting, retaliation

As the corpus had a defined universe, consisting of the 100 largest Brazilian companies and the 100 largest Portuguese companies, as

ranking published in specialized newspapers Valor Econômico (Brazil) and Diário Económico (Portugal), the cases of study do not represent a

probabilistic sample, but rather a description of the characteristics of this universe. Even so, as not all companies publish their codes on the internet, this does not necessarily mean that they do not have codes of ethics and conduct. For this reason, researchers have carried out tests of differences in means (t-test for continuous variables) and of distribution of frequencies (Chi-square test, or χ^2), statistical tests for the condition that the cases analyzed were taken as a sample of the universe.

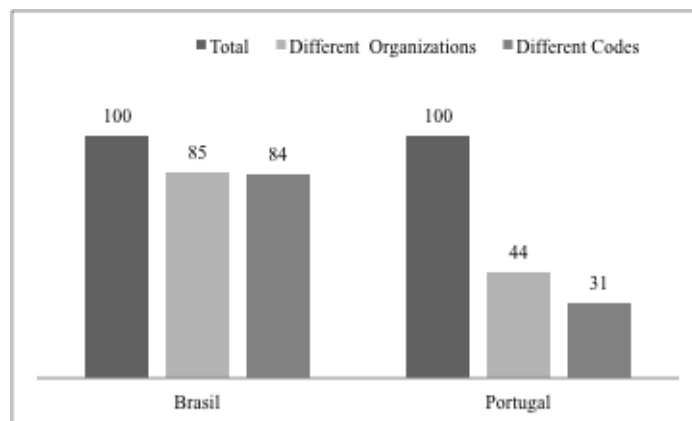
4 RESULTS

Of the 100 largest companies considered in each country, 11 of them are simultaneously in the two classifications, namely, are among the 100 largest companies both in Brazil and in Portugal. However, only 2 codes are identical for both markets. At least 7 companies present specific

codes for the Portuguese and Brazilian markets and 2 of them have no codes either in Brazil or in Portugal. Even with that small number of cases, this suggests that managers assess differently the content required for codes aimed at different cultures and environments.

Many companies of the analyzed rankings, especially in the Portuguese market, belong to the same holding company. In this way, although the code of ethics and conduct is the same, it is applied to a different organization. In total, 84 different documents were identified among the 100 largest Brazilian companies, corresponding to 85 different organizations; while in the Portuguese market, there were 31 different documents, which correspond to 44 different organizations. There is thus a significant number among the 100 largest Brazilian companies that have codes published on the internet (85%), while this index, in the case of the 100 largest Portuguese companies, is smaller (44%).

Figure 3 – Characterization of the Analyzed Corpus



As for the number of words of each code, the number of different words and TTR index (Type Token Ratio), the results were as follows:

Figure 4 – Average number of words

	Brazil N = 84	Portugal N = 31	t test	PValue	Sig.
Number of words	3782.7	2576.1	-3.305	0.001	S***
Number of different words	1087.7	811.8	-3.732	0.000	S***
TTR (Type Token Ratio)	0.321	0.340	1.440	0.153	NS

These results indicate that, in terms of number of words, Brazilian codes are much more extensive than the Portuguese ones and use more different words. However, when taken the numbers of different words for the total text, the codes are similar, which indicates the same level of lexical richness, given the text extension. The codes, thus,

cannot be considered different in terms of repetition of concepts and words.

Figure 5 shows the frequency of the presence of the categories considered for analyzing the codes, as well as the value of the Chi-Square test (χ^2) and its level of significance of differences, considering the levels S*, for 90% confidence; S**, for 95% confidence; and S*** for 99% confidence.

Figure 5– Themes present in the codes and differences in frequencies

Theme/Category	% Portugal	% Brazil	χ^2	PValue	Sig.
Compliance with laws and payment of taxes	93.5	97.6	1.118	0.294	NS
Relations with shareholders	64.5	67.9	1.114	0.450	NS
Relationship with authorities and governmental bodies	67.7	65.5	0.052	0.502	NS
Relationship with collaborators and employees	100.0	100.0	-	-	NS
Relationship with suppliers and business partners	77.4	88.1	2.049	0.129	NS
Relationship with clients	83.9	86.9	0.174	0.441	NS
Relationship with the community	54.8	82.1	8.952	0.004	S***
Environmental responsibility	80.6	86.9	0.704	0.286	NS
Fair competition	71.0	59.5	1.267	0.182	NS
Use of the organization's assets	71.0	86.9	4.003	0.046	S**
Conflict of interests	90.3	91.7	0.052	0.538	NS
Insider trading	64.5	84.5	5.489	0.021	S**
Right to personal privacy	38.7	61.9	4.936	0.022	S**
Secrecy and confidentiality of the organization	80.6	96.4	7.82	0.011	S**
Corruption	64.5	69.0	0.213	0.402	NS
Questionable payments and receivables	38.7	46.4	0.547	0.300	NS
Receipt of gifts, souvenirs and benefits	54.8	88.1	15.165	0.000	S***
Donations policy	22.6	29.8	0.581	0.303	NS
Party political neutrality	41.9	76.2	12.009	0.001	S***
Policy on hiring relatives and family members	25.8	52.4	6.455	0.009	S***
Discrimination in the workplace	96.8	90.5	1.245	0.245	NS
Moral or sexual harassment and abuse of power	67.7	83.3	3.333	0.061	S*
Use of alcohol and drugs at work	19.4	52.4	10.050	0.001	S***
Valorization of safety and health at work	80.6	78.6	0.059	0.516	NS
Adult or child labor exploitation	48.4	72.6	5.932	0.014	S**
Policies on image administration and contact with the media	58.1	64.3	0.374	0.344	NS
Freedom of association and unionization	38.7	54.8	2.334	0.094	S*
Policies for receiving and handling accusations and communications	61.3	83.3	6.288	0.014	S**

Considering a total of 28 analyzed categories, 12 of them present statistically significant differences for the distribution of frequencies. Always with higher proportion of repetition of themes in Brazilian codes, the differences are accentuated in the themes of (1) relationship with the community; (2) use of the organization's assets; (3) insider trading; (4) right to personal privacy; (5) secrecy and confidentiality of the organization; (6) Receipt of gifts, souvenirs and benefits; (7) Party political neutrality; (8) policy on hiring relatives and family members; (9) use of alcohol and drugs at work; (10) adult or child labor exploitation; (11) freedom of association and

unionization; and, lastly, (12) policies for receiving and handling accusations and communications. Although they not present statistically significant differences, it is important to note that in only 3 analyzed categories, the Portuguese codes have a higher frequency of the theme that the Brazilian codes, namely, (1) fair competition; (2) discrimination in the workplace; and (3) valorization of health and safety at work.

The following analysis contemplates the differences (absolute, in percentage points, and after relativized in proportions) between the presence of the themes in the codes:

Figure 6 – Absolute differences of frequencies of themes in Brazilian and Portuguese codes

Rank	Theme/Category	% Portugal	% Brazil	abs	%
1	Use of alcohol and drugs at work	19.4	52.4	33.0	170.1%
2	Policy on hiring relatives and family members	25.8	52.4	26.6	103.1%
3	Party political neutrality	41.9	76.2	34.3	81.9%
4	Receipt of gifts, souvenirs and benefits	54.8	88.1	33.3	60.8%
5	Right to personal privacy	38.7	61.9	23.2	59.9%

The 5 categories with the biggest differences found indicate that certain themes are referred to more frequently in Brazilian codes of ethics than in Portuguese codes, with great emphasis on the use of alcohol and drugs at work (170% more frequent in Brazilian codes); policy on hiring relatives and family members (103.1% more) and party political neutrality (81.9% more).

The simple classification of the 5 themes that appear more frequently in the codes indicate a high degree of similarity between the themes. With the exception of an exchange (relationship with clients, in the Portuguese case, against the secrecy and confidentiality of the organization, in the Brazilian case) there is a match between the most frequent themes (therefore, the most important) in the analyzed codes.

Figure 7 – 5 most frequent themes in Portuguese and Brazilian codes

Portugal	%	Brazil	%
Relationship with collaborators and employees	100.0	Relationship with collaborators and employees	100.0
Discrimination in the workplace	96.8	Compliance with laws and payment of taxes	97.6
Compliance with laws and payment of taxes	93.5	Secrecy and confidentiality of the organization	96.4
Conflict of interests	90.3	Conflict of interests	91.7
Relationship with clients	83.9	Discrimination in the workplace	90.5

Another important note involves the average number of items covered by the Brazilian companies' codes (20.98), compared to the items contained in the Portuguese companies' codes (17.58). The statistical significance found (t-test=-3.245, PValue= 0.002, S***) indicates that it is possible to consider that the codes of the 100

largest Brazilian companies cover a greater number of categories than their Portuguese counterparts.

Finally, a last analysis undertaken was the most frequent words in the codes of Brazil and Portugal. The following figure summarizes the results for the 10 most repeated keywords of the total of words employed in all analyzed texts.

Figure 8 – Top 10 more frequent concept words in Portuguese and Brazilian codes

Portugal		Brazil	
Concept words	% in total of the text	Concept words	% in total of the text
Collaborators	0.872	Enterprise	0.568
Group	0.573	Information	0.452
Code	0.474	Code	0.388
Company	0.473	Words	0.372
Conduct	0.412	Group	0.324
Principles	0.341	Ethics	0.312
Work	0.324	Collaborators	0.308
Information	0.308	Conduct	0.300
Companies	0.306	Company	0.272
Clients	0.281	Business	0.246

The observation of the terms indicates that there is a certain commonality in the words that, when they are not identical (6 in 10), are very similar (enterprise / company). However, 2 words are suggestive of different views expressed in these codes: whereas in Portugal the words "clients" and "principles" are more common, in Brazil the words "ethics" and "business" are more frequent among the 10 most repeated words. That might signal a view more centered on ethical aspects of customer service on the part of Portuguese companies, while the focus on business is more evidenced by Brazilian codes. In fact, those results may reelect stakeholders' expectations regarding the dimensions of the company's ethical behavior and their focus on influencing employee practices (mostly in Brazil with the word "ethics") or in their marketing relations: in Portugal (word "client")

5 DISCUSSION

The reporting practices of companies in different industries and cultural contexts are materialized in more or less comprehensive reporting practices, with different dimensions of analysis and prominence on the corporation's website, as we observed in this research.

The results of the study suggest that in the universe of the largest non-financial companies from Brazil and Portugal there are:

- (1) A greater number of Brazilian companies that publish and give visibility to their codes of conduct and ethics (85% to 44%);
- (2) Brazilian codes are more extensive in terms of number of words used (4782.5 to 2575.1 words);
- (3) On average, Brazilian codes cover a greater average number of categories considered for analysis than the Portuguese codes (20.98 to 17.58);
- (4) There are significant differences between the frequency of various themes which are present in Brazilian and Portuguese codes, with emphasis on issues related to the use of alcohol and drugs in the workplace; policy of hiring relatives and employees; and with the company's party political neutrality.

These findings can be explained by several factors. Although the two countries have the same language, share values that are based on a similar religious matrix, and have a legal system with reciprocal influences throughout history, Brazil and Portugal are countries with different sizes, different economic condition and different human development.

In ethical terms, an important indicator of the difference in the business environment is expressed by the corruption perceptions index, in

which Brazil figures in a worse position than Portugal, according to data disclosed by the organization Transparency International, calculated from reports and studies from different institutions that measure the occurrence of cases of corruption involving public officials, authorities and government agencies. In this ranking, Portugal is in a position considered more appropriate and "clean" than Brazil (#33 versus #72, among 170 countries).

There is an important aspect to be considered: the largest legal pressure. São Paulo Stock Exchange, for example, recommends that companies have and disclose their codes of ethics. Still, the analysis of these indicators, in conjunction with the results of this study point to what appears to be a condition of the business environment in Brazil, in particular, the need to make it as clear as possible the expectations of conduct and behavior in business on the part of employees and managers of the organizations. By verifying that a larger number of major non-financial Brazilian companies make public more extensive codes, covering a larger number of themes of ethical conduct, it is possible to assume that managers identify a greater likelihood of conflicts and risks in their operations in Brazil than in Portugal or, at least, they prefer to make it clear and formalized what they expect from their teams of managers and employees.

6 CONCLUSIONS

The relevance of the results of the study in theoretical and managerial terms involves the confirmation of the perception initially assumed that business environments commonly assumed to be similar in terms of their cultural heritage may differ in terms of ethical concerns and the care they need on the part of planners and managers.

The most relevant themes in these differences between the countries involve matters of personal conduct, such as the use of alcohol and drugs and receipt of gifts and favors; personnel management issues, such as hiring and subordination of relatives and family members and the conditions related to the right to personal privacy; and policies of the company's relationship with the other agents, as party political neutrality and adult and child labor exploitation. That does not mean that Brazilian companies have a higher occurrence of these situations, but they are more sensitive to their occurrence and, therefore, they foresee that possibility by means of recommendations expressed in their code.

From this research we may conclude that ethical issues may severely impact company reputation and overall Marketing performance. Marketing professionals should be systematically

aware of their stakeholders' ethical expectations and the company core values that are transmitted to different publics through all consumer experiences – (from a TV commercial to a sales visit or the technical characteristics of a product) and use the code of ethic to communicate to their internal and external publics. This analysis, performed in this paper, seems to be very important to Marketing planners and managers, due the possibility to access and understand the competitors' positions in ethical matters, the overall ethical concerns and tendencies in the market, to compare the differences between companies and cultures. All those information are increasingly relevant to determine reputation, contributing to impact consumer behavior and to build brand equity, loyalty and to define competitive advantage.

7 FUTURE STUDIES AND LIMITATIONS

This study was conducted on the basis of the 100 largest Brazilian companies and the 100 largest Portuguese companies according to the criterion of annual income. The existence of codes of ethics was verified exclusively through the analysis of the companies' websites.

Although the Internet is a way for many companies to communicate their codes of ethics, it is not mandatory. On the other hand, a static analysis of the companies' codes of ethics was held, which does not allow a comparison of their development in both countries.

In terms of future research lines, there is an extensive potential for research in terms of International Business, which is important to mention:

- Completing the survey with the inclusion of codes of ethics that companies have chosen not to publish, and therefore have not been identified in this analysis;

- Carrying out comparisons between other countries with diverse cultural matrices.

- Another key aspect of the analysis in terms of IB deals with the analysis of the concept of business ethics patent in multinational companies and how their codes of ethics vary throughout the countries where they are inserted.

- On the other hand, analysis on smaller companies will also bring important contributions to these researches and it has great relevance for the study of business ethics, given the economic weight of these companies;

- In addition to the analysis of codes of ethics it is also relevant to analyze the organizational involvement around them, the involvement of employees in their conception and improvement, and the centrality that the topic of

business ethics occupies in behaviors and decisions of different hierarchical levels of the organizations.

These studies can be carried out both in terms of the description covering the current condition as well as to foster a longitudinal panel data, which allows for following the evolution in terms of the range of topics (by inclusion or exclusion over time), the their relevance and the differences in the evolution of environments as macro-environmental conditions evolve historically.

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