

The code of ethics as a tool for managing ethical conflicts in the service sector organizations in the same way as in financial institutions in St. Petersburg, Russia

O código de ética como ferramenta de gestão de conflitos éticos em organizações do setor de serviços, a exemplo das instituições financeiras em São Petersburgo, Rússia

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ABSTRACT

This paper is devoted to the code of ethics as a tool for ethical conflict management in service sector organizations in the same way as in financial institutions in St. Petersburg, Russia. It was compiled on the basis of three previous studies: a pilot survey among service workers in 2014 (N 135) that identified problems, set goals and objectives, facilitated developing and testing methodological tools; formalized interview in 2015-2017 (N 483, including 64 managers and 419 employees), when primary empirical information was accumulated; analytical and project research in 2017-2018, whose purpose was to process

and analyze the data obtained, to identify the conditions for the establishment of a behavioral ethics for service workers, and to develop practical design recommendations and social technology to build a behavioral ethics for service employees. Thus, this study determined that the code of ethics design and implementation will prevent conflict occurrences at a service sector company. The conclusion was that the introduction and operation of a code of ethics require the involvement not only of company frontline employees, but also of the CEOs.

Keywords: Code of ethics, Conflicts, Service sector, Financial organizations, Russia.

RESUMO

Este artigo é dedicado ao código de ética como ferramenta para gestão de conflitos éticos em organizações do setor de serviços, a exemplo das organizações financeiras em São Petersburgo, Rússia. Ele foi compilado com base em três estudos anteriores: uma pesquisa-piloto entre trabalhadores de serviços em 2014 (N 135) que identificou problemas, estabeleceu metas e objetivos, facilitou o desenvolvimento e o teste de ferramentas metodológicas; entrevista formalizada em 2015-2017 (N 483, incluindo 64 gestores e 419 funcionários), quando foram acumuladas informações empíricas primárias; pesquisa analítica e de projeto em 2017-2018, cujo objetivo foi

processar e analisar os dados obtidos, identificar as condições para o estabelecimento de uma ética de comportamento para trabalhadores de serviços e desenvolver recomendações práticas de design e tecnologia social para construir uma ética de comportamento de funcionários de serviços. Assim, este estudo determinou que o projeto e a implementação do código de ética evitarão a ocorrência de conflitos em uma empresa do setor de serviços. A conclusão foi de que a introdução e a operação de um código de ética requerem o envolvimento não apenas dos funcionários da linha de frente da empresa, mas também dos CEOs.

Palavras-chave: Código de ética, Conflitos, Setor de serviços, Organizações financeiras, Rússia.

1. INTRODUCTION

All organizations on a daily basis face serious threats due to ethical violations and misconduct on the part of employees, executives, and stakeholders. However, successful organizations are those that strategically focus their efforts. In strategic management, the ability to plan and take effective approaches to further increase the organization's performance is of great consequence, as exemplified by the behavioral ethics construction by the employees in the service sector. The development and implementation of the approach help organizations succeed in their activities and organize the well-coordinated work of the team. The code of ethics is considered as the main document combining all corporate rules and regulations. (Hamel, 2009; Friedman, 2018).

Considering the aspects of business ethics that demonstrate cultural differences in its use, we can say that ethics in business relationships in an organization is not a universal concept. In the USA, ethics in business primarily includes the analysis and correction of individual behavior. Each employee has autonomy in decision-making process. European companies are characterized by the emphasis on social problems, while ethical issues in business regulate the underperformance of the state in the field of social policy and corporate social responsibility. Ethics in Russian business and domestic business are a unique phenomenon compared to the experience of American and European organizations. This suggests that there is a “gap” between the ethical reaction to the events in the Russian business sphere and those on the side of foreign businessmen.

Regarding the development of the service sector in the context of Russia, it is important to emphasize that in the Soviet Union the service sector was ignored for political reasons, and, as a result, difficulties arose in attracting high-quality labor. An unsatisfied and inexperienced client was willing to obtain almost any service offered. The creation and launch of a service organization was assumed as a simple task that did not require special skills and preparatory work, such as marketing research or designing employee behavioral ethics. All these circumstances negatively affected the quality of the services and the entire business climate in the service sector.

The main service providers for the population are small and medium-sized enterprises (SMEs). According to Rosstat data for 2020, the distribution of SMEs in Russia is as follows: out of 5.6 million existing SMEs in Russia, 3.3 million have sole proprietors, and the remaining 2.3 million are legal entities (Federal State Statistics Service, 2020).

Financial problems, collapses in the 1990s, and extremely poor legal environment did not allow the development of the service sector until deregulation began in 2001 (Shtykhno, & Zhuplev, 2008). By 2005, Russia’s actual GDP had reached almost 90 % of the pre-reform level of 1990. However, this fact displays big differences between sectors and regions. Currently, the service sector in Russia is one of the most dynamic sectors of the national economy, next to oil and gas production. As an example, we can cite the public catering industry in Moscow, which is one of the fastest growing segments of the city’s economy. According to Rosstat, in late 2019 there were 9,999 catering enterprises in Moscow (Federal State Statistics Service, 2020).

In contemporary Russia, the principal users of various services are middle-aged people who are well-paid specialists from 30 to 44 years old, and then young employees from 25 to 29

years old. According to Rosstat data, the SMEs share in GDP was 21.9% (Federal State Statistics Service, 2020). Nevertheless, based on the national project “Small and medium-sized entrepreneurship”, the contribution to the RUNWAY from SMEs by 2024 should be 32.5%. (Kommersant, 2020). As reported by the Stolypin Institute for the Economy of Growth, the SMEs share in the GDP in developed countries is no less than 50-60%. Thus, in the UK it is 51%; in Germany, 53%; in Finland, 60%; in the Netherlands, 63 % (Institute for the Economy of Growth named after P. A. Stolypin, 2020).

Cited in the Institute for the Economy of Growth named after P. A. Stolypin data, in developed countries, the average contribution of the SME sector to GDP is 48%, while in Russia it is 21.9 % (Institute for the Economy of Growth named after P. A. Stolypin, 2020).

More than half of the service sector enterprises are located in the central and northwestern part of Russia, specifically in Moscow and St. Petersburg, which remain major centers – with remote areas located in the Far Eastern, Ural, and Southern Federal Districts still being poorly developed. Over the past few years, administrative and legislative reforms have streamlined and improved the situation in the field of taxation, registration, and financing of service enterprises, which has reduced the gap in the SMEs environment between Russia and other countries.

Meanwhile, such problems as the taxation system constraints, limited access of small businesses to funding, the population’s low purchasing power, and unavailability of training remain evident. The macroeconomic environment, as well as the government’s efforts to streamline the legal environment, contribute to a further increase in the entrepreneurial potential of the Russian service sector. Nevertheless, a study conducted by the All-Russian Public Opinion Research Center presented data from a survey of Russian entrepreneurs, according to which 71% of Russian entrepreneurs consider the conditions for doing business in Russia unfavorable. Among the factors that, in their opinion, have the worst impact on the conditions for business development, entrepreneurs highlight a high level of corruption (72 %) (All-Russian Public Opinion Research Center, [s. d.]).

The Russian service sector is not advanced enough and urgently needs the Western service quality experience and the service naturalization. At the same time, Russian entrepreneurs are becoming increasingly aware of the service sector great potential, as well as of a growing demand among Russian consumers for domestic services.

It should be emphasized that in Russia consumer services and entertainment are the only two subsectors in the service sector in which the small enterprises share in the market dominates mainly due to short payback periods.

The authors chose the microfinance field for this paper, since ethical motivations for microlending (loans for the poor) and microfinance (financial intermediation for the poor, including loans) deserve consideration. Initially, the fundamentals of the industry are noble, since it is not the industry that is typically considered detrimental, for example, producing pollution or selling products that are harmful. However, ethical motivations should always be carefully taken into account when doing business with a group that is impoverished, vulnerable, uneducated, unsophisticated, or disadvantaged.

The modern microfinance industry emerged in the 1970s as a result of various experiments in Bangladesh, India, and Brazil. At first, modern microfinance was supported by the allocation of funds from traditional sponsors (private foundations and the government) for development and assistance projects. On a large scale and with success, microfinance organizations not only expanded their influence, but also began to yield a noticeable profit, which attracted investment capital (Longhurst, [s. d.]). Since then, commercial microfinance has spread with investors ranging from major investment banks such as Morgan Stanley and Citigroup to large pension capital funds, specialty bankers, and consultants, as well as state-funded development finance institutions such as the IFC (The International Finance Corporation, [s. d.]).

The main philosophical argument for granting credit to the bottom of the pyramid is that financial intermediation is the driving force for the real economy, and financial accessibility should enable ambitious entrepreneurs at the bottom of the pyramid to increase their incomes. The problem is that debt can be a two-edge sword. At all sociodemographic spectrum levels, excessive debt or irresponsible debt can be destructive rather than profitable. Therefore, there are additional ethical issues in the area that has to be taken into account both when managing personnel and when working with funding recipients.

Nathaniel Goldberg, hired by the Grameen Foundation (which is deeply interested in the microfinance industry, so a certain bias should be taken into account), published a white paper in 2005, which claims that major studies prove the obvious benefits of microfinance for more consumers than for the industry itself (The Grameen Foundation, [s. d.]). Other positive impacts mentioned by Goldberg include higher incomes and improved nutrition. Some methodological

problems with such types of surveys are that, when consumers were asked if “their income has improved during their status as a microfinance client”, many answered “yes” so that the group members would not worry about their solvency, while others were afraid to answer “no” and becoming unacceptable to a microfinance organization.

However, in studies where actual monetary indicators are applied, the majority of respondents confirmed that their incomes definitely improved when using microfinance, while income growth was stated at a faster pace than in groups without microfinance loans (Longhurst, [s. d.]). Although there are many studies that appear to indicate that the microcredit impact is purely positive, it should be noted that, when interacting with poor and vulnerable consumers at the bottom of pyramid, companies should pay close attention not only to factual ethical problems, but especially to the risks associated with reputation and their expansion to the entire industry.

Research questions:

1. Can the code of ethics prevent conflicts in the service sector enterprise?
2. Who should be responsible for maintaining the code of ethics in service sector organizations, and what is the role of the manager in it?

2. THEORETICAL FRAMEWORK

A number of studies show results proving that organizations with codes of ethics demonstrate more ethical behavior than those without codes (Tsalikis, & Fritzsche, 1989). A review of 79 empirical studies by Kaptein and Schwartz demonstrated that the conclusions on the effectiveness of codes differ in equal measure: 35% of the analyzed studies confirm the effectiveness of codes of ethics, 16% found that their effectiveness is rather weak, 33% of the studies show that there is no significant connection between codes and ethical behavior, and 14% gave mixed results (Kaptein, & Schwartz, 2008). One research even discovered that the code can be counterproductive (Kaptein, & Schwartz, 2008). Those mixed results can be explained by the fact that the mere existence of a code does not necessarily mean its effectiveness. In the same vein, Cooper notes that “A code of ethics cannot make people or companies ethical. Hammers and saws cannot produce furniture. In both cases, they are necessary tools that need to be intelligently designed and used” (Cooper, 1990). Based on structured interviews with 348 managers in Irish companies, the authors concluded that “codes are important for tuning” (Stohs,

& Brannick, 1999). In their survey with 302 CFOs, Stevens and others found that the code-based training programs were positively associated with ethical decision-making process (Stevens, Steensma, Harrison, & Cochran, 2005). Therefore, it is essential that communication activities related to the code of ethics are carried out regularly, emphasizing its relevance for management and employees.

A study conducted in the UK among 92 private sector companies showed that 56 companies had a code of ethics (Preuss, 2009). This suggests that not all organizations to date have developed a strong organizational commitment to embedding codes of ethics into organizational practice. The majority of codes (69.6%) have been created over the past 10 years. That may indicate a fairly recent necessity to create codes of ethics in the organizations in connection with the events in the market and in society as a whole. In most companies, senior officials were the main participants in the code of ethics construction, and only in one third of companies' frontline employees were engaged in this development (Yee, Yeung, & Cheng, 2004).

Weaver, Treviño and Cochran found that managers have a substantial impact on the code of ethics effectiveness (Weaver, Treviño, & Cochran, 1999). Thus, the top management take primary responsibility for integrating the code into the organization daily practice. Kaptein's research confirmed that the better the code of ethics is embedded in the organization by senior management, the less unethical behavior in the workplace is manifested (Kaptein, 2009). As Kaptein's empirical research reveals, the implementation of ethics by management is divided into two categories: by senior management (management outside the business unit, the board of directors and directors) and local management (management within the business unit, local managers) (Kaptein, 2008). Some researchers believe that top management has the strongest influence on the organization ethics and the behavior of employees, because they enjoy the highest authority and it sets the tone in the organization, architecting it. There is a point of view explaining that local management has the strongest influence because of its proximity to employees. We will not adhere to any given approach and will rather consider two levels of management as a single factor influencing ethical or unethical behavior (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009).

Let us consider the basic principles of creating an code of ethics:

1. Definitions of the areas to be covered in the document. In particular, in addition to bribery control, other important domains may be added that will vary from company to company. For example, for a mining company, environmental aspects may be the key ones.

2. Specialists developing the code should talk to various departments of the organization to determine the main aspects of the activity and anticipate the risks associated with them. The relevant aspects may notably change over time, so it is necessary to take into account the code updating. For instance, an organization can change the scope of its activities or create additional areas of its activities. Paying due regard to changes in the legislation and the time factor is also of vital importance.

3. Using simple language. When creating a code of ethics, it is necessary to avoid ornate and sophisticated legal and technical language, since the document will be distributed throughout the company among employees with different educational background.

4. When launching the code of ethics, it is good to practice to provide training to employees or third parties acting in the interests of the company. That will facilitate answering controversial questions about the code, as well as clarifying specific situations.

5. Sometimes there is a gap between the company's code of ethics and the actual company practice. Therefore, it is imperative to make provision for real ethical situations and ethical conflicts that take place in the company's activities.

6. A mandatory process for the code implementation is training the staff and other stakeholders.

The goal of the code introduction:

1. A guide for the organization's staff
2. Creating a common corporate culture
3. Compliance with the legal requirements
4. Improving the organization competitive position
5. Enhancing the organization reputation
6. Compliance with requirements by stakeholders

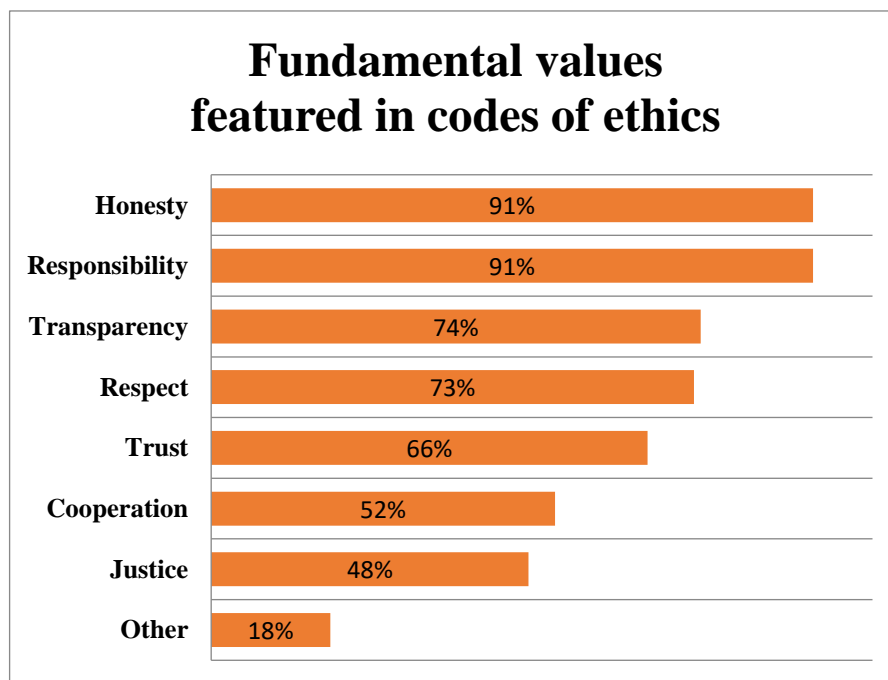
Figure 1. Code of ethics characteristics.



Source: Szegedi, & Szilágyi (2016).

Thus, Figure 1 shows that the majority of codes of ethics (73%) encompass values and rules, while 18% contain rather rules than values and only 9% comprise rather values than rules.

Figure 2. Fundamental values featured in codes of ethics.



Source: Szegedi, & Szilágyi (2016).

Figure 2 displays major values featured in codes of ethics. Indicatively, honesty and responsibility make up 91%; transparency, 74%; respect, 73%; trust, 66%; cooperation, 52%; justice, 48%, and 18%, others.

The key topics featured in the code of ethics are: bribery and corruption; gifts and entertainment; confidentiality; conflict of interest; compliance with the law; disclosure of information and transparency; free and fair competition; discrimination; duty to report violations; responsibility of the management; misuse of company assets; protection from blackmail; punishment for violating the code; health and safety at work; bullying; insider trading; environmental protection; personal data protection; political activity; lack of support for political parties; working with government officials; basic human rights; intellectual property rights protection (Szegedi, & Szilágyi, 2016).

If an organization does not consider the code of ethics as a formal document, then it can become the key component in the ethical program and behavior concerning social construction in ethics for service sector employees. It helps the organization achieve various goals, in particular, to outline the values of the organization and its ethical rules; increases the awareness of employees and determines the parameters of acceptable behavior; raises the level of expectations regarding ethics, which encourages organizational discussion about values and ethics; promotes ethical decision-making process; creates a solid foundation for the implementation of organizational values. The code of ethics promotes the clarification of the organization goals by guiding employees in solving ethical problems and creating a platform for ethical decision-making process (Cleek, & Leonard, 1998; Driscoll, & Hoffman, 2000; Grundstein-Amado, 2000; Pelletier, & Bligh, 2006; Wolf, 2008; Yizraeli, & Shilo, 2001).

The purpose of the code is to institutionalize ethics in the organization, namely to ensure the creation of fair reporting, data transparency, honesty, responsibility, and mutual trust. In this case, employees will identify themselves with the ethical values of the organization (Appelbaum, Deguire, & Lay, 2005). The construct of ethical behavior, like any other social phenomenon, cannot remain rigid. So, the composition of employees by gender, age, level of education, work experience, etc. changes over time, and, consequently, the process of constructing ethical behavior is modified. In fact, the process is episodic in terms of the time interval at the enterprise and the influence of other factors. Let us explain our stance. Any new employee comes to the enterprise with their own subculture and understanding of behavior. At the same time, any enterprise has its own stages of movement: formation, development, decline, etc., at each of

which the ethical behavior manifests itself in a different degree. So, if the enterprise undergoes recession, then it is more difficult to design, control, and develop ethical behavior than, for example, during the development stage of the organization, when employees have a high degree of motivation.

3. DATA AND METHODOLOGY

For this article, it was conducted an empirical study, which included the following stages:

1. A pilot study, with the description of a range of problems, setting goals and objectives, research hypothesis formulation, development and testing of methodological tools. The conventional sampling was made up of 135 employees of enterprises in the service field (2014);

2. A formalized interview, during which primary empirical information was collected by description of sociological survey of 483 respondents, 64 of them managers and 419 employees (2015-2017);

3. Analytical and design stages, with the purpose of processing and analyzing the data obtained, identifying the conditions for the construction of ethical behavior of service sector employees (2017-2018), and developing design and practical recommendations along with the social technology for the ethical behavior construction for service sector employees (2018-2019).

The results of the study were published in *Contemporary Dilemmas: Education, Politics and Values* (Pavenkov, & Vilyamovich, 2019) and in *Revista Científica Hermes* (Hermes Review of Scientific Literature) (Vilyamovich, Rubtcova, & Pavenkov, 2021).

Based on the conclusions obtained, we will try to determine whether the code of ethics can prevent conflicts at a service sector enterprise, and who at service sector enterprises should be responsible for the creation, introduction, and implementation of the code of ethics, as well as what role is assigned to the manager.

4. RESULTS

The survey encompassed 483 respondents, including 419 frontline employees and 64 executives of the service sector organizations.

In Section 1, having carried out a survey among managers and employees of service enterprises on the code of ethics and its impact on ethical conflicts, we came to the following

conclusions. The questions were posed to executives and employees, and some of them were asked separately to executives and to employees. Therefore, the survey findings are represented in three sections: Section 1 includes responses of both executives and employees, Section 2 contains only responses of service industry executives, and Section 3 presents only responses of service industry employees.

In Section 1, having carried out a survey among managers and employees of service enterprises on the code of ethics and its impact on ethical conflicts, we came to the following conclusions.

Table 1. Age distribution of managers and employees at service enterprises.

	Age	Number of respondents, %	
		Managers	Employees
1	19-22	0.00	34.61
2	23-30	7.81	25.78
3	31-40	29.69	19.57
4	41-54	42.19	12.65
5	55-70	20.31	7.39
	Total	100	100

Table 1 shows that the majority of the enterprise employees (60.39%) falls within the age range between 19 and 30 years old. This result may indicate that the younger generation of employees, due to their short work experience in the organization, needs additional knowledge and experience in the domain of ethical behavior in the service sector.

Table 2. Gender distribution of managers and employees at service enterprises.

Gender	Number of respondents, %	
	Managers	Employees
Male	81.25	29.59
Female	18.75	70.41
Total	100	100

Table 2 shows that the proportion of women among managers is 18.75%, and of men is 81.25%. On the contrary, the share of women among employees is 70.41%, while of men is 29.59%.

Table 3. Employees of service sector organizations by position.

<i>Position</i>	<i>Number of people interviewed</i>	<i>Total number of respondents, %</i>
Management team	64	13.25
Workers	419	86.75
Total	483	100

Table 3 demonstrates that 79.69% of the surveyed managers are representatives of active working age. The remaining 20.31% of respondents are people of pre-retirement and retirement age who are experienced and reputable managers holding their positions over a long period of time.

Table 4. Employees and managers of service sector organizations by education.

	<i>Education</i>	<i>Number of respondents, %</i>	
		<i>Managers</i>	<i>Employees</i>
1	Secondary vocational education	1.56	5.49
2	Unfinished higher degrees	0.00	35.80
3	Higher degrees	79.69	56.56
4	Two or more higher degrees	12.50	2.15
5	PhD	6.25	0
	Total	100	100

As Table 4 displays, the vast majority of the surveyed service sector workers (94.51%) either already have higher education or are in the process of obtaining it (students), and only 5.49% have secondary education. As for managers, an absolute majority (98.44%) has higher education. At the same time, some of the surveyed managers (6.25%) have a PhD degree, which increasingly indicates a trend towards the desire to apply a scientific approach in business.

Table 5. Causes for ethical conflicts or ethical uncertainty cases.

	<i>Causes for ethical conflicts</i>	<i>Number of responses, %</i>
1	Selective approach to following the ethical behavior norms, induced by personal perception of subjective nature	57.4
2	Temptation by any means to achieve the goal associated with selfish interests	21.9
3	Personal relationships that affect the professional activity results	12.1
4	Requests of other people aimed at the employee acting in violation of their official duties with selfish interests	8.6
	Total	100

The results of the study show that the key cause for ethical conflicts, clashes, or ethical uncertainty is a selective approach to ethical norms based on the subjective perception of the individual. This suggests that there are no clear agreed norms of ethical behavior in organizations and, in the case of an ethical conflict, employees and managers rely on their personal ideas and attitudes.

Table 6. Activities to be carried out to improve the ethical behavior designing process.

	<i>Activities</i>	<i>Rating, %</i>
1	Development and implementation of the necessary provisions	77.6
2	Introduction of a rewards and punishments system	65.6
3	Conducting special workshops and other classes	50.1
4	Inclusion of additional topics to discuss at employee collective meetings	47.7
5	Ethics Committee establishment	35.8
6	Improving work planning quality, not just controlling it	3.7
7	Improving the motivation and incentive system at the enterprise	2.9
8	Conducting corporate events	2.6
9	Raising standards	2.1
10	Increasing responsibility for the work performance	1.3
11	Making comfortable working conditions	1.1
12	Minimizing excessive workload	1.0

As may be inferred from the research findings, employees place special emphasis on the three main activities to improve the ethical behavior designing processes for service sector employees: the development and implementation of the necessary provisions (77.6%), the introduction of a rewards and punishments system (65.6%), and conducting special workshops and other classes (50.1%). The gathered answers of respondents confirm the prior received information that the organizations have not drafted the basic norms of ethical behavior for service sector employees.

Table 7. Evaluating key factors impact on the ethical behavior construction for service sector employees.

<i>Factors</i>	<i>Factor impact degree, %</i>			
	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Total</i>
Environmental conditions	4.0	30.5	65.5	100.0
The specifics of services provided	55.3	20.6	24.1	100.0
Enterprise size	16.8	15.4	67.8	100.0
Organizational culture	11.0	10.7	78.3	100.0
Availability of a development strategy	17.8	61.7	20.5	100.0
Professional level of managers	9.5	20.2	70.3	100.0
High organizational level at the enterprise	16.5	25.7	57.8	100.0

Table 7 presents the following factors as the ones that most affect the reflection of the ethical behavior designing processes in the management system at service enterprises: environmental conditions (65.5%); the size of the enterprise (67.8%) – in particular, we are talking about a greater degree of their influence at small enterprises, which are mostly service enterprises; embedded organizational culture (78.3%); the appropriate professional level of managers (70.3%); and high organizational level at the enterprise (57.8%). At the same time, respondents recognized that the specific factor of the services provided has a low degree of influence.

Meanwhile, as it was revealed, senior management does not pay due attention to the interpersonal communication and professional development in many organizations, and most personnel decisions while implementing production and service tasks is at the discretion of the relevant department heads. Thus, 46.9% of managers admitted that they “fully trust their deputies” in solving issues related to employees; 32.8% “listen to the opinion of the immediate employee’s supervisor”, and only 20.3% believe that “they should figure out and control the solution of each issue by themselves”.

Table 8. Reasons for restraining the ethical behavior constructing process at service sector enterprises.

	<i>Reasons for restraining the ethical behavior constructing process</i>	<i>Rating, %</i>
1	Level of corporate culture	31.1
2	Relations between management and employees	28.0
3	Competition within the team	15.6
4	The level of competence and professionalism of management	14.1
5	The level of competence and professionalism of employees	11.2
	Total	100

The study results clearly demonstrate two key problems hindering the process of constructing ethical behavior of service sector employees: namely, the low level of corporate culture as well as the relationship between management and employees of the organization.

Table 9. Grounds for making a decision in a complicated ethical situation.

	<i>What are you guided by while acting in difficult ethical situations?</i>	<i>Number of responses, %</i>
1	Own views and beliefs, accumulated experience	76.1
2	Provisions and prescribed rules in the organization	47.7
3	I find it difficult to give an unambiguous answer, because I act intuitively “as appropriate”	28.4
4	Generally accepted norms in the organization	19.1

According to the respondents, the majority (76.1%) is guided only by their own views and beliefs. This result confirms the need to construct behavior ethics in service organizations, due to the fact that the views and standards on ethical issues for individuals are subjective and may not correspond to generally accepted ethical norms and values. Noteworthy, 28.4% among the respondents act intuitively in problematic ethical situations without being guided by ethical norms and rules.

Table 10. Prerequisites impacting the service enterprises employee ethics.

	<i>Prerequisites that influence the service enterprises employee ethics</i>	<i>Number of responses, %</i>
1	Raising the standard of living	100.0
2	The need to develop a new type of professional morality	89.8
3	Reaching the world quality level in the Russian service sector, due to the inclusion of Russia in the world cultural community (holding major economic, political, cultural, and sports events)	77.5
4	Scientific and technological progress	65.5
5	Accelerating pace of life among the population, lack of time for self-service, and an increase in the need for qualified professional services	34.3

Thus, the systematization of sociocultural prerequisites for the ethical behavior construction for service sector employees enabled to assess the degree of their importance. The most essential prerequisites are an increase in the standard of living and the need to develop professional morality of a new type. The least impact has been the growth in the pace of life.

The respondents defined an increase in the living standards as the main prerequisite, which implies that requirements of consumers for the quality and range of services offered alongside with the performance quality are enhancing due to the growth in the self-esteem and self-awareness level among citizens. The necessity to develop a new type of professional morality is quite consistent, explained by the fact that the personal qualities of an employee are determined and set by professional competences, an attitude to professional activity, skill level, and business skills. Genuine professionalism is achieved through observing such moral categories as duty, honesty, responsibility, etc. Respondents understand the need to develop a new type of professional morality, which is associated with the transition from a traditional value system to a liberal one, depending on the impact of the market economy. Russia's entry into a single global space remains noteworthy significant, which enables to integrate the most effective foreign means and methods of work into the domestic service sector and provides creative freedom to professionals in most diverse scopes of business, probably boosting their innovative activity. With information technology developing, the process of rendering services depersonalizes, the seller and the buyer do not meet face to face, which means that the service sector employee eventually atrophies interpersonal communication skills, service culture, etc.

Table 11. The coincidence of employees' value systems with those accepted in the organization.

<i>Do your values coincide with those adopted in your company?</i>	<i>Number of responses, %</i>
Yes	18.6
Rather yes than no	21.8
Rather no than yes	18.2
No	35.6
I find it difficult to answer	5.8
Total	100

Based on the responses received from respondents, it can be seen that 53.8% have value attitudes that do not coincide or slightly do not coincide with those accepted in the organization.

Table 12. Problems affecting the construction of ethical behavior for service sector employees and their prior influence on the ethics construction among service sector employees

	<i>Problems affecting the employee ethical behavior construction in the service sector</i>	<i>Number of responses, %</i>
1	Underestimation of the ethical behavior significance by the management	44.8
2	Lack of knowledge in the field of ethical behavior	26.1
3	Ethical conflicts and ethical uncertainty	18.9
4	Value system and behavioral stereotypes	10.2
	Total	100

According to respondents, underestimation of the ethical behavior significance by the managers (44.8%) is of prior importance when designing the employee ethical behavior in the service sector. Additionally, respondents identify as a problem the lack of knowledge in the field of ethical conduct (26.1%), which is an obstacle to the construction of ethical behavior.

Next, we tried to find out from the respondents what opportunities an organization would gain with the due consideration of the management about the ethical behavior designing process at the enterprise (see Table 13):

Table 13. Possible positive results in the organization activities with minimal attention of the head to the ethical behavior designing process at the enterprise.

<i>What will become possible even with minimal attention of the management to the ethical behavior designing process at the enterprise?</i>	<i>Number of responses, %</i>
The income level will rise at the enterprise	93.1
The sociopsychological climate within the team will improve	71.6
The level of loyalty and, accordingly, the responsibility of employees will increase	57.3

According to the respondents' estimates, it can be presumed that even with minimal attention of the enterprise executives to the employee ethical behavior designing process, it will be possible, first of all: to increase the income level at the enterprise (93.1%), to improve the sociopsychological climate within the team (71.6%), to enhance the level of loyalty and, accordingly, the responsibility of employees (57.3%).

In section 2, we conducted a study only among the executives of service organizations on the subject of their participation in the ethical behavior construction for enterprise employees and evaluation of its significance. In the course of the research, we obtained the following results.

Table 14. Participation of the organization management in the employee ethical behavior construction in the service sector.

<i>Do you take any actions to construct the employee ethical behavior in the company?</i>	<i>Number of responses, %</i>
No, I do not take any actions to construct the employee ethical behavior	37.7
Yes, I entirely take measures to construct ethical behavior in the enterprise	30.5
Yes, I take measures to design the employee ethical behavior in the enterprise, but not to the full extent	19.7
I find it difficult to answer	12.1
Total	100

The survey results show that 37.7% of the managers do not take any measures to construct the ethics of conduct. Thus, in most organizations, methodological approaches to managerial decision-making process have not been developed and, accordingly, have not been used; organizational measures to ensure the employees' adaptation have not received any practical application; methods for employee appraisal have not been created; and planning for

their professional promotion have not been carried out. It is undeniable that, although a number of advanced enterprises conduct training, retraining, and professional development for certain categories of personnel, such activity in many cases is desultory in nature. Besides, it rarely concerns the issues of designing ethical behavior.

Table 15. Ethical behavior value estimation in the organization activities.

<i>The scale of ethical behavior value in the organization activities</i>	<i>Number of responses, %</i>
5	22.5
4	18.0
3	30.1
2	18.1
1	11.3
Total	100

The determining indicator of an enterprise success is recognized as profit making. In the market economy, making a profit is impossible without competitive advantages, because the organization always focuses on the consumer. The set of rules and norms for ethical communication enables to correctly build a “manager–subordinate” relationship, increase employee involvement in the workflow, and, as a result, improve the quality of the service provided. In this respect not all managers comprehend the relationship between the need to construct the employee ethical behavior in the service sector, dictated by modern market requirements (see Table 16). The responding managers’ responses demonstrate a lack of understanding or disagreement with the priority value of the ethical behavior ethics.

In section 3, we carried out a survey only among employees of service organizations on the subject of their assessment of the company’s management participation in the construction of ethical behavior for the enterprise employees. The study revealed the following results.

Table 16. Participation of the organization's management in the ethical behavior construction.

<i>Does the management take any actions to construct ethical behavior in the enterprise?</i>	<i>Number of responses, %</i>
The management of the enterprise does not take any actions to design the employee ethical behavior	48.9
Yes, the management takes some measures to construct ethical behavior in the enterprise	35.5
I find it difficult to answer	15.6
Total	100

Therefore, a survey with employees as well as managers at the service enterprises mentioned in Section 2 confirms that in many organizations there is no scientifically grounded work on the social and organizational design of employee ethical behavior (see Tables 14 and 16).

Nevertheless, 35.5% of the employees surveyed believe that the management is taking some actions to construct the employee ethical behavior in the service sector. Consequently, we considered it appropriate to request them to answer the question: "What exactly are the actions taken by the management to construct ethical behavior in the organization?" (see Table 17):

Table 17. A list of actions taken by the organization management to construct the ethical behavior.

	<i>Measures</i>	<i>Number of responses, %</i>
1	External measures of influence (positioning of the enterprise in the market, participation in world-class events (exhibitions, presentations))	13.8
2	Employee opinion survey ("individual interviews are held", "questionnaires", "corporate meetings", etc.)	11.9
3	Internal work with personnel ("training individual employees in ethical behavior", "codes of ethics development and implementation", "organizing conferences and seminars")	9.3
4	Single answers	0.5
	Total	35.5

As it can be seen from the respondents' answers, of the most popular actions, the management uses external measures of influence through participation in various events (13.8%), as well as employee opinion survey (11.9%).

5. DISCUSSION AND CONCLUSIONS

According to the study findings, the absence of established ethical norms in organizations allows each employee to interpret ethical norms in their own way, giving rise to disintegration in the ethical behavior understanding. The research proved the unavailability of a standard technology in organizations for designing ethical behavior among service sector employees. The organizations have not created or only partially created the conditions for the ethical behavior construction for employees in the service sector, and the management does not undertake any actions for this purpose. Concurrently, respondents believe that creating such conditions is ultimately necessary for successful functioning of the enterprise and the improvement of communication processes within the organization. As essential measures to perfect the ethical behavior constructing processes, the respondents highlight developing and introducing the necessary provisions (Code of Ethics, Ethics Program) and incorporating a rewards and punishments system. The findings of our study are supported by other authors (Tsalikis, & Fritzche, 1989; Stohs, & Brannick, 1999; Preuss, 2009; Yee, Yeung, & Cheng, 2004).

This research has exposed that, in many organizations, senior management does not pay due attention, and most personnel decisions in the accomplishment of production and service objectives are given to the discretion of the relevant department heads or their deputies (79.7%), and only 20.3% believe that “they should figure out and control each problem solution by themselves”.

At the same time, respondents noted that even with the management focused on the ethical behavior construction in the organization, it will be possible to increase the income level at the enterprise and improve the sociopsychological climate within the team.

Other authors similarly adhere to the conclusion that, when designing ethical behavior and creating codes of ethics, the leader’s role is of key importance (Weaver et al., 1999; Kaptein, 2009; Kaptein, 2008; Mayer et al., 2009).

In respondents’ views, the main cause for ethical conflicts is a selective approach based on personal perception and understanding of ethical issues. Thus, it confirms that there are no distinct agreed norms in the organization, which are familiar to each of its members and are a guideline in situations of ethical uncertainty.

The value of the code lies not only in its existence, but also in its content, its communication quality, and its integration into the organization by senior and local management.

In order to the code of ethics to make sense, it must precisely indicate its basic principles and expectations, and it must virtually focus on potential ethical dilemmas that employees may face. In addition, a meaningful code of ethics cannot rely on blind obedience. To be most efficient, the code should be developed and disseminated in an open collaborative environment where as many employees as possible are involved.

As defined by Weber, a code of ethics can serve to institutionalize ethics in an organization (Weber, 1981). Thus, the code of ethics is a key method reflecting the aspiration of the organization to construct a sense of responsibility and establish a positive ethical climate (Raiborn, Cecily, & Payne, 1990). After the code of ethics has been created, the organization can distribute ethical values and standards not only in its own working environment, but also outside of it. This is a further enhancement of the ethics institutionalization. However, the mere creation of a written code of ethics does not guarantee that employees will be aware of its existence and familiar with its contents (Stevens, 1994). Further debate about ethical standards requires some effort on the part of company employees and management. For example, Stevens described a study aimed to determine how knowledge of codes of ethics influenced the ethical values training of respondents (Stevens, 1999). The code of ethics ranked fourth out of ten sources of ethical education. Research by the Ethics Resource Center in the United States of America suggested that the code of conduct is not very effective in providing guidelines for solving organizational ethical issues. In conformity with the mentioned research, the code was much more effective if it was supplemented by ethics training with examination of ethical issues and dilemmas.

Summarizing this review, we believe that the time has come to shift attention away from the codes of ethics themselves as a source of ethical behavior to individuals whose behavior is in the spotlight. Having applied the goals of the codes of ethics as a consistent model, we assume that the code will influence the ethical behavior of the organization members in four stages. First, the organization must have a code of ethics designed to demonstrate on its part a desire to support ethical behavior. Secondly, the organization members should be familiar with the code of ethics in order to recognize ethical problems and understand what ethical standards it represents. Such familiarity ought to go beyond plain awareness of the code's existence and embrace the extent to which the code is disclosed and implemented in the organization. This extent consists in the effective role of the code of ethics in shaping the organizational ethical climate. Thirdly, familiarity with the code should help employees recognize its usefulness as a

guide to their behavior and ethical decision-making process. Fourth, ethical behavior under the impact of the code of ethics standards adopted by employees will contribute to the ethical climate improvement and development. This four-step process assumes that the mere existence of a code of ethics, even with high ethical ideals, by itself will not implant ethical values and standards in the organizational environment.

The code of ethics is only the first step towards the ethical behavior construction in the service sector. It is not worth indulging illusions that the very fact of its adoption will immediately create a healthy psychological climate and harmonize social and labor relations. This is, of course, a long and difficult path leading to a civilized market and the formation of a new healthy mentality. In turn, the absence of a formulated set of generally accepted values and ethical norms will be a significant barrier.

At the formation stage of the management system in service organizations, taking into account the ethical behavior construction, the relations between managers of various ranks and their subordinates, including increased focus on each employee, will be extremely significant. Managers should be able, along with general management functions, to create a favorable environment that stimulates innovation activity and commitment to the organization strategic orientation.

Many studies have verified that employees follow their supervisors, not just when they urge to be ethical, but when they demonstrate themselves ethical behavior. Employees quickly identify inconsistencies and hypocrisy. If top managers, through their daily behavior and comments, indicate that ethics is important, employees will act accordingly (Marinko, & Gardner, 1987).

Nixon points out that “organizational or corporate” ethics is not a collective issue, but it is rather individual responsibility and the personal ethical standard of a leader’s ethics that sets collective standards for the entire organization (Nixon, & West, 1993). We are prone to assume that, if organizational ethics is in decline, the only solution is to increase ethics through the influence of the leadership. The unethical behavior management in the workplace and the ethical behavior construction among employees ensure a workable system that will promote ethical behavior in order to facilitate the work processes continuity, survival, and a good corporate image. A number of studies have substantiated the need for ethical leadership as a way to manage unethical behavior in an organization (Davis, & Rothstein, 2009).

Thus, this paper postulated: construction and implementation of a code of ethics will prevent conflict occurrence in a service sector enterprise. We have concluded that introduction and operationalization of a code of ethics require the involvement not only of minor staff but also of executives in service sector enterprises.

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