An exemplar of society: How the Australian Defence Force applies its organisational ethical standards[1]

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Organisations and their employees are expected to engage in ethically sound conduct. In order to establish clear outlines of what is right and wrong behaviour, it is now common for organisations to implement codes of ethics. This implementation has led sceptics to believe that organisations do so to purely 'window dress' in order to 'satisfy and appease the expectations of the public' – that is, to mislead the public in believing that these organisations engage in ethical conduct when, in fact, they do not.[2] The Department of Defence is not immune to this scepticism. This essay aims to address the application of ethical policies within organisations and argue that the implementation of organisational ethical standards in most cases is not 'window dressing'. It will use normative literature to argue that codes of ethics only increase the accountability, productivity and reputation of organisations when applied correctly and with strong leadership. It will also prove that stakeholder scepticism and pressure prevent organisations from using ethical standards as 'window dressers'. The Australian Defence Force (ADF) will be used as an example of an organisation with ethical policies, and analysis will be made on the risk and management of leadership indifference to unethical behaviour. Finally, theoretical literature will be applied to demonstrate checks and balances that are in place within the ADF as a preventative approach to unethical behaviour, rather than a responsive approach. Due to the ADF's involvement with matters of national security, the information that can be obtained from public sources is restricted and is therefore a limitation to this essay.

Organisational ethical standards and codes of ethics apply statements about what constitutes correct behaviour for employees of that organisation. The code can provide broad statements about how employees ought to conduct themselves, as well as give more specific requirements of employees; although the latter is considerably less prevalent.[3] Through the establishment of

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[2] Connors, Anderson-MacDonald, and Thomson, 'Overcoming the "Window Dressing" Effect', 601; Perez-Batres et al., 'Stakeholder Pressures as Determinants of CSR Strategic Choice', 158; Wulfson, 'Rules of the Game: Do Corporate Codes of Ethics Work?', 12.

[3] Preuss, 'Codes of Conduct in Organisational Context', 478.

a code, organisations aim to 'eliminate the ambiguity that surrounds individual considerations of what is right and wrong behaviour'.[4] Past literature has questioned the value and effectiveness of organisational codes of ethics, suggesting that organisational ethical standards are simply 'window dressing' to simply satisfy and appease the expectations of the public, rather than productively apply them in a practical sense.[5] However, these statements focus on the externality of codes of ethics and ignore the internal benefits to productivity and the transformative ability that codes of ethics can have within organisations.[6] In addition to these benefits, codes of ethics also enable a solid base for organisations to participate in corrective action to rectify behaviour that does not meet the required standard.

To disprove the statement that 'codes of ethics are merely window dressing' and are simply there to 'satisfy and appease the expectations of the public', it is important to analyse further in depth the ways in which codes of ethics can have considerable impact on an organisation. Two impacts that will now be considered are the productivity and accountability of an organisation (internal) and the reputation of an organisation (external).

The internal implementation of codes of ethics is a self-regulatory approach to managing the conduct within an organisation, setting the ultimate standard of what an organisation expects its employees to work to, rather than the minimum standard which is often imposed by government regulation.[7] As such, a self-regulatory approach should be considered to be superior to government-imposed regulation in terms of employee professional accountability to the organisation. In cases where organisations fail to have clear codes of ethics to guide the behaviour and conduct, cultural codes prevail.[8]

Cultural codes are difficult to define as they are often unwritten and subject to abrupt and unexpected changes. Organisational leaders and employees are all required to interpret the cultural code in itself and act in accordance with that personal interpretation.[9] If left unaddressed, cultural codes can considerably influence the behaviour of employees, causing

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[4] Barker, *Police Ethics*, 15.

[5] Connors, Anderson-MacDonald, and Thomson, 'Overcoming the "Window Dressing" Effect', 601; Perez-Batres et al., 'Stakeholder Pressures as Determinants of CSR Strategic Choice', 158; Wulfson, 'Rules of the Game: Do Corporate Codes of Ethics Work?', 12.

[6] O'Connor, 'Codes of Professional Conduct for Australian Defence Force Military Physicians', 104.

[7] Perez-Batres et al., 'Stakeholder Pressures as Determinants of CSR Strategic Choice', 157.

[8] Casali and Day, 'Treating an Unhealthy Organisational Culture', 78; Gavriely-Nuri, 'Cultural Codes and Military Ethics', 213.

[9] Gavriely-Nuri, 'Cultural Codes and Military Ethics', 214; Johnson, *Meeting the Ethical Challenges of Leadership*, 318.

them to stray from the expectations of their organisation. Clear codes of ethics attempt to rectify this issue, encouraging employees to comply to appropriate behavioural patterns and report behaviour that is against the expected standard.[10] Unlike cultural codes, codes of ethics are clearly defined within organisations, leaving little chance for personal misinterpretation. Ethical codes promote ethical standards, provide direction for moral behaviour, and provide leadership guidance for confronting ethical dilemmas.[11] Thus, it is important for the purpose of professional accountability within an organisation that clear codes of ethics are adapted. Additionally, for the purpose of increased productivity, codes of ethics are equally important. Unethical behaviour can cause a decline in trust, morale and cooperativeness between employees when such behaviour occurs, causing an increase to staff turnover and a decrease in productivity.[12]

Codes of ethics can only be effective if they have operative organisational leadership to implement the code and take action on those who fail to comply, otherwise the code is simply a superficial document that holds no weight. Johnson considers leaders to be the 'ethics officers' of their organisation.[13] Using social learning theory, he determines that employees look to their leaders as role models and act accordingly, based on the leader's position of authority with power and status.[14] As such, leaders must embrace organisational ethical standards given by codes of ethics and apply them to their profession consistently. Leaders may, however, have difficulty in addressing unethical behaviour, especially in organisations where there is minimal or no physical oversight of employees. To address this, Hill and Rapp suggest that leaders should encourage bottom-up ownership of organisational codes of ethics, stemming from the involvement of low-level employees in the development of organisational ethical policy.[15] This allows organisational employees to exert influence over policy, and leaders to energise workers to develop their collective sense of self, so that they acknowledge that their actions impact more than just themselves, but their teams and their wider organisation

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[10] O'Connor, 'Codes of Professional Conduct for Australian Defence Force Military Physicians', 107; Tilley, Fredricks, and Hornett, 'Kinship, Culture and Ethics in Organisations', 164.

[11] O'Connor, 'Codes of Professional Conduct for Australian Defence Force Military Physicians', 108.

[12] Casali and Day, 'Treating an Unhealthy Organisational Culture', 76; Tilley, Fredricks, and Hornett, 'Kinship, Culture and Ethics in Organisations', 163.

[13] Johnson, *Meeting the Ethical Challenges of Leadership*, 266.

[14] Ibid.

[15] Hill and Rapp, 'Codes of Ethical Conduct', 623–27.

too.[16] Employees at all levels of the organisation then own and accept the organisation's ethical standards, thus, improving the organisation's moral standpoint.

The rise of social media and global increase of technology use has enabled the exposure of a number of organisations' unethical conduct. This has led to growing scepticism among stakeholders of organisations who claim to have corporate social responsibility or have sound ethical practices.[17] Organisations can no longer simply release superficial policy documents and satisfy the expectations of the public but must demonstrate their commitments and dedication to their ethical standards. What matters is not whether an organisation has given the stakeholder cause for such scepticism, but how an organisation can demonstrate concrete evidence to stakeholders as to how they enact their ethical policies.[18] Organisational ethical standards and codes of ethics can drastically influence the reputation of an organisation, provided the organisation can demonstrate they comply with their own regulations. Specifically, organisations can mitigate the impact that inherent stakeholder scepticism has by conveying their adherence to ethical standards. This is done in a way that provides stakeholders with evidence of what the organisation has achieved, rather than intends to achieve, thereby demonstrating to stakeholders their concrete commitment to their policies.[19] Furthermore, by using descriptive details of how it benefits stakeholders, rather than why, the organisation can decrease the psychological distance that the stakeholder feels between themselves and the organisation.[20] Organisations who simply wish to 'window dress' by creating ethical standards and codes of ethics to appease the demands of the public will be identified and may even experience a loss of reputation due to the inherent scepticism held by stakeholders.

The differentiation between codes of ethics that are 'window dressers' and those that actually have an impact on an organisation can be made by defining them as symbolic and substantive codes respectively.[21] Which type of code an organisation adapts is generally determined by its stakeholder pressures and organisational environment. Increasingly, stakeholders are placing pressure on organisations to adapt ethical standards and codes of ethics, which is resulting in

[16] Casali and Day, 'Treating an Unhealthy Organisational Culture', 78–79; Hill and Rapp, 'Codes of Ethical Conduct', 628.

[17] Connors, Anderson-MacDonald, and Thomson, 'Overcoming the "Window Dressing" Effect', 599; Torelli, Monga, and Kaikati, 'Doing Poorly by Doing Good', 949–51.

[18] Connors, Anderson-MacDonald, and Thomson, 'Overcoming the "Window Dressing" Effect', 612; Torelli, Monga, and Kaikati, 'Doing Poorly by Doing Good', 951.

[19] Connors, Anderson-MacDonald, and Thomson, 'Overcoming the "Window Dressing" Effect', 613.

[20] Ibid., 614.

[21] Perez-Batres et al., 'Stakeholder Pressures as Determinants of CSR Strategic Choice', 157.

more organisations adapting a substantive approach.[22] Additionally, organisations which have persistent stakeholder scrutiny over extended periods of time also adapt a substantive approach.[23] It is therefore apparent that stakeholders have a considerable impact on the ethical policies of an organisation, and that there is a growing trend toward adapting substantive ethical codes.

Organisational environments will also affect the decision as to whether an organisation adapts a symbolic or substantive code. In industries that are considered by stakeholders to be more 'at risk' of being unethical (such as banks or public services), organisations are most likely to adapt substantive codes.[24] This is often due to organisations attempting to disassociate themselves with unethical practices in order to increase stakeholder trust and engagement. Additionally, organisations that have greater control over their own resources are more likely to adapt substantive ethical standards.[25] This finding is consistent with the ideal that investment into sound ethical practices and policies is a good business decision. Taking into consideration the influence that stakeholders and the environment has on the structure of an organisation's ethical policies, it is evident that organisations must adapt substantive policies that do more than simply 'window dress' to meet the expectations of the public.

The ADF is an organisation that is rightfully subject to constant scrutiny from the public, due to the authority and responsibility that the Australian public places upon it to be the protector of Australia and its national interests. In addition to the Australian public, the ADF is also expected to conform to international legal and ethical standards, outlined by the Laws of Armed Conflict under International Humanitarian Law, and the Just War Theory which are unsurprisingly non-identical.[26] As such, the ADF is required to have stringent organisational ethical standards that are readily enforced and maintained by leadership. However, due to its inherent hierarchical structure, the ADF places leadership responsibility onto a significant portion of its members, which places a relatively high level of risk of leadership indifference to unethical behaviour.

An additional struggle that the ADF faces is its inherent top-down command approach, which can place additional challenges in implementing ethical standards. Nonetheless, the ADF has

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[22] Ibid., 168.
[23] Ibid.
[24] Ibid.
[25] Ibid.
[26] Luban, 'Just War Theory and the Laws of War as Nonidentical Twins', 433–34.

implemented codes of ethics in the form of sets of values that govern everyday life of ADF members. The overarching ADF values are professionalism, loyalty, integrity, courage, innovation and teamwork.[27] Each individual Service (Army, Navy and Air Force) have also implemented sets of values that address their individual Service requirements. For example, the values for the Royal Australian Air Force are respect, excellence, agility, dedication, integrity and teamwork.[28]

The values are enforced throughout initial military training, reinforced through annual mandatory training and displayed at every ADF unit and establishment in Australia, in order to ensure that these standards are at the forefront of every ADF member's mind. However, it has been made apparent by literature that the mere existence of these standards is not enough for members to comply with them.[29] To ensure leaders at all levels of the ADF encourage ethical behaviour and avoid becoming indifferent to unethical behaviour, training at all levels of the organisation, from initial employment to promotion to postgraduate courses, incorporate ethics as a part of its curriculum. Bystander ethics, in particular, is focussed upon, which enforces just as much responsibility upon a member who has witnessed unethical behaviour without addressing it, as the perpetrator. Despite these programs, however, unethical behaviour does occur. To address unethical behaviour and bystanders who do not address it (including leaders) the ADF's exemption from various employment legislation, such as the *Fair Work Act 2009,* places it in a unique position to easily terminate ADF members who fail to meet ADF and Service values on 'the balance of probabilities' through its administrative law process.[30] Results of administrative law processes and outcomes are published within the ADF internal network to further deter potential perpetrators, to demonstrate that unethical behaviour is not tolerated, and that the ADF's organisational ethical standards are not merely 'window dressers'.

To ensure the ADF always acts ethically in its duties domestically and overseas, there are many proactive steps that the organisation takes to educate its members about ethical conduct, and preventative measures it places to deter unethical conduct. The most widespread method is annual mandatory training, which is completed by every member within the Department of

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[27] Department of Defence, 'The Defence Values'.

[28] Earl, 'Listening, Far and Wide', 3.

[29] Casali and Day, 'Treating an Unhealthy Organisational Culture', 78–79; Hill and Rapp, 'Codes of Ethical Conduct', 628.

[30] Department of Defence, 'ADFP 06.1.3', 3–11.

Defence at least once every twelve months. Examples of these training sessions are Fraud and Ethics, Bystander Behaviour and Unacceptable Behaviour, all of which enable discussion about the importance of ethical behaviour and the responsibility to detect and report fraud and misconduct at all levels of the organisation.[31] Further to mandatory training are ethics courses for commanders and supervisors, particularly officers within the ADF. For example, officers who enter through the Australian Defence Force Academy (ADFA) are required to undertake a number of tertiary level ethics courses, including Military Ethics; Law, Force and Legitimacy; and Cyber Security.[32] Select officers who reach command level also attend the Australian Command and Staff College, where they are awarded a Master of Military and Defence Studies, in which they study a module which focuses on command, leadership and ethics.[33]

The ADF also remains accountable to the Australian public by conducting and publishing information on fraud investigations. In 2017-18, 249 fraud investigations were undertaken with approximately 33 per cent of completed investigations resulting in criminal, disciplinary or administrative action.[34] This approach to fraud indicates that the ADF is proactive in detecting and responding to cases of unethical conduct. Furthermore, Defence complies with the *Freedom of Information Act 1982* by publishing the responses and associated documents for all of its Freedom of Information requests on the publicly accessible website.[35] Often these requests relate to unethical conduct and the ADF's response to it, which in turn can increase public scrutiny on the ADF and require the ADF to ensure its ethical standards are upheld in accordance with its policy.

The ADF has not always had such high ethical standards, proactive policies and high public accountability. These policies have been brought about as a response to a range of events, such as the ADFA Skype Scandal, the 'Jedi Council' and the HMAS *Success* scandal, all of which involved gross misconduct by ADF members.[36] As a result of these events, there was significant 'pressure for greater accountability in the ADF' by the public, which resulted in various reviews into the ADF making changes to its operations.[37] History has shown that

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[31] Department of Defence, 'Defence Annual Report 2017-18', 59.
[32] UNSW, 'University of New South Wales Canberra'.
[33] Department of Defence, 'Australian Command and Staff Course (Joint)'.
[34] Department of Defence, 'Defence Annual Report 2017-18', 59.
[35] Department of Defence, 'Disclosure Log'.
[36] Goyne, 'Abuse of Power and Institutional Violence in the ADF', 74–75.
[37] Ibid., 74.

'pockets within the [ADF] appear[…] to be resistant to change', signifying that there are a number of cultural codes that conflict with the ADF's greater organisational ethical codes.[38] The ADF in recent years has moved to respond to this by telling those concerned to 'change or get out', clearly specifying that behaviour that does not comply with the ADF's ethical standards will not be tolerated.[39] The strong ethical standards that the ADF have adopted in response to accountability pressures have contributed to the organisation considerably – far more than if they were just put in place to appease the expectations of the public. The ADF continue to revise and update ethical policies to ensure the organisation remains a modern and responsible exemplar of Australian society.

An organisation that wished to apply codes of ethics and ethical standards as merely 'window dressers' would fail to do so, as there are increasing stakeholder pressures that prevent such misleading conduct from occurring. As has been demonstrated through literature, sound organisational ethical policies can have considerable positive impacts to accountability, productivity and reputation to an organisation if implemented correctly. To implement policies correctly, organisations must ensure they have supportive and modelled leadership, provide stakeholders with concrete evidence on how they comply with their standards, and take proactive steps in preventing ethical misconduct. Whilst the ADF in the past has had episodes of unethical conduct within its ranks, the implementation of organisational values and a proactive ethical approach has increased the ethical awareness throughout the organisation. To ensure that it remains an ethical organisation, the ADF must continue to train its members and leaders on the importance of ethical behaviour. This training must break away from the traditional military style of top-down command and move to a bottom-up approach, where all members of the organisation can maintain ownership of ethical behaviours. If the ADF continues to place a large emphasis on ethical behaviour, it will ensure it meets the Australian public's expectations of protecting Australia and its national interests in an ethical and responsible manner.

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[38] Ibid., 75.
[39] Ibid.

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