EMPLOYEES' VIEWS OF
BUSINESS ETHICS IN L'OREAL THAILAND

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M.M. (GENERAL MANAGEMENT)

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ABSTRACT

The business ethics in the workplace are played role important in many businesses nowadays. This paper aims to understand the practice of the organization in order to create the ethical environment in organization by analyzing the case study with the building an ethical organization framework (Victorian Institute of Teaching (VIT), 2005). Moreover, this paper gives the strength of the organization to reinforce over the long term and find areas of improvement to be enhanced. The research is focused on Cosmetics Company named L'Oreal (Thailand) Ltd. The research methodology is used both in-depth interview with open-end questions with probing technique and doing sampling questionnaires. The finding shows that the company almost complies with the framework to build an ethical organization (Victorian Institute of Teaching (VIT), 2005). This shows that the company has realized the importance of building the organization to have a business ethics in the workplace.

KEY WORDS: Business Ethics, Code of Ethics, Organization Values

38 pages

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CHAPTER I
INTRODUCTION

Nowadays, ethics are important in the business world. Ethics can be defined as "a domain unto itself, a set of concepts and principals that guide us in determining what behavior helps or harms sentient creatures" (Elder and Paul, 2003). Ethics concern an individual's ethical judgment about right and wrong. Ethics is an essential to the business association and in addition the entire group. Ethics should be executed perfectly throughout all perspectives and operations inside of the organization. With the effective execution of ethics management, association can improve productivity over the long term. Ethical behavior can convey noteworthy advantages to a business. For example, they may draw in more employees who need to work for the business, lessen enlistment costs and empower the organization to get the most capable employees.

However, building an ethical association needs times and exertion. It can't be accomplished consequently, because the people are not ethically idealized.

L'Oreal (Thailand) Limited is one of the cosmetics company in Thailand. The business ethics have taken into account seriously in L'Oreal Thailand. However, what are L'Oreal Thailand employees' viewpoints to the way business is done in their work environment?

This paper will investigate the employees' views and behavior of business at the workplace. The motivation behind this study is to figure out whether individuals from L'Oreal Thailand utilize the L'Oreal code of ethics in perceiving and determining ethical predicaments. This is imperative for a few reasons. First, participation in L'Oreal Thailand and adherence to its code of ethics are largely willful. Does L'Oreal Thailand participation give an adequate inspiration to its individuals to take on the L'Oreal code of ethics and utilization it perceives and resolve ethical issues?

Second, the L'Oreal Thailand spent a decent arrangement of assets in improving, adjusting, and boosting its code of ethics. Were these assets well spent?

1.1 The Question of this study

- What are employees' views about business ethics in their workplace?
- How do they behave as the ethical people in their workplace?
- When they face a problem related to business ethics, what do they do?
- How does L'Oreal Thailand build an ethical culture in its organization?

1.2 Study Purpose

- To understand the importance of business ethics in the workplace, especially in the leading company.
- To develop an understanding of L'Oreal Thailand employees' perception and behavior about business ethics in their workplace. What do they understand correctly?
- To support L'Oreal Thailand ethics correspondent to explore whether the organization is success in term of ethics awareness in their employees.
- To suggest an action plan in order to improve the business ethics in L'Oreal (Thailand) Ltd.

1.3 Research Scope and Framework

In this research, the actual situation in L'Oreal (Thailand) Limited, Employees' views & behavior of business ethics in L'Oreal Thailand was discussed as the key case study. The information was gathered through interview of both manager level and staff level, including doing a questionnaire by both of the manger and staff levels. Moreover, the lessons learned from this research in L'Oreal Thailand also were considered. The case is analyzed through a framework in order to build an ethical organization (Victorian Institute of Teaching (VIT), 2005). Problems and limitations applying this framework are discussed from a practical point of view and recommendations when applying the framework on a practical setting are made.

CHAPTER II
LITERATURE REVIEW

To see all the more about business ethics, literature review on related journals and articles were led concentrating fundamentally on ethics and its importance. So, this literature review is organized into 2 segments. The first is to identify an overview of business ethics. The second segment is about to present the research framework. The reason for the research is to demonstrate L'Oreal Thailand employees' views and behavior of business ethics in their organization.

2.1 An overview of business ethics

According to the literature, ethics "is the discipline that deals with what is good and bad and with moral duty and obligation" and can "be regarded as a set of moral principles or values" (Carroll & Buchholtz, 2008, p. 242).

Ethics concern an individual's ethical judgment about right and wrong. In order to make decision within an organization, it could be made by individuals or groups, yet whoever makes them can be influenced by the organization's culture. The decision to behave ethically is a moral one; employees must choose what they believe is the right plan. This may include dismissing the course that would prompt the greatest short-term benefit.

Ethical conduct can convey noteworthy advantages to a business. For example, it could attract customer to the firm's products, which means increasing profits and sales. The next advantage is about reducing the recruitment cost and retain the employee who wants to work with the company. Also, the organization can recruit the most talented employees. Ethical concerns are an essential area in business practices. Alexandre & Douglas (2009) say, "ethical cultures are characterized by the following five groups of attributes: (a) Moral missions and ethical values are among the main drivers of all organizational decisions; (b) Organizations strife to achieve

balance between the interests of all stakeholders; (c) The organizational leadership is playing a central role in modeling and promoting ethical behavior; (d) There is an alignment between ethical values and day-to-day operations and decision making at all levels; (e) The long-term perspective takes precedence over short-term profit considerations" (p. 9).

An organization which embarks to work inside its own ethical rules is likewise less in danger of being fined for poor manner, and more averse to wind up in break of one of countless concerning obliged conduct. The most important asset of an organization is reputation and it is also the most difficult to rebuild if it's lost. Keeping up the promises it has made is essential to keeping up that reputation. Unethical behavior may harm a company's reputation and make it less attractive to stakeholders. This implies that profits could be fallen accordingly. Therefore, ethics is important to organizations for several reasons. Organizations can enlarge sales or build their reputation.

2.2 Building an ethical organization framework

In order to build or create an ethical organization, there should have ethical structures, ethical processes, and ethical performance. It is a fundamental to execute or implement correct ethical values and culture. In addition, the corporate ethics has internally emphasize in order to consider the gap between the management's ethical behavior and the employee's view of the management's ethical behavior in continuous business doing. Hence, all conceptual frameworks described and outlined in the following segment, which are from various sources would be mentioned how to create or build an ethical organization.

The first framework is from the Institute of Business Ethics (Sabrina & Simon, 2012). This framework would help an organization to nurture ethical values into its organizational culture and way of work which is set in the following diagram.
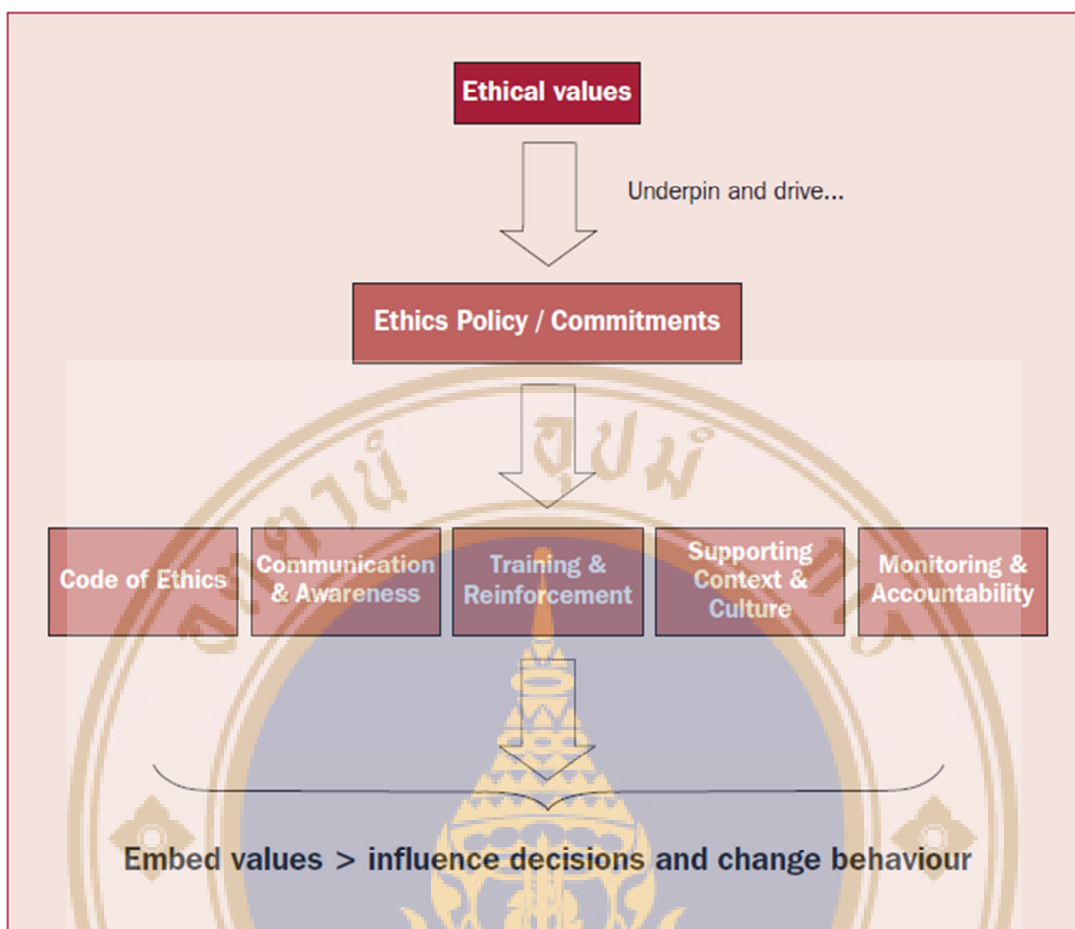
Figure 2.1 IBE model of an effective ethics program
(Sabrina & Simon, 2012)

From Figure 2.1, the organization has to underpin and drive the ethics as one of company values. It could be set as an ethics policy to gain commitments from all employees. Practically, in order to embed ethics as a corporate value, it should influence decision and change behavior of employees. There are 5 steps to be practiced. First, the organization should create a code of ethics in the organization. Then, it must be communicated to all employees for their awareness on it. The third is to set training and reinforce the ethics into their employees' mind. Beside all 3 steps, one important step is to support all contexts from the top management and then to create the ethical culture in an organization. Lastly, there should be monitoring and accountability to see the result whether it is successful or not. Moreover, it is useful information to see room for improvement as well.

The second framework is to build an ethical organization (Victorian Institute of Teaching (VIT), 2005) which is set as the following diagram.
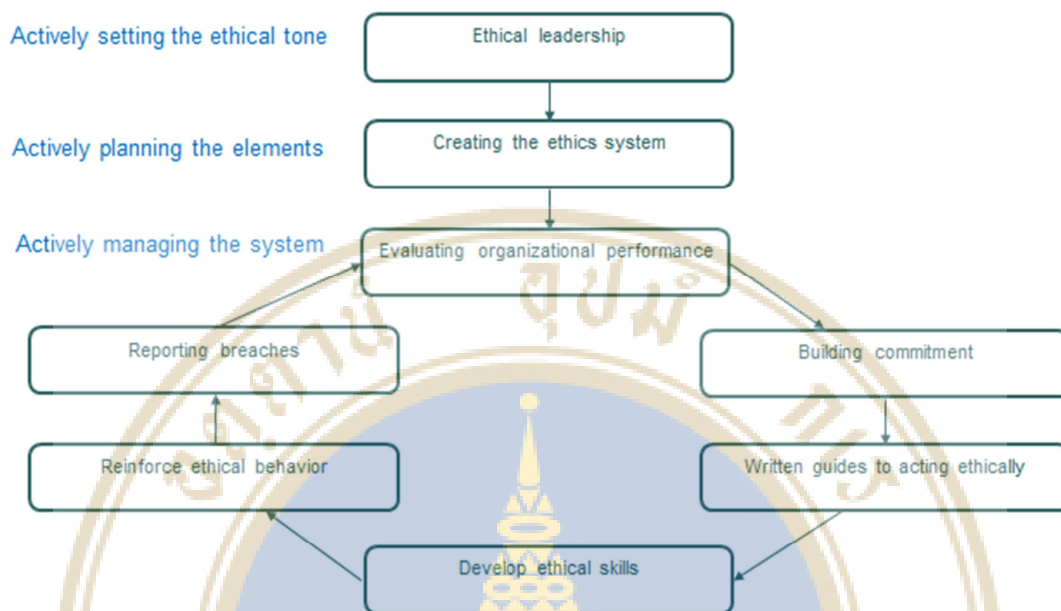
Figure 2.2 Building an ethical organization
(Victorian Institute of Teaching (VIT), 2005)

From the above figure, there has been divided into 3 main phases which are setting the ethical tone, planning the elements and managing the system. The first phase is started with actively setting the ethical tone; the organization should assign one person to be the ethical leadership. The next phase is actively planning the elements which mean creating the ethics system within the organization. The last phase is a practical phase, which is linked from the previous phase. It is about how to manage the system actively. This phase is very important to build an ethical organization. It is started from evaluating organizational performance regarding ethics in the workplace. Then, the organization should build a commitment from all employees in an organization. After that, all concerned people have to write a code of ethics in order to act ethically. The next action is to educate and develop ethical skills to all employees for their awareness and acknowledgement. Then, the company should continuously reinforce ethical behavior in organizations. Furthermore, it should have been encouraging all staffs in order to report all breaches in organization accordingly,

which the all reports are useful to organization in finding a preventive action in the future. The last action is still doing evaluation organizational performance to see whether there is an increased result from the first time. As a result, the organization has to continue to improve simultaneously.

The third proposed framework is from "A conceptual framework of corporate and business ethics across organizations" (Goran & Greg, 2011).
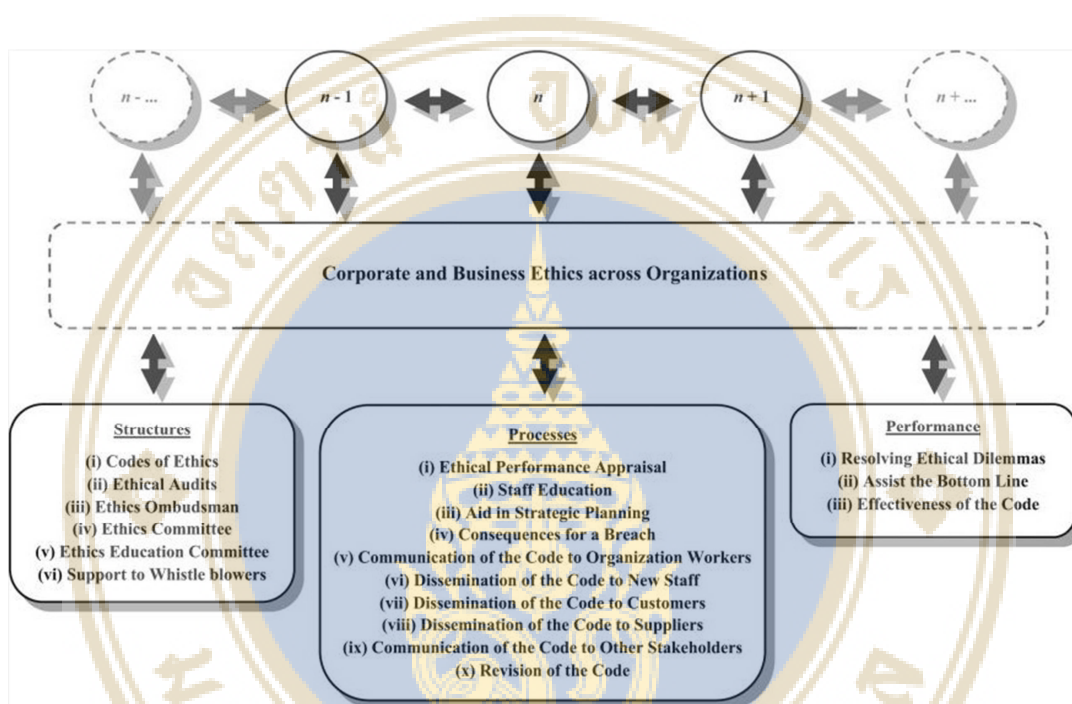
Figure 2.3 A conceptual framework of corporate and business ethics across organizations: structures, processes and performance

According to the above figure, there is also categorized the framework into 3 main areas which are structures, processes and performance. Firstly, the ethical structures which are aimed to help organization's ethical concerns across the organization. There is a requirement for the ethical structure that encompass the modes in which organizations endeavor to instill corporate and business ethics. Without them there are no backings set up to make ethical procedures and assess ethical execution. This part serves as an assistant that the organization and its employee should be ready to identify with at the key, strategic and operational levels of business practices. It is a perspective to different partners in the marketplace and society. Thus, there are 6

elements is this area. They are code of ethics, ethical audits, Ethics ombudsman, Ethics committee, Ethics education committee and Support of whistle-blowers.

The next focusing area is ethical processes which are linked to building an ethical organization. There are 10 elements that are in this area. There are the different ways in order to support the employees of the organization; otherwise they will not understand the corporate viewpoint on ethical business practices. Specifically, employees may not understand the proper behavior and act in situations that ethics need to take into account. Organizations should be mindful that ethical values and principles change over time, and vary across contexts. Therefore, it is needed to create processes that adds to managing organizations' ethical business practices, additionally there must be structures set up to support employees in their ethical actions and practices. The 10 elements are Ethical performance appraisal, Staff education, Aid in strategic planning, Consequences for a breach, Communication of the code to the organization's workers, Dissemination of the code to new staff, Dissemination of the code to customers, Dissemination of the code to suppliers, Communication of the code to other stakeholders and Revision of the code. Regarding the revision of the code, it is very important to the organization to revise it regularly. It has to be up-to-date and flexible.

The last area is about ethical performance. It consists of 3 sub-areas which are resolved ethical dilemmas, assist the bottom line and effectiveness of the code. The main business execution deserving of examination is whether the organization made a profit or loss and how its business doing in the market have affected upon its shareholders. Today, business practices need a different point, and especially in the meaning of the ethical perspective of the organization's business doing. Hence, the organization's corporate and business ethics depends on the existing ethical structures, ethical procedures and ethical execution measurement accordingly.

The fourth proposed framework focuses on HR roles and having an Ethical ambassador in order to build an ethical culture (Judith & Katherine, 2011). In order to embed an ethical culture, it is challenging for all global organizations. Regardless of having an ethics policy or code of conduct, it is insufficient and trust that employees read it, comprehend it, and apply it consistently today working lives. Thus, the role of

HR is very important for this framework. The HR department is a center point of contact for all employees with company.

Moreover, there are several ways in this framework to build the ethical culture in an organization. First, it is the supporting staff in global scale. Employers have to give essential support to their employees to help them to perceive, comprehend and react to the ethical difficulties they may confront. There are various components in an ethics program, for instance, training, communication strategy, ethical procedure and so on. Installing ethical principles for business fundamental throughout an organization so that they really manipulate culture, decision making and behavior can be a challenging and extensive procedure needing responsiveness, endurance and resources. A phenomenal approach to execute the various elements of such a program throughout a worldwide association is by using ethics ambassadors.

Therefore, the next is to create Ethics ambassadors. Ethics ambassadors are employees chosen to formally help with boosting the ethical programs. Ethics ambassadors can likewise as a center point of contact so if an employee has a question or an ethical problem they can talk to an ethics ambassador rather than a telephone helpline or a more formal contact at head office. Ambassadors might likewise set a training, record and report issues, and every so often help conduct examinations concerning unethical behavior. As a result, the person who is selected as an ethical ambassador should have the effective skills in terms of effective communication skill, presentation, facilitation and listening skills, high emotional intelligence, Good judgment, ethical sensitivity and character, Positive and persuasive personality, for example.

The last factor mentioned in this framework is about the role of HR. HR divisions are remarkably put inside of associations to commune with this. Through HR, ethics can be given the reliability and aligned with how businesses run. HR is in charge of key frameworks and procedures that can support powerful education of message the organization wishes to pass on about ethics.

From all 4 frameworks, there is quite similar in term of creating ethics as a fundamental of organization. Moreover, these four frameworks have been realized the importance of creating awareness of ethics in the workplace. It can be seen that there are ethical training to all employees in an organization. One of similar part from 4

frameworks is about communication that is considered as an important way to influence the employees to behave as an ethical person. The different part is about the evaluating ethical performance, which can be seen from framework one and two only. In addition, the fourth framework is different from others in term of creating ethical ambassador in the organization and focusing the role of HR importantly. Whether these four frameworks are the same or different, but they are good models in order to create an ethical organization which can be applied in L'Oreal Thailand.

In addition to the four frameworks mentioned, the researcher also did find examples of the ethics in the workplace in UK organizations, majoring in a manufacturing business (Georgina & Greg, 2012) to compare with the L'Oreal Thailand case study. It is found that in order to manipulate practice; it is insufficient to have the ethical culture, for example, codes, without guaranteeing that all staffs help with comprehension what is needed of them. From this case study, there are productive steps to embed ethics in their workplaces.

The first step is to establish a code of ethics which there is continuous development of a code of ethics. Also, the staffs have participated in the improvement of it. The second step is to maintenance of code ethics to be aligned with the organizational values, philosophy and culture. The third step is communicated to staff. From the case, there are 43 percent of the UK organizations providing the ethical booklets to their staffs. The fourth step to embed the ethical culture is to introduce of the code of ethics to new staff. The fifth step is about the consequences of a breach of the code by having procedures for a breach of the code; the organization signals to staffs the centrality of the need to keep the code for both their own purpose and that of the organization.

The next step is about Employee appraisal. There is assessing an employee's ethical performance as a part of the employee appraisal system. In this way, an ethical behavior is integrated into each staffs' perceived organizational execution. It is another method for rewarding ethical behavior and discouraging unethical behavior, on the other hand, it has not been embraced broadly in the UK. It is just a large portion of the organizations to have an ethical part in their dealings criterion of staff appraisal.

There are also the Whistle-blowing procedures in order to report someone who reports wrongdoing by the organization. It would help UK organization to expose unethical behaviors in the workplace. The last step is to include ethics topic into strategic planning. From this point, there are less than half of the companies linking their strategic plan with their code in the UK organization. According to all ways to embed the ethics in organization in the UK, the researcher would compare it with L'Oreal Thailand case study in the discussion chapter.

Consequently, the objective of this research is to gain insights into employees' views and behavior of business ethics in L'Oreal Thailand. In addition, research is looking for proposals for enhancing corporate ethics in the organization. Thus, research has also concentrated on the variables that impact endeavors oversee ethics in organization and the results of such endeavors.

From the literature review, I propose that there are several approaches to build ethical behavior in the organization. Ethics training, Code of ethics, and whistle blowing are examples of how to build ethical culture. Embracing a code of ethics is another approach to battle unethical behavior. Furthermore, having support from top management is another way to make creation of ethical culture successfully. In a result, the employees' perception may show some data which reflect how to create the ethical culture in an organization.

The literature review above showed that building an ethical culture is important as an approach to ensure the employees' views and behavior of business ethics in the workplace. Therefore, the present study adapts the questionnaire, including interview as a framework to explore L'Oreal Thailand employees' views and behavior of ethics in the workplace. The methodology utilized for the present study is discussed in the following chapter. The recommendations to enhance the business ethics in the workplace so that the business can be more successful will be given also.

CHAPTER III
RESEARCH METHODOLOGY

As indicated by the indicator approach, this study intended to recognize "The employee's view and behavior on ethics in L'Oreal Thailand". To answer the examination objective, this research utilized both of quantitative and quantitative methodologies. A questionnaire was distributed through company chosen, namely the L'Oreal (Thailand) Limited. In addition, open-ended questions were used in order to interview the management level. The open-ended responses had the benefit of giving the researcher with a rich cluster of data.

By using both qualitative and quantitative research tools had various benefits toward the research as the following. Firstly, using quantitative method could help the researcher to analyze the information in comparing data in a different level between staff level and manager level. Also, the result could be presented in the tables and graphs which could often communicate very proficiently with people under serious time-lack and data over-burden. Secondly, using qualitative methods tried to comprehend a given research problem or topic from the viewpoints of the interviewees. Qualitative research was particularly powerful in getting socially specific data about the opinions and behaviors of particular populations. One benefit of qualitative methods in exploratory research used open-ended and probing technique which gave participants the chance to react in their own particular words, instead of forcing them to choose from fixed responses. Open-ended questions could inspire reactions that are important and socially notable to the interviewees. Another benefit of qualitative methods was that they permitted the researcher the flexibility to probe initial interviewees' responses – that was, to inquire as to why or how. The researcher had to listen carefully to what interviewees say, engage with them according to their individual personalities and styles, and use "probes" to inspirit them to expatiate on their answers (Institute for Prospective Technological Studies, 2005).

Initially, these questionnaires were distributed to a selection of employee in L'Oreal Thailand. There were randomly 30 people in both of staff and manager levels with different departments or functions in order to do a questionnaire. After that, the researcher interviewed the selecting employees in the organization for in-depth information.

3.1 Sampling Frame, Quantitative Questions, and Size

Sampling frame; the questionnaire distributed to the representative employee in each department as the following:

Table 3.1 Representative employees for sampling questionnaire in each division

Department	Employees
Consumer Product Division	2
Luxury Product Division	11
Professional Product Division	2
Operations	13
Active Cosmetics Product Division	2

Sampling Size; 30 respondents

Quantitative Questions; There are in the table 3.2 as below.

Table 3.2 Items used in the questionnaire

Construct	Question No.	Question
Awareness	1	Does your organization have a written code of ethics?
	2	Does your organization require ethics training?
	3	Does your organization have procedures for reporting unethical?
	4	Are penalties for unethical behavior strictly enforced in your organization?
	5	Is ethical behavior the norm in your organization?
	6	Is unethical behavior punished in your organization?
	7	Are people of integrity rewarded in your organization?
Behavior	8	Do the top managers in your organization show that they care about ethics?
	9	Is ethical behavior rewarded in your organization?
	10	Do the top managers of your organization demonstrate high ethical standards?
	11	Do you have any pressure to report in what you perceive to be unethical behavior?
	12	What are the three most **difficult ethical issues** that you have faced in your work? List the most difficult first.

There was used of five Likert scale to measure respondents' answers. That was, I asked respondents to indicate their agreement or disagreement with a questionnaire that each of the four stages described "involves an ethics in workplace" using a five-point scale (1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree).

3.2 Sampling Interviewees, Qualitative Questions, and Size

Sampling interviewees; Open-ended questions were used for in-depth interviews with managerial level in order to gather more information at the management point of view as the following:

Table 3.3 Interviewees in each division

Department	Employees
Consumer Product Division	1
Luxury Product Division	1
Operations	4
L'Oreal Thailand Ethics Correspondent	1

Interviewees; 7 respondents

Qualitative Questions for interview; there were the different questions to the interviewees divided by the working level as below;

Manager

- What is the management point of view on importance of ethics in workplace?
- What are the most important ethics in your organization?
- How to leverage the ethical behavior to all employees?
- Is there any ethical process that can help solving the working problem?

Employee

- What would you do if someone in management asked you to do something unethical?

- Do you know whom should you contact if there is any unethical occurred in your organization?

- If you knew that your supervisor was doing something unethical, what would you do?

- What is your recommendation to improve on business ethics in your organization?

L'Oreal Thailand Human Resources Director who is in charge of L'Oreal Thailand Ethics which is called "Ethics Correspondent"

- What would you rate in the percentage of success on ethics in your organization?

- Why does it success? Why not?

- Is there any challenge about business ethics in your organization? What is your solution to overcome it?

- If you will like to improve it, what is it?

- How do you plan to improve business ethics in your organization?

- How do you build the ethical workplace? Is there any process or steps to go?

CHAPTER IV
RESEARCH FINDINGS

According to the methodology, the researcher prepared the sampling questionnaire based on 30 valid questionnaire responses. The numbers of 30 respondents were representing 5 percent of the total number of employees in L'Oreal Thailand. Furthermore, there was the qualitative research which the researcher interviewed 7 respondents who were in the different level and position. After conducting the qualitative research & doing the sampling questionnaires, the summary of data, finding from sample interviewees is analyzed and grouped as the following.

4.1 Employees' view on business ethics Heading

The first part analysis is about how L'Oreal Thailand employees' view of business ethics in terms of importance, awareness and training.

4.1.1 Importance of ethics in workplace

From the interview, the first factor is that everyone is aware of the importance of ethics in the workplace. It is the first factors that both of employee level and manager level have realized it, as the following reasons;

- Fundamental – It is a basic that all employees must have in order to work or doing business. It is like a working rule which one should do or which one shouldn't do.

- Increasing productivity and teamwork – When all employees have the ethics, it would help all of them working smoothly. Moreover, it can help to decrease the conflict.

- Organization image/reputation – It could be affected by the organization image if the employees don't have the ethics. One of

interviewee gave the example of the working employee who has contact with the external party, especially dealing with the government sector.

- Decision-making - It also helps enhancing responsibility and transparency when taking on any business decisions. For example, from one interviewee, the interviewee said that when employees had the ethics in mind, they would think of the organization's benefit rather than thinking of personal's benefit. While there are turbulent times, a strong ethical employee could manage such conflicts by making the right moves.

4.1.2 Business ethics awareness in organization

After analyzing the result of a questionnaire regarding the Employees' perception of the ethics in the workplace, the results are as below.
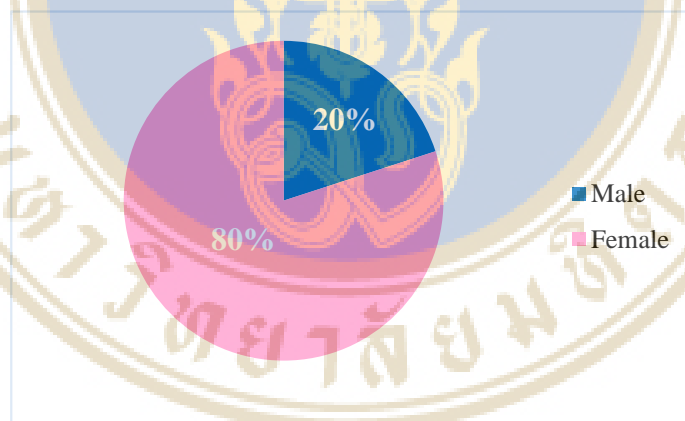
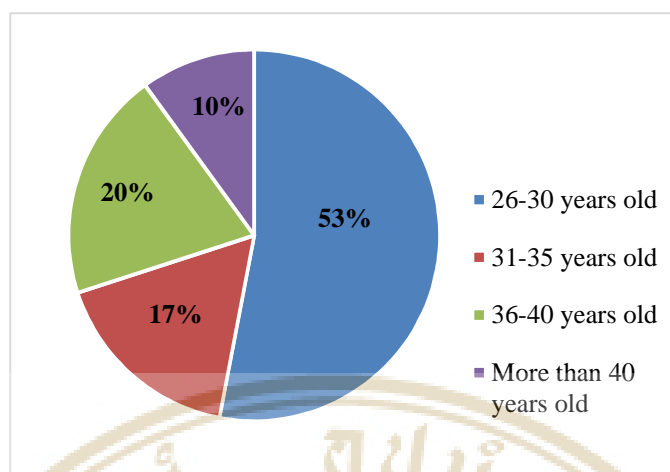**Respondents' Demographic Profile:**

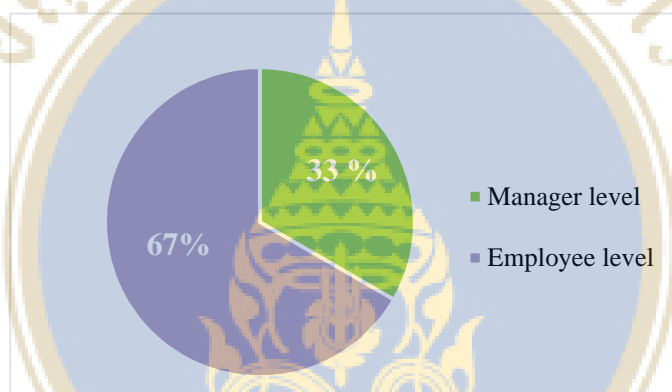**Figure 4.1 Gender**

Figure 4.2 Age

n = 30

Figure 4.3 By level

Profile of respondents:

From Figure 4.1 - 4.3, it can be seen that from a gender perspective, 80 percent, which represent the majority are females and 20 percent are males. According to the age classification of respondents, 53 percent were between 26 and 30 years, followed by 17 percent between 31 and 35 years, 20 percent were between 36 and 40 years and 10 percent of respondents were above 40 years. In term of level dividing, 67 percent of respondents are in the employee level and 33 percent of them are in the managerial level.
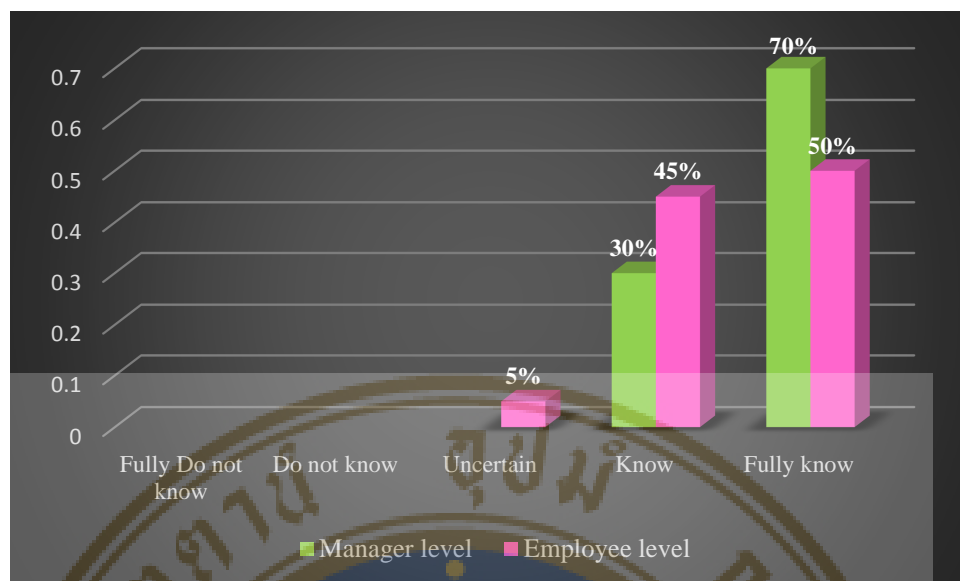
Figure 4.4 Awareness on a written code of ethics

In order to analyze the awareness on a written code of ethics in L'Oreal Thailand by separating the level between manager and employee, most of them know that there is a written code of ethics in organization, especially the manager level. 70 percent of sampling respondents in this group fully know, followed by 30 percent of them who know about a written code of ethics in the organization. In part of employees, 50 percent of them fully know about a written code of ethics, followed by 45 percent. However, there is still 5 percent of them who are not sure about it. As an overall, both of two levels have been known about a written code of ethics in the workplace.
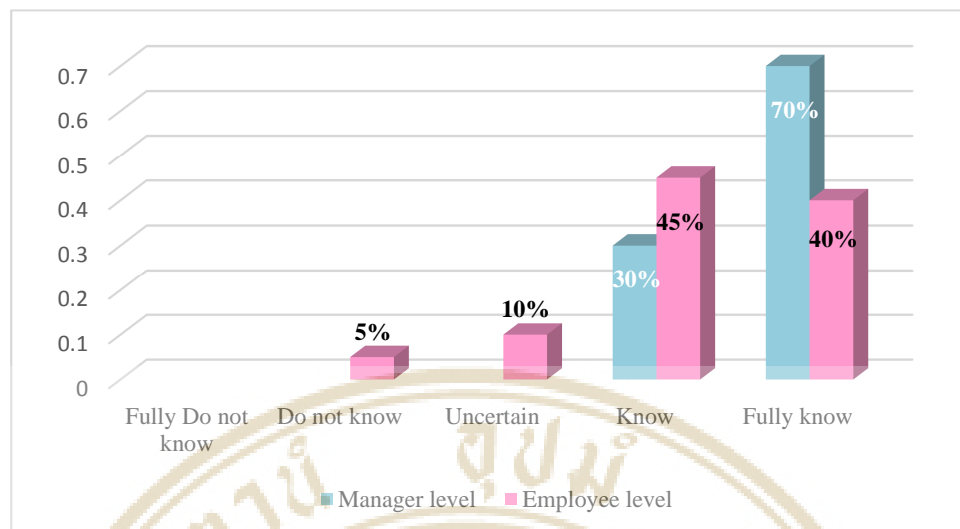
Figure 4.5 Awareness on ethics training

Regarding to ethics training, it seems to be that the manager level is acknowledged on this training more than the employee level. There still has 5 percent at the employee level who doesn't know about the ethics training in the workplace. Also, there is 10 percent on the employee level that is not sure about the ethics training. For instance, from the interview, some employees who worked with the organization over than 2 years are not sure whether there is ethics training because they forgot.
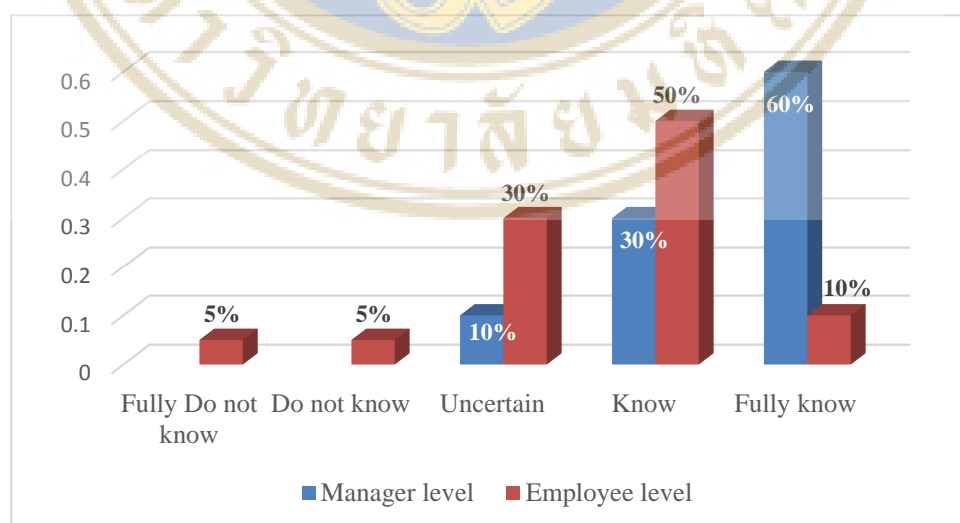

Figure 4.6 Awareness on procedure to report unethical issue

The next analysis is to focus on the awareness on procedure in order to report an unethical issue. If comparing between the manager level and employee level, the manager level understand and know how to report an unethical issue more than the employee level. The percentage was reached to 60 percent of fully knowing, followed by 30 percent, and 10 percent which was not sure. At part of the employee level, the percentage of knowing how to report was reached to 50 percent. However, there are up to 40 percent on the employee level which are not sure or did not know about the procedure for reporting an unethical issue when they perceived. Thus, there is a need to further development.

4.2 Ethical behavior in organization

All employees are fully aware to behave as an ethical person in the organization. Furthermore, they consider the ethical behavior as one of the norm in L'Oreal Thailand. However, there is no significance of both rewarding on ethical behavior and punishment on unethical behavior in the organization as below figures from questionnaire results.
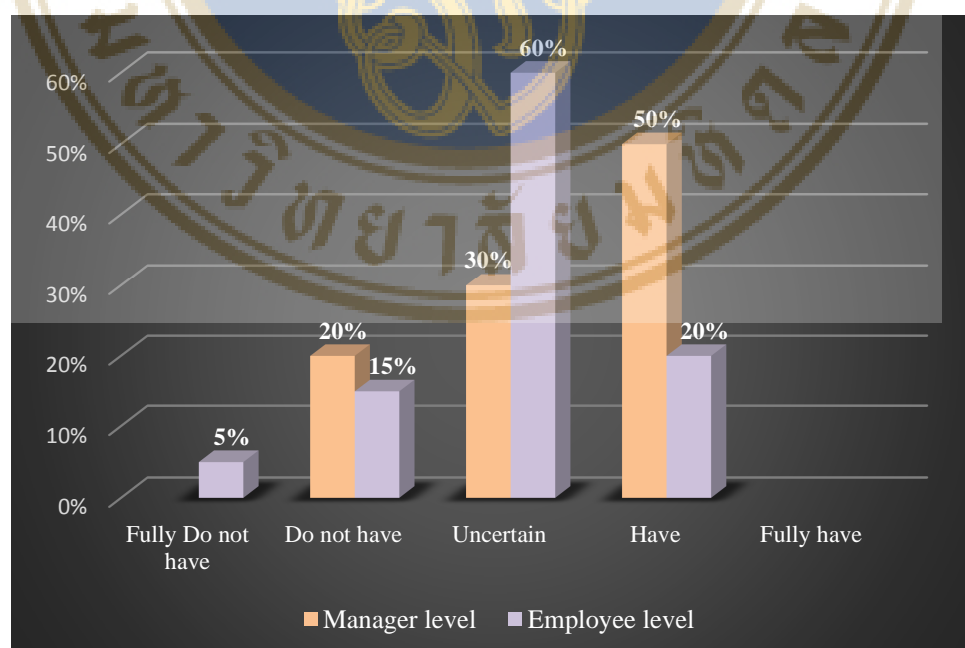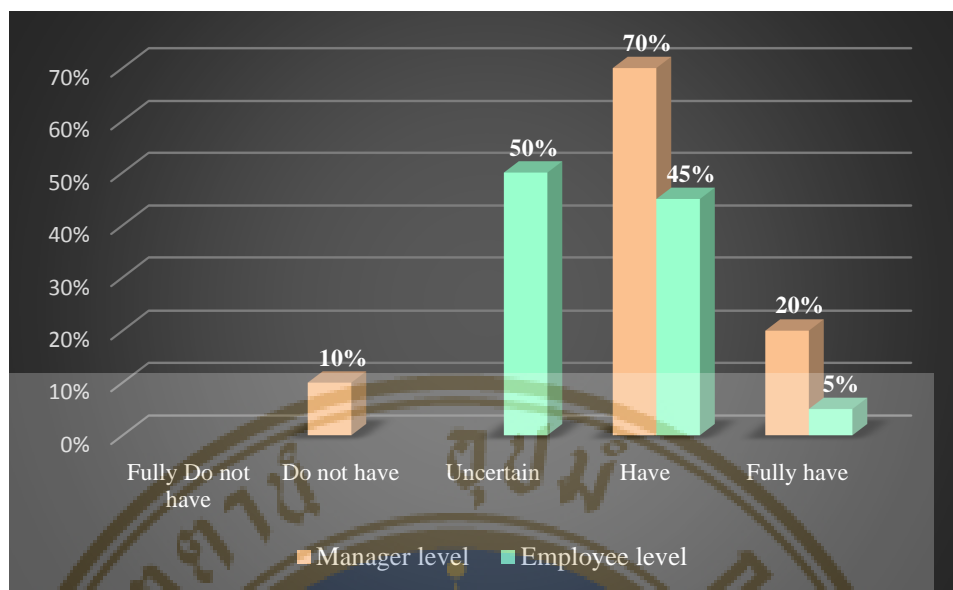

Figure 4.7 Rewarding for an ethical behavior

Figure 4.8 Punishment for an unethical behavior

From figure 4.7 – 4.8, it can be seen that most of the employees in L'Oreal Thailand are not sure whether there is any rewarding to a person who has an ethical behavior and punishment to a person who has an unethical behavior while they are working in the organization. The percentages at the employee level are reached to 60 percent regarding rewarding and 50 percent in term of punishment.

Another analysis of the interview is about making an unethical in the organization, if there is someone who is superior requests them to do. The result could be divided into two groups. The first group refused to do it 100 percent because of wrong behavior. However, the people in this group would ask the reason of doing from their superior, but they didn't do it. The respondents in this group would do the right way; even they asked the reason from their supervisor. They insist to do the right thing because it's contrary to the ethical working in the organization. The second group refused to do if there is no concern with their tasks/roles. The respondents in this group would ignore it if it is no concern related to their job security or career path in the future. However, they may do an unethical behavior if their direct supervisor requires them to do and it is minor unethical behavior. They consider their job security and career path more important than the correct way.

Considering on the action of employees if they perceive an unethical occurred in the organization, most of them consider first whether there is a serious

issue or not. If not, some of them ignore it. For example, they might ignore the supplier bidding for some department which sometime has only one supplier. If that supplier could deliver the products on time, they would ignore it about the cost. Some people chose to ignore if it was not concerned with their tasks. Also, if they found that people who did unethical were the management, some employees chose to ignore because they were afraid of the job security and career path in the future. They considered their job security and career path as the important factor of their work. However, there is a group of people who will report the unethical behavior of the higher level if they have enough evidence. They will do it without informing who they are. They might call directly to HR, but they won't give their names to disclose themselves because of their security as well.

4.3 The difficulty on ethical issues

From the questionnaire, there is some difficulty with ethical issues while all employees work in L'Oreal Thailand, which could be categorized into the major 3 groups as the following.

4.3.1 Unclear Working process

There are some processes that related to business ethics with the external party such as customs clearance process. Another is about some unclear processes of some departments in the organization.

4.3.2 Unfair/not transparent on Management behavior

Some employees are still in doubt regarding management and seniority level's behaviors. Some of them felt that there is an unfair in term of treating people. Another example is about the management transparency.

4.3.3 Unfair treatment of employees

There is still the harassment in the communication internally. Some of them perceive that there is looked down among the colleagues. Also, there is some

unfair treating between the permanent employees and outsourcing employees in the organization.

4.4 The success of building an ethical organization in L'Oreal

After interviewing with L'Oreal Thailand ethics correspondent, the rate of success in order to build an ethical organization is 90 percent. The reasons why it is quite successful are as the following. The first reason is about global orientation, which L'Oreal group is focusing on the ethics seriously. The second reason is to emphasize the ethics as one of company values. The third is about communicating and driving with all employees in the organization, not only the top management. Regarding the rest 10 percent that is still not successful is about ethics in social media. Nowadays, the social media has become more widely and fasten in order to share anything. Sometime, the organization found that there was some unappropriated information or some confidential data of the company to be posted on the social media like Facebook, for example. Thus, it is difficult for the organization in order to prohibit all employees to do.

In order to build the ethical culture in L'Oreal Thailand, the L'Oreal Thailand ethics correspondent has set up the processes for all employees. The first process is to conduct L'Oreal ethics to all new comers on the orientation day in order to gain awareness on it. The second process is to provide the letter of ethical acknowledgement to all employees for their signature and then to return back to the company. It means that all of employees aware and acknowledge of ethics in the organization. The third process requires ethical training. There is one day of ethics training without working which there has included all topics related to ethics. This training is "must have" training for all employees in L'Oreal comp. The fourth process is to communicate to all employees, both of top level and employee level. It is not only one time to communicate to the employee, the ethical manager always emphasized the ethical in any meeting of the company meeting, which there are all employees attending such as Town hall meeting, V-Meet. Moreover, it is not only one way communication, but the organization tries to have two way communications regarding

the ethics topic. There is an ethics day in the organization and there is an on-line activity from the L'Oreal ethics correspondent at head office to talk with local employees. This on-line activity is open to all of them to raise all ethical questions and then the L'Oreal ethics correspondent from head office would answer the questions. The last process to do is to put the ethics in the workplace to be one of the topics when there is an evaluation annually.

However, there is still a plan in order to improve the ethics in L'Oreal Thailand. The L'Oreal Thailand ethics correspondent said that there is a need for improvement in term of re-communicated to all employees. It is also needed to drive the ethics to be one of strong values of L'Oreal Thailand. Moreover, there is a plan to increase employees' awareness of ethics in the organization and the organization's reputation as well.
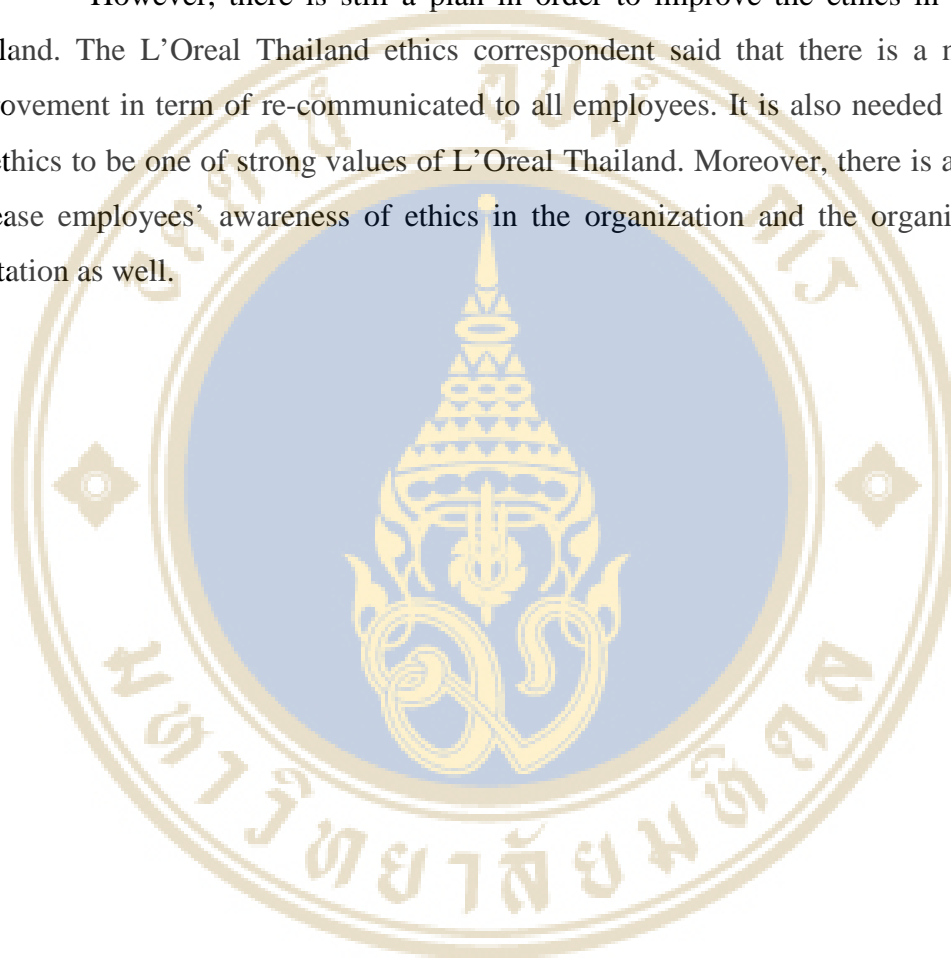
CHAPTER V

DISCUSSION & RECOMMENDATION

5.1 Discussion

From the previous chapter of research findings, L'Oreal Thailand has both of strength and weakness points as follows. Regarding the strength point in L'Oreal Thailand, it is aware of ethics in the organization. Most of employee and manager level are aware of the written code of ethics, the importance of ethics, and ethics training. On the other hand, there are also some areas in L'Oreal Thailand that need to be improved. The first area is about ethics training recognition to the employees who work with the organization for a long time. They sometimes forget about it because it was trained on the orientation day. The second area is about reporting unethical behavior. Some employees are still afraid of their job security and career path. So, they might not do any action if they perceive the unethical behavior in their organization. The third area is about awareness of unethical punishment in the organization. If they don't realize, they might do the unethical behavior. The last area is about social media sharing, which the L'Oreal Thailand ethics correspondent considered as a weakness in the organization.

The reason for this paper is to focus on the employee's view and behavior on business ethics in L'Oreal Thailand. The research has combined the data regarding the awareness of a written code of ethics, ethics training and the ethical behavior in both of rewarding and punishment in order to increase the greatest information to comprehend the right need and to build up the right learning to the organization.

The result of analysis is useful for the L'Oreal Thailand ethics correspondent in order to improve the ethics in L'Oreal Thailand to be more effective. There is some area of improvement which L'Oreal Thailand needs more actions or could apply some tips from other best practice to improve weak point in the organization.

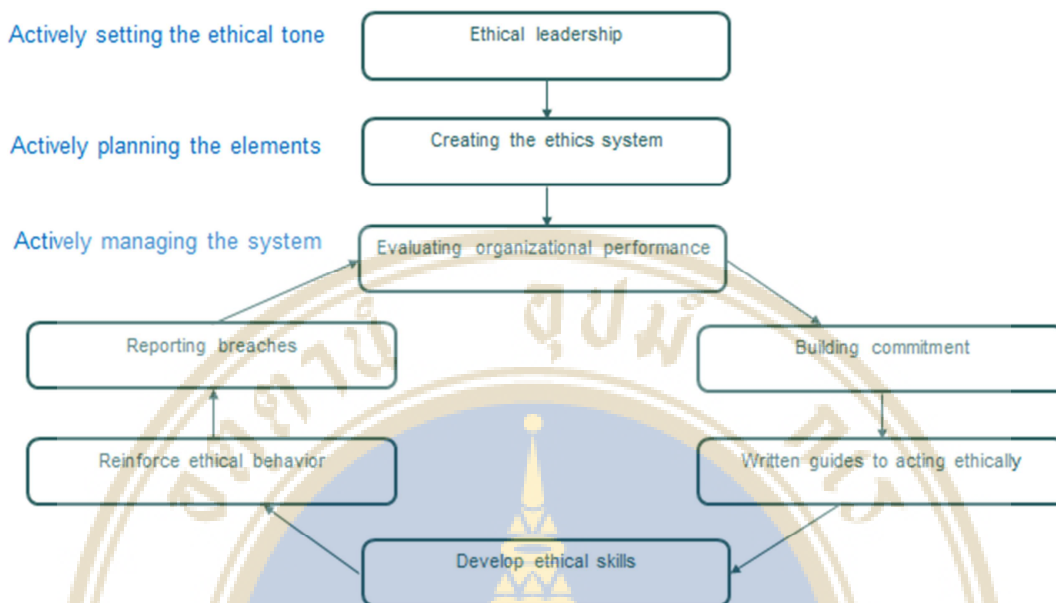Below is the comparison between framework and L'Oreal Thailand practice.

Figure 5.1 Building an ethical organization

(Victorian Institute of Teaching (VIT), 2005)

Table 5.1 Comparison between building ethical culture framework

(Victorian Institute of Teaching (VIT), 2005) and L'Oreal Thailand practice

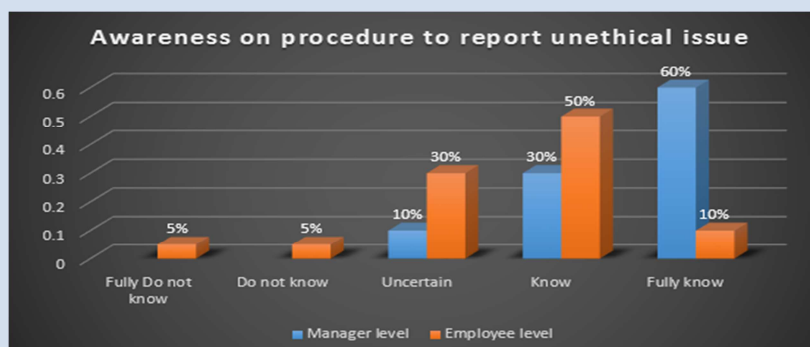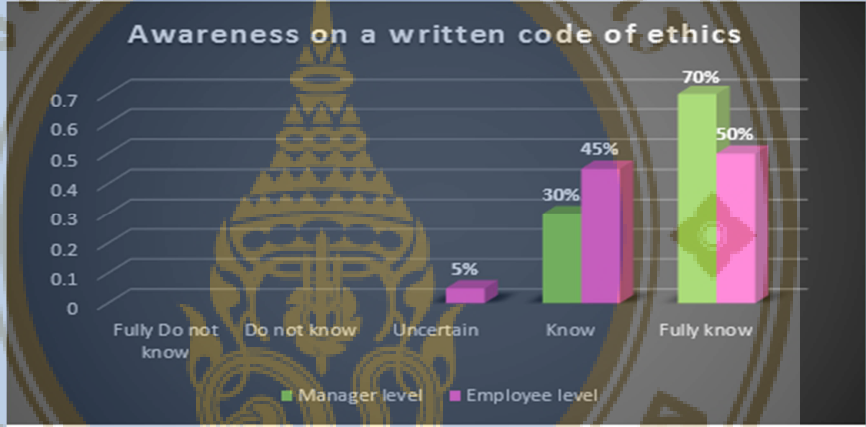| Framework	L'Oréal Thailand practice
Ethical leadership	Having person in charge of ethics "**L'Oréal Thailand Ethics Correspondent**"
Ethics system	L'Oréal Thailand employees at the managerial level know the procedure to report the unethical issue in the organization. However, there is a need for further development in the employee level.

Table 5.1 Comparison between building ethical culture framework

(Victorian Institute of Teaching (VIT), 2005) and L'Oreal Thailand practice

(cont.)

Framework	L'Oréal Thailand practice
Evaluating organization performance	PULSE Survey annually
Building commitment	All employees have to sign the acknowledgement letter before starting work at L'Oréal Thailand.
Written guide to acting ethically	There is a written code of ethics in L'Oréal Thailand, which both of employee and manager level are fully aware of it.
Develop ethical skills	Lack of development of ethical skills in L'Oréal Thailand
Reinforce ethical behavior	Top management & L'Oréal Thailand Ethics Correspondent often put ethics topic in a Town Hall meeting and other meeting such as V-Meet.
Reporting breaches	Some employees still fear to report the misconduct in the office because of their job security concerned.

When comparing the case study of L'Oreal Thailand on business ethics with the framework of building an ethical organization (Victorian Institute of Teaching (VIT), 2005), there is a setting of ethical leadership and creating the ethics system as previously mentioned in the case study. Moreover, there is an evaluating organizational performance in L'Oreal Thailand by doing Pulse survey on ethics topic as well. Then, there is the result comparison of each year to see whether there is an

improvement or not. In order to build commitment from employees, L'Oreal Thailand has sent a letter of ethical policy to all of them to sign and acknowledge. Also, there is a written code of ethics in the organization which most of employees aware of it as a guideline to act and behave as an ethical person in the company.

However, there is still lack of development of ethical skills in L'Oreal Thailand. According to the result of analysis, there is no mention of this topic. So, this is one of area improvement in L'Oreal Thailand. The next comparison with the framework is about reinforcement ethical behavior. It can be considered seriously from the L'Oreal Thailand ethics correspondent in order to reinforce L'Oreal employees to behave as an ethical person. From the case analysis, there is focusing on re-communication to employees to foresee the importance of ethics.

Considering of reporting breaches, it seems to have an improvement in order to encourage all employees to report the misconduct in the office even it is not related to their role. This would help the organization to be more transparent. As an overall result, it is quite aligned with the framework in order to build an ethical organization in L'Oreal Thailand. There is just some minor point to be improved.

Another comparison with the case study in the UK as mentioned in the literature review chapter, there is similarity between UK case study and L'Oreal Thailand case study in term of creating awareness of ethics to employees. Another is about creating a code of ethics to be aligned with corporate values in the organization. In addition, both of case studies have focused on communication as an important part to embed the ethics to their staffs. The next similarity is about training. There is an ethical training to the new comers in the organization.

On the contrary, the difference between UK case study and L'Oreal Thailand case study is about staff appraisal, whistle-blowing procedures and putting ethics topic in the strategic planning. From the UK case study, there is using ethics as one of employees' performance evaluation, which L'Oreal Thailand still doesn't have this process seriously. Furthermore, there are no whistle-blowing procedures in L'Oreal Thailand accordingly. Lastly, L'Oreal Thailand doesn't put ethics topic in the strategic planning. However, there is still needs improvement in UK organization as well.

5.2 Recommendation

The L'Oreal Thailand has exercised most steps of building an ethical organization (Victorian Institute of Teaching (VIT), 2005) which already demonstrate the growth trend for creating an ethical organization. Therefore, all of these activities should be continued maintained practicing. However, there are still some areas of improvement which mentioned earlier. The following is the recommendation for improving ethics in the workplace.

Model appropriate behavior – According some appropriate of unethical behavior in an organization, it needs to have the role model in the organization. Thus, ethical behavior should begin at the top first. Employees who see corporate leader model proper ethical behavior are more prone to copy it themselves, and guarantee that collaborators do similarly. Managers should emphasize the importance of ethics at an employee meeting and so on; furthermore unite them into the hiring process as well. Recruitment managers should recognize candidates who share the company's ethical values, and will keep them up at work. These steps strengthen the message that integrity, not profit, will drive every day operation. This tip could be helped L'Oreal Thailand enhancing the ethical behavior in the workplace to do the right thing.

Encourage employees to complaint reporting – Due to fear of reporting unethical behavior in the workplace, some of employee ignores to report an unethical behavior. In practice, employees can perform a discriminating part in reporting unethical behavior; however, an organization must offer a venue to listen their grievance. Otherwise, employees will deter to complain, either because they fear countering, or would prefer not to be ungrateful. This tip is one way to encourage L'Oreal Thailand employees to report unethical behavior when they perceive it. It would help to increase organization image as well.

Rehearsal on ethical training – From the L'Oreal Thailand case analysis, it seems to have only one time since first joining the company in order to train about ethics. Thus, when employees work for a long time, they might forget about the ethics rules. It should have a rehearsal on ethics training for all employees who are interested in. The session might be opened twice a year. This would help the employees to recognize about it while they still work in the organization. Ethics training is a

productive way for organization to embed employees and strengthen their 'ethics message'.

Information sharing on good practice and lesson learned – This tip is linked with the awareness on the unethical punishment in organization and social media sharing points. It could have a representative from different functions to be an ethical committee. Once they finish the meeting with an ethical manager, they can share with their team about best practice and bad practice. It is a good way to discuss in a small group rather than discussing in a big group. So, the employees can acknowledge on both good and bad sides. They can recognize the pros and cons. From this meeting, the representative committee can educate the right ways to their employees as well. It is one way to build the ethics in employees' mind.

Besides of the above mentioned, there is a good case study of creating an ethical in an organization which L'Oreal Thailand can apply. It is a "Rethinking the value chain – Ethical culture change at Siemens" (Chartered Institute of Management Accountants, 2014, p.5). From the case, there is strong focusing on open communication and transparency. Moreover, there is a program underway which connects the communication gap between top management and the lower level employees through the middle management. There is implemented program which called "integrity dialogues". It can be used in every sales meeting, to bring about an open discussion on ethical issues from the floor and ways of handling these issues. This is one of good practice to build mindset about ethics into employees in an organization.

5.3 Limitation

There are some limitations on this research. Firstly, there are some limitations of the questionnaires' answer. Some respondents evaluated all answer options equally which does not seem reasonable. The second limitation is about the time constraint. The paper needs a total of 30 respondents and 7 respondents in 2 weeks with interview period and data analysis done. Some interviewees were not available during this period. Then, the researcher has to change the interviewees.

5.4 Future Research

To improve the research, future research can target other groups of interviewees, such as employees who work in the human resources department. It would be more successful if the whole departments and all function employees in L'Oreal Thailand were analyzed. This would not only benefit to L'Oreal Thailand, but it will be the best case study for other research on business ethics as well.

CHAPTER VI
CONCLUSION

In conclusion, the results presented in this paper provide an overview of ethical practice in the L'Oreal Thailand Company today if compared with the framework to build an ethical organization (Victorian Institute of Teaching (VIT), 2005). This research conversely has found that the majority of employees in both of employee level and manager level have aware of ethics as an important basis in their workplace. However, there are still some improvement areas as previously mentioned. Thus, L'Oreal Thailand could apply some tips from the recommendation parts in order to be more ethical organization effectively.
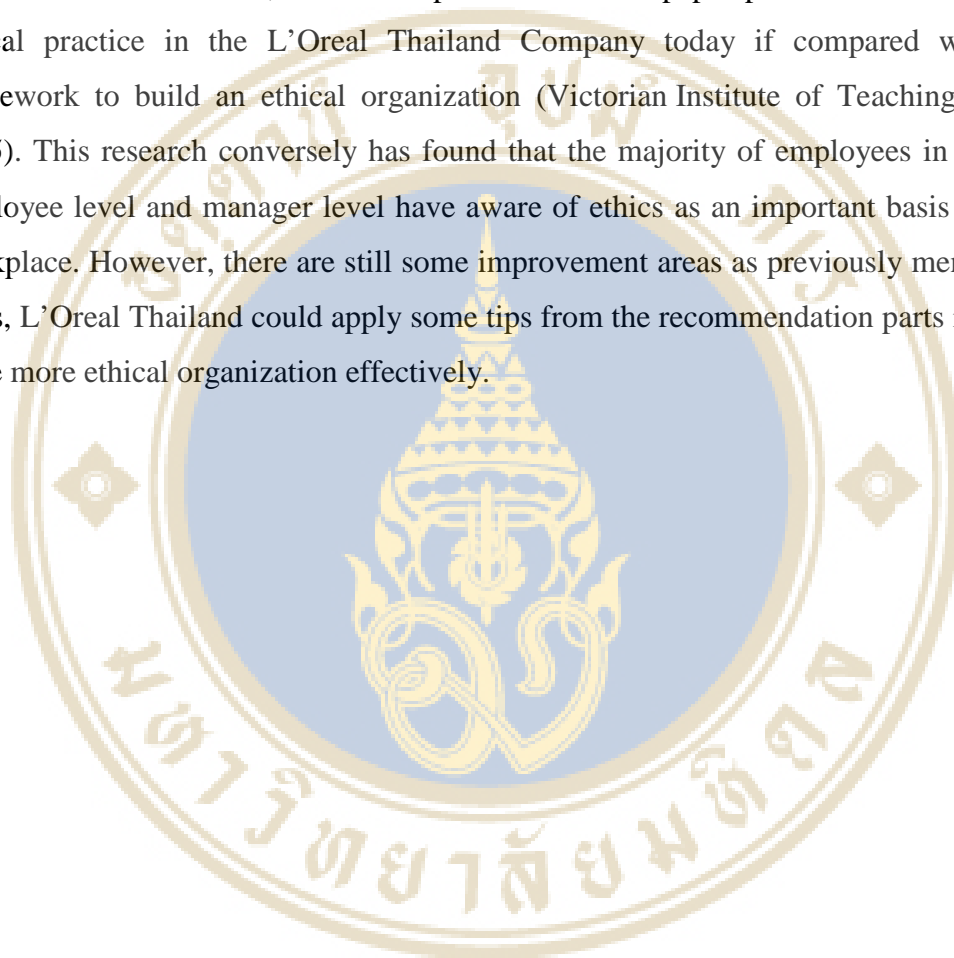
APPENDICES

Appendix A: Questionnaire

College of Management Mahidol University
Employees' view and behavior on business ethics in workplace questionnaire

For each of the following questions, please indicate whether you: Strongly Disagree (1); Disagree (2); Uncertain/Not applicable (3); Agree (4); Strongly Agree (5)

		1. Strongly disagree	2. Disagree	3. Uncertain/ not applicable	4. Agree	5. Strongly Agree
1.	Does your organization have a written code of ethics?	☐	☐	☐	☐	☐
2.	Does your organization require ethics training?	☐	☐	☐	☐	☐
3.	Does your organization have procedures for reporting unethical?	☐	☐	☐	☐	☐
4.	Are penalties for unethical behaviour strictly enforced in your organization?	☐	☐	☐	☐	☐
5.	Is ethical behaviour the norm in your organization?	☐	☐	☐	☐	☐
6.	Is unethical behaviour punished in your organization?	☐	☐	☐	☐	☐
7.	Are people of integrity rewarded in your organization?	☐	☐	☐	☐	☐
8.	Do the top managers in your organization show that they care about ethics?	☐	☐	☐	☐	☐
9.	Is ethical behaviour rewarded in your organization?	☐	☐	☐	☐	☐
10.	Do the top managers in your organization demonstrate high ethical standards?	☐	☐	☐	☐	☐
11.	Do you have any pressure to report in what you perceive to be unethical behaviour?	☐	☐	☐	☐	☐

12. What are the three most difficult ethical issues that you have faced in your work? List the most difficult first.

13. Comments/ Recommendation

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