ETHICS AND THE ETHICAL DILEMMA....
by LENA BODIN, MBA, SPHR

Workplace ethics comes in many forms from petty pilfering of office supplies and surfing on the web while at work to outright fraud. Although most managers have a fundamentally ethical approach to business, many are aware of dishonest conduct in the workplace but accept it as inevitable; as part of doing business.

"Waiter, can I get a blank receipt, please?" "Sorry I am late -- I had a flat tire this morning." "I won't be in today. I think I have a 24-hour stomach virus." And so it goes... Is a little white lie to your boss a crime? Many find it hard to draw the line. When considering ethical conduct, there is no black and white, only shades of grey.

Thereby the dilemma. Where does the code of ethics begin, and are minor offenses such as pilfering a violation requiring the same level of punishment for the offender as fraud? While there is no uniform requirement for businesses to have codes of ethics[1], there are practical reasons why a company should consider having them. At the least, formulating a set of ethical guidelines helps a company from getting into legal trouble because it has a better chance of detecting, resolving and maybe eliminating ethical breaches. Further, having guidelines may actually avoid severe punishment. Federal sentencing guidelines passed in 1991 permit judges to reduce fines and jail time for executives proportionate to the ethical measures a company has taken.

Many companies view codes of ethics as valuable because they convey organizational expectations, describe values and raise awareness about conduct among employees. In addition, businesses have realized that consumers really do care whether the company engages in ethical business practices. In the wake of some of the most recent ethical scandals in the USA, companies are investing millions of dollars to ensure ethical codes of conduct and may hire senior level executives to serve as ethics officers. However, these Codes need not be complex manuals that describe company rules and regulations and provide detailed guidance about what conduct is not acceptable. Any company can develop a simple code of ethics which governs ethical conduct and takes out the guesswork in the shades of gray.

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1. *According to the Sarbanes-Oxley Act 0f 2002 ("SOX"), publicly held corporations do have an obligation to disclose whether or not it has a code of ethics for its Chief Financial Officer, among many other things. It must disclose the whys if it doesn't have a code or makes any changes to the existing code. SOX was enacted in response to widespread outcry over the conduct of corporations such as World Com, Enron and Arthur Andersen.*

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Defining the Code

How the code is developed and why it is developed is as important as the content itself. Codes of conduct generally deal with actual behavior that is favored or prohibited. Following are some considerations when planning to develop a company Code:

- What is the role of the code of ethics?
- What is the preliminary focus of the code?
- What decisions will you need to make?
- How will the Code of Ethics be developed?
- What should be included in a code of ethics?

Organizational values such as loyalty, commitment, honesty/integrity and respect play a crucial role in developing the basis for the Code. It may also incorporate principals of the company such as innovation, teamwork, customer focus, etc.

12-Steps to Developing A Company Code of Ethics

1. **Get Endorsement.** Unless senior executives, preferably the Chairman and CEO, endorse the code or ethics implementation, it will not be successfully accepted by the rank and file employees.
2. **Find a Champion**. Find an individual who will champion the cause and make sure the Code is developed and implemented according to plan. This individual should be a senior level person and must be willing to drive the process.
3. **Use a Model.** Use a framework which addresses issues as they affect different constituents or stakeholders of the company. The usual ones are: shareholders, employees, customers, suppliers, and local/national community. Some might even include competitors. It may also be a good idea to find out, through surveys, what employees or customers think about when it comes to a ethical code.
4. **Get Participation.** Input from employees and management is an ideal way to determine whether the model you are using makes sense and covers all the essential issues. You champion can develop a taskforce whose helps in the development of your comprehensive Code.
5. **Develop the Code.** Guidance on how the code works should be included along with remedies for violations. Existing policies, for example on giving and receiving gifts or the private use of company software, may be incorporated.
6. **Test it.** For anything to be effective, it should be tested with a sample population. Pilot the code with a sample of employees from different levels and locations. Flexibility is essential and modifications may need to be made before you can have your final Code.
7. **Distribution.** Send the code to all employees in a readable and portable form and give it to all employees joining the company. It is a good idea to prepare the Code for distribution in booklet form and/or company intranet.
8. **Provide Training.** Formal or informal training becomes essential for the Code to be successfully implemented. Have employees who attend the training, sign-off on

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having received the training and the document outlining the Code and that they understand the provisions of enforcement.

9. **Commitment.** Management and employees must be committed to following the Code of Ethics and make is an essential part of their work day.

10. **Enforcement.** Employees and others should be aware of the consequences of breaching the code. Management must be committed to enforcing the Code in all aspects of the business.

11. **Advisory Service.** Gives employees impartial, confidential help and might come in the form of a "hot-line" from an ethics counselor or commissioner. Generally, it should not come from the company lawyer or human resources officer.

12. **Regular Review.** Have a procedure to review and update the Code as the business needs change.

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Lena Bodin is the President of People Resource Strategies ("PRS"), a professional consulting firm with twenty years of senior level experience in business operations and human resources. PRS specializes in helping clients achieve bottom-line results through comprehensive programs designed for improving employee performance and organizational effectiveness. She has experience working with Fortune 500 companies in the financial, pharmaceuticals, and service industries. Her human resources experience has been very strategic in nature, working with start-ups and emerging companies, helping them align human resources with their strategic business plans. Ms. Bodin has an MBA in Organizational Behavior and a BBA in Human Resource Management, both from Pace University, New York.