Code of Conduct

A Code of Conduct provides the foundation for your company’s corporate compliance program and workplace culture. Employee misconduct is four times more likely to be observed in organizations with weak ethical cultures as compared to organizations with strong ethical cultures. Educating employees on a company's Code of Conduct is essential for reducing the company's exposure to risk. Ensuring the right mindset in every employee is necessary not only to avoid the costly consequences of violations, but also to promote a high-performing environment where employees and the business as a whole can succeed.

Your company’s code of conduct should be born from the company philosophy and the core values it has adopted. If the Code of Conduct is in conflict with the core values, there will be recurrent issues in corporate culture, behaviors, and business transactions leading to increased risk and increased liability.

Your company’s Code of Conduct is a declaration to employees, the industry, and consumers that you are committed to ethical business practices. In the absence of leadership or instruction, most individuals will do what is easiest or most beneficial to themselves. A Code of Conduct not only provides instructions to employees and vendors on how to behave, but it provides expectations of how to behave. There is no longer any opportunity by employees or vendors to claim they didn’t know or weren’t told. By having a Code of Conduct, everyone can be held accountable for their actions. Further, having a clear understanding of what behaviors are acceptable, employees can feel a greater sense of safety and security in the workplace.

Benefits of a Code of Conduct include:

* Provides guidelines for behavior and expectations within the workplace
* Ensures all employees and vendors are made aware of what is and is not tolerated in the workplace
* Outlines your company’s core values and ethical principles
* Sets clear benchmarks as to how employee behavior and performance are measured
* Informs stakeholders, investors and potential employees of the company’s ethics and standards
* Provides an environment of safety and security for employees in the workplace

When developing your company’s Code of Conduct, you will want to consider conflicts of interest and what ethical issues are expected in your industry. For example, if you have a restaurant, you will inevitably have customer complaints regarding staff. Customers can be belligerent, abusive, and at times violent. Having a clear Code of Conduct for such situations allows the employee to know how to behave in the situation, but also informs the customer, and future customers, of what behavior will be acceptable and not acceptable in your restaurant.

Codes of Conduct are drafted by the company owner(s) and sometimes with contributions from the company’s Board of Directors and executive administration. They are adopted or ratified by the Board of Directors and implemented by administration.

Some common components in most corporate Codes of Conduct include:

* Intellectual property usage
* Conflicts of interest
* Asset protection
* Company policies
* Company culture
* Attendance expectations
* Sexual and general harassment
* Discrimination
* Violence in the workplace
* Cell phone and technology
* Substance use
* Dress code
* Breaks
* Disciplinary actions
* Privacy policy
* Equal opportunity
* Grievances and complaints
* Anti-bribery
* Gifts and gratuities
* Media inquiries and handling the press
* Financial integrity and compliance
* Data privacy
* Use of social media, emails
* Client and business partner code of conduct
* Interoffice gossiping
* Industry compliance and regulation
* Off duty expectation
* Bribery

A weak or absent Code of Conduct allows for ethical lapses in judgment. Ethical lapses in judgment can destabilize the foundation of your entire company and lead to its failure. It only takes one employee to do one thing one time for everything you have built to come crashing down. Businesses gain a reputation by adhering to a certain Code of Conduct and Code of Ethics, but gains credibility by enforcing that Code of Conduct and Code of Ethics. The proof of any business’s integrity is in its actions.

The major difference between a Code of Ethics and a Code of Conduct is that a code of ethics is broad, giving employees or members a general idea of what types of behavior and decisions are acceptable and encouraged at a business or organization. A code of conduct is more focused.

Morals are personal beliefs of what is good or bad, whereas ethics are what society as a whole has established as good or bad. It is important when hiring to provide some form of screening such that those candidates selected have the personality traits that reflect your company’s philosophy and values.

A strong code of conduct outlines what is expected of employees, what behavior is encouraged and what is prohibited. It provides a framework for employees to follow, leaving no doubt as to the company’s expectations and the reasons behind them. When everyone knows what they are supposed to do stress and anxiety decreases, work becomes more productive, morale increases, and customers get better service. Simply put, a Code of Conduct is a roadmap toward business success.

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| Ethics Program Growth based on company size |
| Number of Employees | Type of Ethics Program |
| 1-9 Employees | Orient employees to relevant laws and regulations |
| 10-49 Employees | Develop and Implement a Code of Conduct & Code of Ethics |
| 50-199 Employees | Create an Ethics Officer position, consider an ethics committee |
| 200-999 Employees | Create an Ethics Committee. Develop and implement ethics monitoring and reporting systems |
| 1000-4999 Employees | Create an Ethics Office with ethics assistance resources, such as an anonymous reporting phone line. |
| >5000 Employees | Develop an Ethics Department with regular ethics auditing and reporting. Work proactively in collaboration with government and governing organizations regarding self-reporting and current recommendations. |