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The moral authority of corporate codes of ethics: normative conditions for legitimate organizational norm-setting

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Abstract

Corporate codes of ethics (CCE) do more than express values and prescribe conduct. Through them, organizations interpret moral expectations, guide decisions, and hold agents answerable. This raises a prior philosophical question: under what conditions can an organization legitimately claim and exercise moral authority through CCE? Through a problem-driven normative reconstruction connecting business ethics with philosophical accounts of practical authority, moral justification, bounded moral pluralism, and moral agency, this article identifies five interdependent conditions: explicit moral justification; a limited and internally ordered moral core; legitimate and contestable contextual interpretation; jurisdictional and moral limits to hierarchical authority; and the orientation, support, and accountability of moral judgment. Together, these conditions form an integrated architecture linking codified moral content with organizational standing, jurisdiction, interpretive governance, and responsible agency. Their joint satisfaction supports a defeasibly legitimate claim to organizational moral authority, while particular exercises of that authority remain subject to moral assessment. By shifting normative analysis from CCE as purported bearers of authority to the organizational claim advanced and the authority exercised through them, the framework distinguishes the moral validity of prescriptions from the moral legitimacy of organizational authority and integrates moral content, organizational power, contextual interpretation, and moral agency. The article contributes to business ethics and the philosophy of management by explaining how organizational norm-setting can guide action and support accountability while remaining answerable to defensible moral reasons and responsible moral judgment.

Keywords Corporate codes of ethics · Moral authority · Organizational authority · Moral legitimacy · Organizational norm-setting · Moral judgment

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Introduction

Corporate codes of ethics (CCE) are pervasive in organizational life, expressing values, prescribing conduct, coordinating expectations, and grounding accountability (Babri et al. 2021; Coughlan 2005; Schwartz 2002, 2005). Here, the term CCE refers collectively to formal organizational normative artifacts designated as codes of ethics or conduct. As such, they structure claims about what ought to be done within organizational roles, relationships, and decisions (Rafaeli & Pratt 2006; Schein 2010); this neither makes every provision moral nor gives the artifacts independent moral agency. Through their design, implementation, and administration, organizations formulate and institutionalize normative claims, while CCE structure the justifications available in organizational decision-making (Coughlan 2005; Schwartz 2002), raising the question of the organization's claim to moral authority through them (Frederick 1991).

Research on CCE addresses their content and design, attributed functions, implementation, and behavioral effects (Babri et al. 2021; Erwin 2011; Kaptein 2011, 2021; McCabe et al. 1996; Weaver et al. 1999; Webley & Werner 2008). Yet CCE scholarship on moral principles, values, and justification (Babri et al. 2021; Coughlan 2005; Frederick 1991; Schwartz 2002, 2005) and research on the functions and bases of legitimacy of managerial authority (Bernacchio & Foss 2024) have not yet been integrated into an account of the conditions under which an organization's claim to moral authority through CCE is legitimate. The central question is therefore: under what conditions can an organization legitimately claim and exercise moral authority through CCE?

Effectiveness and legitimacy are analytically distinct. CCE present expectations as morally grounded, delimit acceptable justifications, authorize institutional interpretations, and provide bases for holding agents answerable. Yet behavioral influence, social acceptance, formal adoption, and organizational sophistication establish neither the moral validity of codified prescriptions nor the organization's legitimate standing to regulate the matters concerned (Forst 2012; Frederick 1991; Raz 1986, 2006; Suchman 1995). Institutional competence and sanctioning capacity may enable an organization to direct conduct, but they do not make its prescriptions morally defensible or establish unlimited jurisdiction over organizational agents.

Critical research shows how CCE may privilege procedural conformity, reinforce managerial control, rationalize organizational interests, restrict questioning, or shift responsibility to individual agents without adequately supporting moral judgment (Adelstein & Clegg 2016; Helin et al. 2011; Jensen et al. 2015; Munter 2013; Painter-Morland 2010). These are not merely failures of communication or implementation. They concern the justification and ordering of codified expectations, the legitimacy of their interpretation, the jurisdiction and exercise of organizational authority, and the allocation of responsibility between organizations and individual agents.

This article uses a problem-driven normative reconstruction to assess the organization's claim, advanced through CCE, to specify within a delimited domain how moral reasons bear on organizational roles, relationships, and decisions; interpret and institutionalize the resulting expectations; and hold relevant agents answerable. First, empirical, critical, and normative CCE scholarship informs five broader normative outcomes that serve as criteria of adequacy for the normative reconstruction (*desiderata*). Empirical findings inform this stage but do not mechanically determine the normative requirements developed in the second stage.

Second, the normative reconstruction develops five corresponding normative conditions, each of which establishes a minimum structural requirement for legitimacy. Its principal philosophical resources are Forst's right to justification, Habermas's account of discursive moral validity, Raz's service conception of practical authority and its jurisdictional limits, Donaldson and Dunfee's bounded moral pluralism through hypernorms, priority rules, and moral free space, Dworkin's requirement of interpretive coherence, and Alexy's account of proportionality (Alexy 2000; Donaldson & Dunfee 1999; Dworkin 1977, 2001; Forst 2012; Habermas 1990, 1996; Raz 1986, 2006). These philosophical accounts are connected to organizational and CCE scholarship on managerial authority and differentiated decision rights (Bernacchio & Foss 2024), reasoned moral agreement under organizational constraints (Stansbury 2009), moral autonomy and responsible agency (Maclagan 2007; Painter-Morland 2010), ethical decision-making and the conditions for responsible judgment (Jones 1991; Treviño, 1986; Versteegt et al. 2026), and CCE-specific accounts of moral authority, justification, and the articulation and application of codified expectations (Coughlan 2005; Frederick 1991; Schwartz 2002, 2005). These resources are used selectively and complementarily rather than treated as mutually reducible or as components of a unified foundational theory.

The argument yields five interdependent normative conditions that address connected deficits of legitimacy and operate as second-order requirements governing how moral expectations are justified, ordered, interpreted, institutionalized, and applied, rather than as a comprehensive set of first-order duties or a template for a single CCE.

The normative conditions are necessary but not sufficient. Their joint satisfaction provides a structured basis for a defeasibly legitimate claim to organizational moral authority without validating every codified prescription, interpretation, directive, or sanction. Particular exercises remain subject to assessment in light of relevant facts, affected interests, and potentially stronger moral reasons. A localized deficiency may compromise a particular prescription or application, whereas systematic failures affecting central commitments or governance practices may compromise the organization's broader claim.

The article contributes in three ways. First, it shifts normative assessment from CCE as purported bearers of authority to the organizational claim advanced and the authority exercised through them. Second, it distinguishes the moral validity of codified prescriptions from the legitimacy of the organization's standing, jurisdiction, and exercise of authority, while separating both from sociological legitimacy and behavioral effectiveness. Third, it integrates moral content, contextual interpretation, organizational power, and responsible agency within a single framework for evaluating organizational norm-setting.

Conceptualizing Organizational Moral Authority

CCE are formal texts through which organizations express values, coordinate expectations, delimit acceptable justifications, and establish grounds for accountability (Babri et al. 2021; Coughlan 2005; Schwartz 2002, 2005). Drawing on organizational literature, this article characterizes CCE as normative artifacts: institutional texts that structure claims about what ought to be done (Rafaeli & Pratt 2006; Schein 2010). This neither makes every provision moral nor presumes correspondence between CCE and underlying assumptions or practices, since artifacts and espoused values may diverge from underlying assumptions and organizational practices (Helin et al. 2011; Rafaeli & Pratt 2006; Schein 2010). Nor are CCE independent moral agents: organizations formulate, interpret, and institutionalize claims through them; their "moral authority" is shorthand for authority claimed and exercised by organizations through these artifacts (Bernacchio & Foss 2024; Frederick 1991).

As organizational artifacts, CCE may also perform symbolic functions by representing organizational identity and espoused values, signaling commitments to internal and external audiences, and providing visible reference points for interpretation (Rafaeli & Pratt 2006; Schein 2010). For the present argument, however, their most pertinent feature is normative: they structure claims about what ought to be done and provide grounds for organizational justification and accountability. Symbolic resonance or social acceptance cannot by itself establish the moral validity of codified prescriptions or the legitimacy of the authority claimed through them (Forst 2012; Habermas 1990, 1996; Raz 1986, 2006).

By relating considerations to organizational roles, relationships, and recurring decisions, CCE may reduce uncertainty, establish shared presumptions, and provide standards for justification and accountability (Bernacchio & Foss 2024; Coughlan 2005; Kaptein 2021; Raz 2006). These coordinative and interpretive functions confer practical significance but establish neither the moral validity of codified prescriptions nor the legitimacy of authority claimed through them (Forst 2012; Frederick 1991; Raz 1986, 2006).

The stipulative terminology draws on accounts of norms and practical reasons (Raz 1986, 2006), moral justification (Forst 2012; Habermas 1990, 1996), and the organizational articulation and application of moral standards (Coughlan 2005; Schwartz 2002, 2005). Normative, the broadest category, comprises standards or reasons for action and evaluation, which may be moral, legal, professional, prudential, managerial, strategic, or aspirational. These distinct registers may overlap; legal or professional requirements may also have moral support. Moral refers to reasons and obligations concerning right action and the justified treatment of others whose basis cannot be reduced to legal validity, organizational preference, managerial authority, or strategic advantage. For the purposes of this institutional analysis, ethics denotes critical reflection on normative questions and, here, the reasoned articulation, interpretation, and application of moral claims; the term is also retained in conventional expressions such as business ethics, ethical decision making, and codes of ethics. Within this terminology, values identify evaluative commitments concerning what is regarded as morally important, whereas principles articulate action-guiding normative standards whose implications may require contextual interpretation and weighing. Rules or prescriptions state more determinate requirements, permissions, or prohibitions; these distinctions are functional rather than an exhaustive taxonomy, and their boundaries may vary across philosophical traditions.

This functional terminology does not imply that ethics can be exhausted by the articulation, interpretation, or application of codified norms. Levinas locates ethical responsibility in the relation to the other, whose singularity exceeds the categories through which that person is understood (Levinas 1985). Derrida's distinction between law and justice challenges the identification of responsible judgment with rule application: the justice of a decision cannot be guaranteed by conformity with an existing rule or procedure (Derrida 1990). These distinct perspectives raise a challenge beyond the practical incompleteness of any particular code: codification cannot finally discharge ethical responsibility. The framework developed here recognizes this challenge as a limit on its institutional claims. It evaluates the legitimacy of authority exercised through CCE without treating codified expectations or institutional procedures as exhaustive expressions of ethical responsibility. Its proposed conditions therefore concern the legitimacy of a bounded organizational authority, without claiming to settle the broader ethical demands arising in relations with affected persons or guarantee the justice of particular decisions.

Within this delimited scope, four concepts clarify organizational moral authority. Moral validity concerns whether a prescription rests on moral reasons capable of withstanding justificatory scrutiny; it depends on the prescription and its reasons, not its organizational origin (Forst 2012; Habermas 1990, 1996). Formal adoption, legal validity, social acceptance, or behavioral effectiveness cannot establish it, whereas a moral requirement may remain valid without organizational recognition or codification (Forst 2012; Habermas 1990, 1996). Codification may articulate and institutionalize a claim but cannot create its underlying moral reasons (Frederick 1991; Raz 1986, 2006).

Organizational authority is, descriptively, the institutionally assigned competence to make, interpret, implement, and enforce decisions within a domain; its asserted jurisdiction comprises activities, roles, relationships, and decisions over which this competence is claimed (Bernacchio & Foss 2024). Because authority is justified for particular functions and subjects, employment, hierarchy, formal adoption, or sanctioning capacity establishes neither jurisdiction over every aspect of an agent's conduct or private life nor the moral defensibility of specific directives (Bernacchio & Foss 2024; Maclagan 2007; Munter 2013; Raz 1986, 2006).

A claim to moral authority arises when an organization asserts, through CCE and related governance practices, an entitlement to institutionalize expectations presented as morally grounded and hold relevant agents answerable for their conduct. Beyond communicating preferences or sanctions, it claims standing to determine how moral considerations bear on organizational roles, relationships, and decisions and to demand accounts in those terms (Coughlan 2005; Frederick 1991; Raz 2006). The claim exists whether justified or not.

On the account developed here, moral legitimacy is normative, unlike sociological legitimacy, understood as perceived appropriateness within a socially constructed system (Suchman 1995). It concerns whether the claimed standing and its exercise can be justified to those governed and others materially affected (Forst 2012; Habermas 1990, 1996; Palazzo & Scherer 2006), whether the organization has a justified entitlement to direct conduct within the relevant domain (Raz 1986, 2006), and whether context-sensitive organizational norms remain compatible with fundamental moral requirements (Donaldson & Dunfee 1999). It cannot be inferred from formal authorization, social acceptance, behavioral effectiveness, or secured compliance.

Moral validity and legitimacy are analytically distinct: the moral validity of a prescription does not establish an organization's standing to regulate the conduct it addresses, while institutional competence cannot make a morally indefensible prescription valid (Forst 2012; Habermas 1990, 1996; Raz 1986, 2006). Organizational moral authority accordingly means an organization's standing, within a bounded jurisdiction, to specify how moral reasons bear on organizational roles, relationships, and decisions; interpret and institutionalize the resulting expectations; and hold relevant agents answerable. Since CCE may assert this standing without justifying it, the object of analysis is the claim to moral authority, whose legitimacy depends on both the moral validity of resulting expectations and the justification of organizational standing, jurisdiction, and exercise. The following normative reconstruction develops grounds for assessing these dimensions.

Desiderata Articulated from the Literature

Research on CCE has identified a range of issues concerning their content, design, implementation, interpretation, and effects. Although empirical findings do not translate mechanically into normative requirements, they provide essential evidence concerning how CCE guide conduct, support moral judgment, and mediate the exercise of organizational authority. Critical scholarship complements this evidence by examining the tensions and risks of domination that governance- and compliance-oriented approaches may obscure, including conflicts between moral commitments, legal obligations, managerial interests, and organizational control (Adelstein & Clegg 2016; Helin et al. 2011; Jensen et al. 2015; Munter 2013; Painter-Morland 2010).

Taken together, these works provide the basis for articulating five desiderata—broader normative outcomes that an adequate account of organizational moral authority through CCE must explain and accommodate. These desiderata are not merely diagnostic observations; they are substantive, logically prior criteria of adequacy against which the subsequent normative reconstruction can be assessed. They are neither minimum requirements nor necessary conditions of legitimacy and remain open to refinement through interpretation, experience, and further inquiry.

Desideratum 1 — Moral Intelligibility and Justificatory Clarity

CCE often conflate moral commitments with legal, compliance, organizational, and reputational claims, obscuring their justificatory status; research identifies legalism, weak integration, limited reflexivity, and distinctions between compliance- and values-oriented CCE (Bodolica & Spraggon 2015; Canary & Jennings 2008; Schwartz 2002, 2004, 2005). Formalization may displace moral responsiveness, conceal embedded interests, exclude alternative interpretations, and discourage scrutiny (Adelstein & Clegg 2016; Helin et al. 2011; Munter 2013; Painter-Morland 2010). Ideally, CCE would make moral expectations and the values, reasons, and justificatory criteria supporting them intelligible to those governed and others materially affected, enabling them to understand, apply, evaluate, and contest those expectations and distinguish them from legal, strategic, reputational, and managerial objectives.

Desideratum 2 — Reasoned Moral Ordering

Analyses document increasingly expansive CCE that combine values, principles, legal requirements, operational instructions, organizational interests, and aspirations, often using boilerplate language that obscures their normative functions (Canary & Jennings 2008;

Holder-Webb & Cohen 2012; Loughran et al. 2023). Constructive and normative approaches propose differentiating among these elements through fundamental values, hypernorms, and priority rules (Adelstein & Clegg 2016; Laczniak & Kennedy 2011; Schwartz 2005; Warren et al. 2015). Ideally, reasoned moral ordering would make the relative normative status and priority of commitments intelligible and provide defensible orientation when they conflict, without treating every provision as equivalent or implying exhaustive or mechanical solutions.

Desideratum 3 — Bounded and Justifiable Practical Flexibility

CCE vary across national, cultural, professional, and institutional contexts and evolve with social and regulatory developments (Langlois & Schlegelmilch 1990; Singh et al. 2011; Wolfgruber & Einwiller 2025). Universalized CCE may suppress morally relevant differences, whereas unrestricted local or managerial interpretation may fragment commitments or privilege organizational interests (Helin et al. 2011; Jensen et al. 2015; Painter-Morland 2010). Participatory approaches emphasize engagement with disagreement, negotiated meaning, consensus-building, and periodic revision (Adelstein & Clegg 2016; Messikomer & Cirka 2010); Donaldson and Dunfee (1999) justify local discretion constrained by fundamental commitments. Ideally, bounded flexibility would permit context-sensitive judgment while preserving continuity with defensible moral commitments; contextual variation would be supported by transparent reasons and accompanied by opportunities for participation, assessment, contestation, and review, avoiding both context-insensitive formalism and opportunistic adaptation.

Desideratum 4 — Jurisdictionally and Morally Bounded Organizational Authority

CCE may be used to discipline employees, legitimize managerial interests, extend control, or shift responsibility for structural failures to individuals, presenting hierarchy, adoption, or sanctions as moral correctness (Adelstein & Clegg 2016; Helin et al. 2011; Jensen et al. 2015; Munter 2013; Painter-Morland 2010). Enforcement and compliance have limited effects on moral commitment and conduct without values-based orientation, credible leadership, employee voice, oversight, resources, and accountability (Parker & Nielsen 2009; Vitell & Hidalgo 2006; Weaver & Treviño, 1999; Webley & Werner 2008). Although these findings do not themselves establish moral limits, they show that command and enforcement alone cannot ensure morally responsible conduct. Ideally, authority exercised through CCE would remain within a justifiable organizational jurisdiction and be subject to independent moral limits; directives would be assessable by reference to reasons independent of rank, disciplinary power, or managerial authorization. Leaders would remain subject to relevant values, justificatory expectations, reporting, and accountability, making CCE standards for evaluating, rather than merely exercising, organizational power.

Desideratum 5 — Supported, Reflexive, and Accountable Moral Judgment

CCE alone have limited and inconsistent effects on ethical decision making; greater influence accompanies relevant, realistic content, examples, training, communication, managerial commitment, advice, reporting, and supportive contexts (Cleek & Leonard 1998; Kaptein 2011; Kotzian et al. 2021; Schwartz 2004; Stevens et al. 2005; Stöber et al. 2019). In a study of 202 teams within a UK organization, Cabana and Kaptein (2025) find that team ethical culture mediates associations between perceived program implementation, unethical behavior, and non-reporting intentions, underscoring the social and cultural mediation of these relationships. Yet treating rules as self-applying may weaken moral competence and questioning, justify questionable decisions through textual conformity, and shift responsibility to individuals despite constraints on information, discretion, authority, incentives, resources, and support (Adelstein & Clegg 2016; Brenkert 2019; Helin et al. 2011; Jensen et al. 2015; Painter-Morland 2010). Ideally, CCE and associated practices would support reflexive, situated judgment rather than textual conformity or unsupported discretion. Decision-makers would remain answerable for their interpretations and choices, while organizations would remain answerable for the conditions under which judgment is exercised, preserving individual agency without displacing organizational responsibility.

MINIMUM Normative Conditions For Legitimate Organizational Moral Authority

Building on the desiderata, which articulate broader normative outcomes and serve as criteria of adequacy for the normative reconstruction, the five corresponding conditions developed below have a different normative status. Each establishes a minimum structural requirement corresponding to one desideratum without exhausting the fuller realization of the broader outcome that the desideratum identifies. Each condition is necessary, but their joint satisfaction is not sufficient: it provides a structured basis for a defeasibly legitimate claim without validating every codified prescription or justifying every exercise of authority. Failure to satisfy a condition compromises the organization's claim at the level and within the scope affected by the failure, even if the corresponding CCE remain formally adopted, legally enforceable, socially accepted, or behaviorally influential.

These conditions assess the legitimacy of the organization's claim to and exercise of moral authority, including how codified moral expectations are justified, ordered, interpreted, institutionalized, and applied. They do not create the underlying moral validity of the prescriptions themselves. A moral requirement may remain valid independently of organizational recognition, while an organization may lack legitimate standing or jurisdiction to codify, interpret, or enforce it. Conversely, institutional competence cannot make a morally indefensible prescription valid (Bernacchio & Foss 2024; Forst 2012; Habermas 1990, 1996; Raz 1986, 2006).

Normative Condition 1: Explicit Moral Justification

An organization can make a defeasibly legitimate claim to moral authority through CCE only if it makes the moral grounds of its central codified expectations sufficiently explicit, intelligible, and traceable for those governed and others materially affected to understand, assess, and challenge them. Research on CCE reinforces the practical significance of this requirement by showing how codes may communicate non-negotiable directives without value-based reasons, conflate moral expectations with managerial or risk-management priorities, and operate coercively when their meaning and basis remain closed to discussion (Adelstein & Clegg 2016; Helin et al. 2011; Munter 2013). Moral intelligibility is therefore not merely desirable when CCE present expectations as morally binding and provide grounds for accountability. Organizations cannot hold agents answerable in moral terms while leaving inaccessible the asserted moral basis of central expectations, provisions that significantly restrict conduct or affect others' rights or interests, and prescriptions whose moral status is reasonably contestable.

Forst's right to justification provides a direct normative basis for this condition. Those subject to authority are entitled to reciprocal and general reasons that they can assess and challenge, rather than considerations valid only from the authority's standpoint (Forst 2012). Habermas reinforces this requirement by connecting moral validity to reasons capable of withstanding assessment by those affected (Habermas 1990, 1996). Raz's service conception supplies a complementary account. Its dependence thesis requires directives to rest on reasons that independently apply to their subjects, while the normal justification thesis ordinarily justifies authority when following its directives enables subjects to conform better to those reasons than acting unaided (Raz 1986, 2006). Managerial preference, formal adoption, sanctions, or codification alone therefore establish neither the moral validity of organizational prescriptions nor the legitimacy of the authority exercised through them. The latter depends on the reasons those prescriptions serve and on the organization's justified role in mediating them. Although reason-dependence does not itself require disclosure of every consideration, explicitness follows from the right to justification, the assessability of moral claims, and the justificatory function of CCE. CCE formulate expectations, delimit acceptable justifications, and provide grounds for holding organizational agents answerable (Coughlan 2005; Frederick 1991), while research shows the importance of providing value-based reasons rather than issuing non-negotiable dictates (Munter 2013). Expectations presented as morally binding must therefore have an accessible asserted moral basis.

This condition requires a justificatory architecture through which relevant parties can identify the moral value, principle, right, duty, or protected interest at stake; those materially affected; the reasoning connecting these considerations to conduct required, permitted, or prohibited; and their distinction from merely legal, strategic, reputational, managerial, or administrative considerations. The justification may appear in the CCE, a preamble, explanatory commentary, decision guidance, or a formally linked policy, provided that the connection remains accessible. Its required depth increases with the prescription's restrictiveness, effects on others, and contestability. Thus, a prohibition on accepting supplier gifts above €50 justified only by reputational risk states a clear rule but not an adequate moral rationale. Connecting it to impartiality, equal treatment of suppliers, prevention of distorted procurement decisions and resulting harm, and integrity of judgment explains why the threshold is an administrable specification rather than a self-justifying moral boundary. It also explains why a lower-value gift intended to influence a decision may violate the underlying commitment and why exceptions require consistent justification.

The condition neither requires a comprehensive moral doctrine, philosophical terminology, nor a complete argument for every operational rule. Organizations may select relevant moral commitments and contextually specify their implications within broader limits (Donaldson & Dunfee 1999), drawing on multiple defensible moral perspectives (Hoover & Pepper 2015). Nevertheless, operational prescriptions presented as moral must remain traceable to the moral considerations they seek to specify.

Normative Condition 2: A Limited and Internally Ordered Moral Core

An organization can make a defeasibly legitimate claim to moral authority through CCE only if it distinguishes the relevant normative registers, identifies and justifies a limited set of fundamental moral commitments, and orders conflicts so that lower-order organizational objectives cannot override fundamental moral considerations without adequate justification.

Explicit justification identifies the reasons supporting individual prescriptions; an internally ordered moral core determines the relationships among them. Without limitation and ordering, CCE may place fundamental moral protections, legal duties, managerial rules, strategic objectives, and aspirations on the same plane, allowing textual prominence or hierarchical preference to decide conflicts (Adelstein & Clegg 2016; Helin et al. 2011; Jensen et al. 2015; Munter 2013).

Donaldson and Dunfee provide an architecture for the limitation and ordering required by this condition: hypernorms establish higher-order moral constraints on authentic community norms and contextual moral free space, while priority rules provide a model for resolving conflicts among otherwise legitimate norms (Donaldson & Dunfee 1999; Warren et al. 2015). At the level of CCE, Frederick locates the moral authority claimed through CCE in underlying principles, including human rights, rather than in organizational promulgation alone (Frederick 1991), while Schwartz gives the limited moral core a code-specific formulation by proposing a set of universal moral values through which the content of CCE can be constructed and assessed (Schwartz 2005). Forst and Habermas deepen the justificatory basis of these constraints by grounding moral validity in the equal moral standing of persons subject to and affected by the norms and in reasons that cannot be reduced to the standpoint of the issuing organization (Forst 2012; Habermas 1990, 1996). Profitability, efficiency, continuity, and reputation may be relevant, but cannot, by themselves, override fundamental rights. Within this bounded structure, Dworkin adds an interpretive requirement of coherence, according to which principles must be understood relationally rather than invoked as isolated values (Dworkin 1977, 2001); Alexy's account, in turn, explains how non-absolute principles may be weighed contextually through proportionality without reducing judgment to mechanical application (Alexy 2000).

This condition requires CCE and formally linked guidance to distinguish moral commitments from primarily legal, professional, managerial, strategic, reputational, and aspirational expectations while recognizing possible overlaps; identify fundamental commitments relevant to organizational activities, relationships, and effects; establish a moral floor that lower-order objectives cannot displace; set presumptive or conditional priorities for recurrent conflicts; and identify considerations open to contextual weighing, requiring explicit reasons for departures. The resulting ordering need not be complete or invariant, but must distinguish moral minima, presumptive priorities, weighable considerations, and aspirations. Minima constrain what the organization may authorize; presumptive priorities ordinarily prevail but permit sufficiently justified exceptions; weighing considers the facts, affected interests, alternatives, and proportionality; and aspirations guide improvement without acquiring the force of obligations. These classifications must remain traceable to the explicit justifications required by the first condition.

Thus, where CCE treat safety, public commitments, budgetary discipline, and reputation as values, credible evidence of serious avoidable injury places life and physical integrity within the moral floor and above ordinary considerations of cost, schedule, and reputation.

Decision-makers must still assess the reliability of the evidence, severity, probability, alternatives, and proportionality, but cannot expose others to serious avoidable harm merely to protect organizational objectives.

Normative Condition 3: Legitimate and Contestable Contextual Interpretation

An organization can make a defeasibly legitimate claim to moral authority through CCE only if materially significant interpretations remain bounded by the CCE's explicit and internally ordered moral core, take account of morally relevant circumstances and affected interests, rest on assessable reasons, and remain open to appropriate contestation and review. Because general values and principles cannot anticipate every relevant circumstance or fully determine their own application, some interpretation is unavoidable. Research on CCE reinforces this point by showing that codes acquire meaning through use and are enacted differently across organizational and national contexts (Helin et al. 2011; Jensen et al. 2015). Interpretation is also an exercise of organizational moral authority: by specifying what a commitment requires, permits, or prohibits in a particular case, the organization defines expected conduct and the grounds for accountability (Coughlan 2005; Helin et al. 2011; Jensen et al. 2015). Interpretive flexibility must therefore be justified rather than governed solely by formal authorization, managerial preference, or local acceptance (Adelstein & Clegg 2016; Helin et al. 2011; Stansbury 2009).

Donaldson and Dunfee's account of moral free space allows authentic community norms to vary while remaining constrained by hypernorms (Donaldson & Dunfee 1999). Within the framework developed here, contextual variation is permissible when it responds to morally relevant differences and respects the grounds, minima, and priorities established by the first two conditions. Habermas holds that moral validity depends on whether those affected could accept a norm as participants in practical discourse, taking account of the foreseeable consequences and side effects of its general observance; Forst similarly requires reciprocal and general reasons that preserve equal standing in justification (Forst 2012; Habermas 1990, 1996). Consensus in this sense is not empirical unanimity, majority approval, passive acceptance, or acquiescence to hierarchy, but rationally motivated acceptability under conditions of inclusion, equality, adequate information, and freedom from coercion. Stansbury adapts discourse ethics to organizational settings by treating reasoned moral agreement as a standard for improving the openness and validity of decision-making under the constraints of actual discourse (Stansbury 2009). On this basis, apparent agreement under conditions of dependence, exclusion, informational asymmetry, or unequal power is insufficient to establish moral legitimacy. Accordingly, even substantively plausible interpretations must rest on reasons accessible and open to challenge by those governed and materially affected.

At the organizational level, satisfying this condition requires an interpretive framework that structures without predetermining contextual judgment. It must allocate authority to interpret, authorize exceptions, and review applications; bind these decisions to the grounds, minima, and priorities of the CCE; and require consideration of relevant facts, affected persons and interests, foreseeable consequences, alternatives, consistency, and proportionality. Those subject to or affected by the norms must be able to contest material applications and receive reasoned responses; materially significant interpretations, exceptions, and waivers must be documented, communicated, and reviewable, with recurrent interpretations incorporated into accessible guidance when informality could create uncertainty or unequal treatment. The required intensity of justification and review is proportional: routine applications under settled guidance require no renewed deliberation, whereas restrictions of rights, substantial burdens or benefits, precedents, departures, exceptions, and sanctions demand fuller reasons. Local delegation is legitimate only within this framework. For example, commitments to equal standing and substantive equality may be realized through different locally permissible means, such as targeted outreach, temporary representation goals, or alternative indicators where demographic data cannot be collected, provided that these measures respond to evidence, remain proportionate, consider affected parties, and preserve the shared commitment.

Contestability neither confers a veto nor requires renewed deliberation in every case, but enables objections to reveal excluded perspectives, factual errors, inconsistency, disproportionality, or departures from the moral commitment. Such objections may also warrant revising the code's selection or formulation of fundamental moral commitments when these omit or inadequately represent morally relevant claims. The institutional articulation of the moral core therefore remains open to reasoned criticism and revision, while remaining answerable to moral requirements whose validity does not depend on codification. Managerial convenience, custom, or absence of objection cannot by themselves justify interpretive variation; nor can opaque, arbitrary, or non-contestable interpretations ground moral accountability.

Normative Condition 4: Jurisdictional and Moral Limits to Hierarchical Authority

An organization can make a defeasibly legitimate claim to moral authority through CCE only if it confines the formulation, interpretation, application, and enforcement of CCE to an organizational domain over which it has a defensible jurisdiction, distinguishes institutional competence from moral correctness, subjects all hierarchical levels to the same fundamental moral constraints, and ensures protected and sufficiently independent mechanisms for challenge and review. Research on CCE—especially Helin et al. (2011)—shows how hierarchically controlled interpretation can render codes coercive and extend organizational control beyond professional roles. Related studies highlight unequal interpretive authority and tensions between obligations imposed on employees and their rights or opportunities for contestation (Adelstein & Clegg 2016; Jensen et al. 2015; Munter 2013).

Applied to organizational settings, Raz's service conception makes the justification of jurisdiction depend on whether organizational directives help particular subjects conform better to independently applicable reasons; organizational authority may therefore be justified for some persons, matters, functions, and circumstances but not others (Raz 1986, 2006). Employment, contractual reach, formal authorization, and sanctions establish institutional competence or power, not an unlimited moral entitlement. On this account, jurisdiction requires a defensible connection between regulated conduct and the organization's legitimate activities, relationships, responsibilities, or effects on others (Raz 1986, 2006). Hierarchy serves legitimate functions by allocating competence, coordinating specialized activities, and differentiating roles and responsibilities (Bernacchio & Foss 2024). These functions justify differentiated decision rights, not a content-independent right to command: directives remain answerable to moral reasons assessable independently of rank (Maclagan 2007; Raz 1986, 2006). Forst's right to justification further requires exercises of authority to rest on reciprocal and general reasons that respect those subject to them as persons entitled to justification; formal position may determine who decides institutionally, but not whether the decision is morally correct (Forst 2012). Unlike the first condition, which asks whether expectations have accessible moral grounds, this condition asks whether the organization may govern the matter and whether its exercise of power remains answerable to those grounds.

This condition requires CCE and associated governance arrangements to define their scope of application, justify the connection between that scope and legitimate organizational purposes or responsibilities, and keep restrictions proportionate to that connection. The further regulation moves beyond organizational roles into private life or political and social expression, the stronger the justification required; reputation, managerial preference, possible workplace effects, or the mere contractual power to regulate are insufficient to establish jurisdiction. Restrictions on conduct outside work require a direct connection to role obligations, the protection of rights or safety, the prevention of conflicts of interest, confidentiality, decisional integrity, or comparable responsibilities, and may extend no further than those reasons support. Within this domain, leaders remain subject to the same moral commitments and standards of accountability, and protected channels for advice, reporting, escalation, and review must not depend exclusively on the hierarchy being challenged (Forst 2012; Maclagan 2007; Stansbury 2009). Thus, although authorized to approve a project report, a director may not omit a serious safety concern merely because no legal threshold has been reached and disclosure would cause delay: the safety issue and reporting obligation satisfy the jurisdictional test, whereas the omission fails the exercise test. A junior employee must have access to confidential advice, protection from retaliation, a reasoned response, and a sufficiently independent review body.

Review does not abolish hierarchy, give challengers a veto, or presume every objection correct; it prevents the decision-maker's position from becoming the final source of moral justification. Outside a defensible jurisdiction, an organization may express preferences or aspirations but may neither present them as morally authoritative nor enforce them through discipline; within that jurisdiction, authorization and rank cannot legitimate morally indefensible directives. Systematic jurisdictional expansion, exemptions for leaders, and managerial interpretations insulated from review compromise the broader claim to moral authority.

Normative Condition 5: Orientation, Support, and Accountability of Moral Judgment

An organization can make a defeasibly legitimate claim to moral authority through CCE only if CCE and associated practices guide and support responsible moral judgment, preserve agents' capacity to recognize and assess morally relevant reasons, and allocate responsibility and accountability in accordance with the information, competence, authority, discretion, resources, and support reasonably available to each participant.

CCE cannot be treated as rules for automatic application that replace judgment: rule-following may reduce decision-making space, while control through codes may weaken autonomy, responsibility, and moral responsiveness (Adelstein & Clegg 2016; Jensen et al. 2015; Painter-Morland 2010). Demanding but insufficiently enabling codes may impose obligations without providing corresponding reasons, rights, dialogue, or support (Helin et al. 2011; Munter 2013).

Applied to organizational judgment, Levinas's account directs attention to affected persons whose claims may exceed the categories recognized by the CCE (Levinas 1985). Derrida's analysis of decision emphasizes that conformity with an existing rule cannot guarantee justice in a particular case (Derrida 1990). For the present framework, this challenge means that institutional advice, procedural conformity, and hierarchical approval cannot, by themselves, discharge ethical responsibility for how others are treated. Supporting moral judgment therefore includes enabling agents to recognize and raise morally relevant concerns that established guidance may overlook, including when its application appears procedurally unproblematic.

The institutional requirement to support moral judgment can be further specified through accounts of moral autonomy and practical authority. Maclagan grounds this condition by defending the moral autonomy of actors against reducing ethics management to hierarchical control (Maclagan 2007). Raz's service conception adds that authority can mediate deliberation without requiring reconsideration of the underlying reasons for each directive (Raz 1986, 2006).

This does not relieve agents of assessing whether the directive applies, whether the facts have been correctly characterized, whether competing considerations arise, or whether the directive exceeds organizational jurisdiction or conflicts with higher-order moral constraints. Forst requires that agents be treated as persons capable of assessing reasons, rather than as passive recipients of commands (Forst 2012). Because CCE can guide acceptable justifications, their legitimate role is to structure, not terminate, deliberation (Coughlan 2005). Descriptive research clarifies the process: Treviño relates moral cognition to organizational variables, while Jones distinguishes moral recognition, judgment, intention, and action (Jones 1991; Treviño, 1986). Normative models may support this process, but they simplify complex realities, do not apply automatically, and depend on users' moral competence (Versteegt et al. 2026).

This condition requires CCE and associated governance arrangements to guide agents in identifying uncertainties, conflicts, significant effects, exceptions, facts, affected parties, commitments, alternatives, and consequences, as well as when to seek guidance, document, communicate, or escalate an issue. The organization must provide the necessary information, training, time, expertise, and protected channels, while agents with significant discretion must provide reasons proportionate to each decision's importance, uncertainty, and effects. Consider the urgent engagement of a supplier previously convicted of corruption, now under new management, with remediation measures in place, legally eligible, and difficult to replace. Integrity does not determine the choice between permanent exclusion and conditional engagement. The manager must verify the remediation measures and the risk of recurrence, identify affected parties and alternatives, assess safeguards such as monitoring, audit rights, and termination clauses, seek guidance, and document the recommendation. The organization must ensure due diligence, sufficient time, approval, and review. The manager is responsible for the assessment and use of the available information; the compliance function and higher-level approval bodies are responsible for their guidance and decisions; and the organization is responsible for the structure, incentives, resources, and oversight. Invoking the CCE, referring the matter to compliance, or obtaining hierarchical approval does not resolve the moral issue.

This moral agency remains limited: personal convictions do not authorize agents to disregard legitimate expectations, and agents remain subject to the previously established grounds, minima, priorities, and interpretive requirements. Conversely, rule compliance does not constitute a complete defense when an agent knew or should have known that applying a rule seriously conflicted with the moral core, disregarded affected parties, or caused unjustified harm. Accountability considers not only outcomes and textual compliance, but also whether recognition, investigation, consultation, deliberation, decision-making, and justification were reasonable, evidence-sensitive, and undertaken in good faith, given the agent's role and capabilities. The organization cannot demand judgment without providing the conditions for its exercise, nor can it assign sole responsibility to individuals for resulting deficiencies; agents who are guided and supported, in turn, cannot disregard relevant reasons or requirements of assistance, communication, escalation, or explanation.

Integrating the Normative Conditions for Organizational Moral Authority through CCE

The five conditions form an integrated normative architecture rather than isolated propositions. The contribution of the framework therefore lies in specifying how moral reasons, normative structure, interpretation, jurisdiction, institutional support, and accountability must operate together to sustain that claim.

The functional dependence among the conditions is evident in the deficits produced when one is absent: codification without justification renders the grounds of expectations opaque; justification without ordering leaves conflicts unresolved; ordering without interpretation cannot guide contextual application; interpretation without jurisdictional and moral limits may become managerial discretion; and bounded authority without orientation and support for agents cannot sustain responsible judgment or adequate accountability.

Integration also clarifies the status of CCE as normative artifacts. Organizations claim and exercise authority through them by articulating reasons, structuring expectations, authorizing interpretations, delimiting jurisdiction and institutional competence, and organizing decision-making and accountability. CCE are therefore neither self-applying instruments of control nor repositories of accumulated preferences. They mediate relationships among moral reasons, organizational governance, affected persons, and individual agency. The legitimacy of the authority exercised through them depends on the quality of these relationships and may be compromised at any point in the architecture.

Figure 1 represents this architecture as nested layers surrounding a defeasibly legitimate claim to organizational moral authority through CCE. Moving outward, the layers expand in institutional scope without representing a temporal sequence or hierarchy of importance: each outer layer presupposes and preserves the constraints established by the inner layers. The figure thus represents legitimacy as a claim sustained through the continuing integration of all five conditions, rather than as something conferred by codification itself.

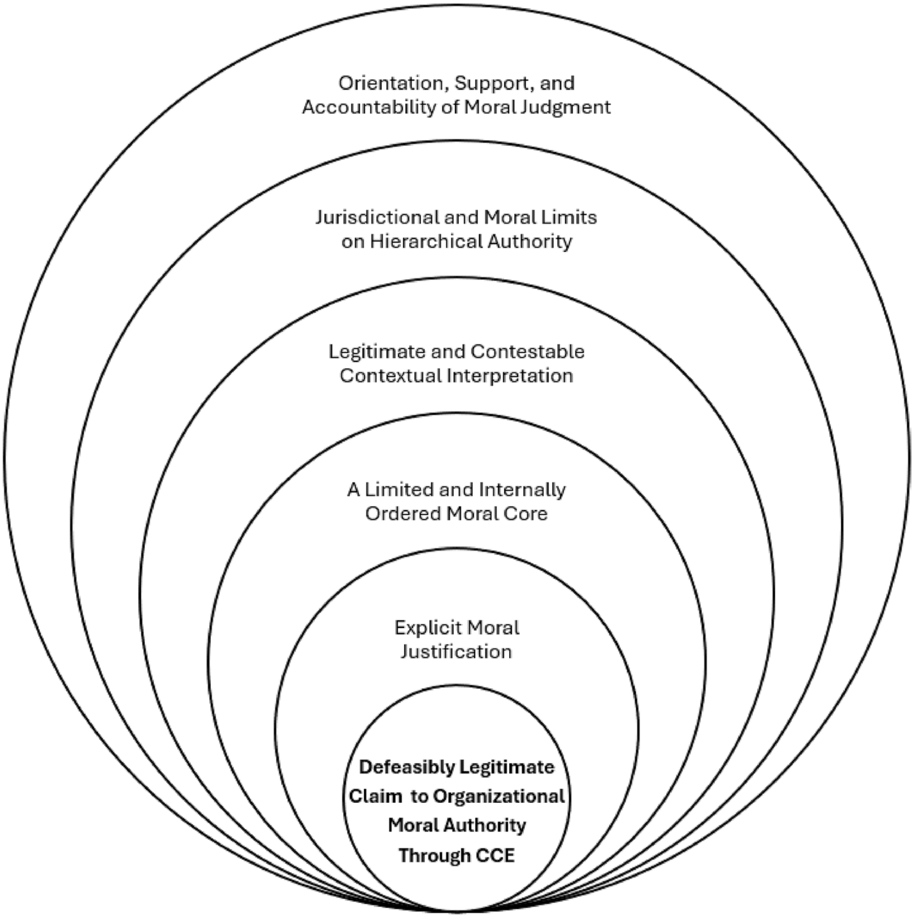

Fig. 1 Integrated Normative Conditions for a Defeasibly Legitimate Claim to Organizational Moral Authority through CCE

Discussion and Implications

This article has argued that CCE are normative artifacts through which organizations claim, within a delimited domain, the authority to specify how moral reasons bear on organizational roles, relationships, and decisions; interpret and institutionalize the resulting expectations; and hold relevant agents answerable for their conduct. The five conditions developed above concern the moral legitimacy of this claim and the authority exercised through CCE, rather than the artifact's formal quality, social acceptance, or behavioral effects. They therefore do not constitute recommendations for an ideal CCE format, but interdependent structural requirements for a defeasibly legitimate claim to organizational moral authority through CCE.

The central distinction is between the effects of CCE and the legitimacy of the authority exercised through them. CCE may influence conduct, enjoy social acceptance, or be formally authorized without the organization being morally entitled to formulate, interpret, and enforce their requirements. Such legitimacy depends on defensible reasons, a defensible jurisdiction, and procedures through which that authority can be justified to those governed and materially affected by the organization (Forst 2012; Palazzo & Scherer 2006; Raz 1986, 2006; Suchman 1995). Effectiveness, acceptance, and formal authorization may provide relevant evidence, but none establishes legitimate organizational moral authority. Moral validity is relevant in a different way: it is necessary for a legitimate exercise of authority but insufficient to establish organizational standing or jurisdiction.

From CCE Effectiveness to the Moral Legitimacy of Organizational Authority

Research on CCE has focused on their effects (Babri et al. 2021; Kaptein 2011; McCabe et al. 1996; Weaver et al. 1999). Studies emphasize implementation, leadership, enforcement, communication, and cultural alignment as explanations for variations in effectiveness (Erwin 2011; Treviño & Nelson 2021; Webley & Werner 2008). These questions remain important, but they do not determine whether the authority exercised through CCE is morally justifiable.

CCE may shape conduct while institutionalizing an unjustified claim to authority. Conversely, an organization may formulate defensible expectations but communicate or implement them ineffectively.

The article makes three theoretical contributions. First, it relocates the object of normative assessment. CCE possess no intrinsic moral authority and are not independent moral agents; organizations formulate claims to authority and exercise authority through them. Treating CCE as normative artifacts preserves their coordinative and interpretive functions while bringing into the analysis the organization's standing to make the claim, the domain within which it acts, and its governance practices (Bernacchio & Foss 2024; Frederick 1991; Rafaeli & Pratt 2006; Schein 2010).

Second, the framework distinguishes the moral validity of prescriptions from the legitimacy of the organization's authority to formulate, interpret, institutionalize, and enforce them. A morally valid prescription does not automatically establish organizational jurisdiction over its subject matter, just as institutional competence cannot make a morally indefensible directive valid (Bernacchio & Foss 2024; Forst 2012; Maclagan 2007; Raz 1986, 2006).

Third, the five conditions provide an integrated architecture. Together, they explain how moral constraints can coexist with contextual variation, how organizational coordination can occur without determining moral correctness, and how codified guidance can support judgment without displacing individual or organizational responsibility (Donaldson & Dunfee 1999; Habermas 1990, 1996; Jensen et al. 2015; Maclagan 2007; Painter-Morland 2010).

The interdependence of the conditions does not make them jointly sufficient. Additional facts, the interests of affected persons, or other moral reasons may render a particular exercise unjustifiable. A localized failure may compromise a particular prescription or application without defeating the organization's claim to moral authority as a whole; systematic deficiencies in central commitments, interpretation, jurisdictional limits, or the allocation of accountability may, however, compromise the organization's broader claim.

Implications for Research and Practice

For research, the framework provides criteria that complement empirical investigation. Studies may examine whether central expectations have accessible grounds; whether CCE distinguish normative registers and establish moral minima and priorities; whether materially significant interpretations are reasoned and contestable; whether organizational authority remains within a defensible jurisdiction; and whether its practices support responsible judgment and allocate accountability appropriately. These criteria allow the normative configuration of CCE to be distinguished from their implementation and effects.

The analysis extends beyond the text. Justification and internal ordering may be examined in CCE and guidance linked to them, but interpretation, contestability, jurisdictional limits, support, and the allocation of accountability require evidence concerning governance. Relevant sources include policies, guidance, procedures, records, training materials, reporting mechanisms, disciplinary cases, and accounts provided by affected persons. Multi-source research may reveal differences obscured by comparisons based solely on CCE content (Babri et al. 2021; Helin & Sandström, 2007; Kaptein 2011).

The conditions do not form a binary checklist. Their institutional realization may vary according to organizational size, sector, domain of operation, risk profile, and professional context. The relevant question is whether the justificatory functions are adequately performed, not whether the organization adopts a predetermined document structure. Observable features provide evidence but do not replace judgment concerning the adequacy of the reasons, limits, processes, and institutional conditions involved.

For practitioners, the analysis shifts attention from accumulating topics, values, and prohibitions toward the justificatory quality and institutional structure of codification. This helps identify CCE that are comprehensive yet normatively inflated, internally undifferentiated, or unable to explain why their central provisions should be treated as moral expectations (Canary & Jennings 2008; Holder-Webb & Cohen 2012; Loughran et al. 2023).

Senior leaders must remain subject to the moral minima, justificatory requirements, and standards of conduct applicable to others. Protected mechanisms for advice, reporting, escalation, and independent review are therefore institutional conditions for preventing organizational rank from becoming the final source of justification (Helin et al. 2011; Parker & Nielsen 2009; Stansbury 2009). Their purpose is not to give every objection veto power, but to ensure that materially relevant concerns receive competent and reasoned consideration.

Finally, CCE should support practical deliberation rather than replace moral responsibility. Excessive formalization may encourage ethical fading, proceduralism, and uncritical conformity when textual compliance is treated as sufficient (Painter-Morland 2010; Tenbrunsel & Messick 2004; Tenbrunsel & Smith-Crowe 2008). A defensible arrangement combines guidance, resources, and protected escalation mechanisms, allocating accountability according to the authority, discretion, resources, and support available. This preserves individual agency without shifting structural failures onto decision-makers or displacing justified organizational expectations.

Scope, Limitations, and Future Research

The framework is deliberately bounded. It does not provide a comprehensive moral doctrine for business organizations, prescribe the complete content of CCE, or establish an invariant hierarchy among values and principles. It identifies minimum structural requirements and justificatory functions while allowing different defensible institutional configurations. The account is pluralist regarding comprehensive doctrines and contextual variation, but not relativist regarding fundamental moral constraints.

The five conditions result from a problem-driven normative reconstruction drawing on selected philosophical and organizational perspectives. The conditions are defended as necessary within the account developed here, not as sufficient proof that CCE, prescriptions, interpretations, or decisions are morally legitimate. They address grounds, normative ordering, contextual interpretation, jurisdiction, the exercise of hierarchical authority, support for agency, and the allocation of accountability without exhausting all considerations relevant to corporate conduct.

The qualifier *defeasible* is substantive. Satisfaction of the five conditions establishes a structured basis for a claim to organizational moral authority, but that basis remains open to revision or defeat in light of stronger moral reasons, excluded relevant interests, material factual errors, unjustified consequences, or defects in particular applications.

The analysis incorporates organizational practices when necessary to assess interpretation, contestability, jurisdictional limits, support, and the allocation of accountability. It does not, however, offer a longitudinal theory of how moral authority is created, maintained, revised, or lost, nor does it empirically evaluate effects on conduct, culture, misconduct, or performance. Its focus on CCE also leaves their interaction with policies, professional standards, contracts, incentives, informal norms, technologies, and other artifacts only partially examined.

Future research may examine how the five conditions are manifested in existing CCE and associated practices. This includes identifying patterns of justificatory opacity, normative accumulation, interpretive closure, jurisdictional overreach, hierarchical exemptions, and responsibility displacement. Comparative studies across sectors, jurisdictions, professions, and organizational forms may investigate how equivalent normative functions are realized through different institutional arrangements and how normative quality interacts with implementation (Babri et al. 2021; Kaptein 2011).

Longitudinal and qualitative research may also examine how claims to organizational moral authority change through interpretations, exceptions, disputes, leadership transitions, regulatory changes, and crises. Employees and materially affected external parties warrant particular attention because textual consistency and formal procedures may conceal inequalities in access to information, voice, contestation, and review. Such investigations would connect the normative analysis to debates concerning organizational power, silence, conformity, and responsible agency (Jensen et al. 2015; Munter 2013; Painter-Morland 2010).

Conclusion

CCE do more than communicate expectations or support compliance. They are normative artifacts through which organizations claim, within a delimited domain, the authority to specify how moral reasons bear on organizational roles, relationships, and decisions; interpret and institutionalize the resulting expectations; and hold relevant agents answerable for their conduct.

Through a problem-driven normative reconstruction, this article identified five interdependent conditions: explicit moral justification; a limited and internally ordered moral core; legitimate and contestable contextual interpretation; jurisdictional and moral limits to hierarchical authority; and the orientation, support, and accountability of moral judgment. These conditions connect codified content to the organizational standing, jurisdiction, governance practices, and responsible agency required for the legitimate exercise of authority. They are necessary but not sufficient: their satisfaction supports only a defeasibly legitimate claim and does not validate every prescription, interpretation, or decision.

The framework therefore shifts the central question from whether CCE work to whether the organizational claim advanced through them is justified. CCE possess no intrinsic moral authority; they can support its legitimate exercise only when organizations remain answerable to defensible moral reasons and substantive constraints, exercise authority within justified limits, justify their interpretations, and preserve the moral agency of those subject to that authority.

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Research Involving Human Participants and/or Animals This article does not involve research with human participants or animals.

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