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Codes of Ethics Handbook

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Codes of Ethics Handbook

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ISBN 978-0-620-87395-6

Published by: The Ethics Institute

Hadefields Office Park, 1267 Pretorius Street,

Hatfield, Pretoria, South Africa

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Codes of Ethics Handbook

Deon Rossouw and Leon van Vuuren

Dedicated to
Prof Piet Naudé
in appreciation of his contribution to the development
of organisational ethics.

Piet Naude is currently Professor of Ethics and Director of the University of Stellenbosch Business School (USB). Before taking up his current position, he was Deputy Vice-Chancellor at Nelson Mandela University.

- At Nelson Mandela University, he was the founder of the Centre for Professional Ethics that worked cross-faculty to institutionalise applied ethics in university programmes in diverse courses such as Media Studies, Accounting, Public Administration and Management Education.

Besides numerous academic contributions as lecturer and researcher, and advisory work on the governance and management of organisational ethics, he also served in various governance positions to enhance organisational ethics, including:

- President of the Business Ethics Network of Africa (BEN-Africa);
- Representative for Africa on the Executive Committee of the International Society of Business, Economics, and Ethics (ISBEE);
- Member of the Social and Business Ethics Committee of the Council of Stellenbosch University; and
- Non-executive Director on the Board of Directors of The Ethics Institute.

A code of ethics is the ethics constitution of an organisation.

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The *Ethics Handbook Series* published by The Ethics Institute was introduced with the aim of providing persons involved in the governance and management of ethics in organisations, with practical and useful guidance on various aspects of organisational ethics. This *Codes of Ethics Handbook* is the seventh publication in this series.

The purpose of the *Codes of Ethics Handbook* is to provide practical guidance to persons in governance and management positions who have some form of responsibility for developing or implementing codes of ethics.

Codes of ethics can be powerful instruments in setting ethical standards and cultivating ethical cultures in organisations.

Codes of ethics have been around for a long time. Amongst the oldest and most well-known codes of ethics is the Hippocratic Oath that was first introduced in the 5th century B.C., and which still plays a prominent role in the health-care profession today. It is also common for other professions to have codes of ethics as it is one of the defining features of a profession that members of a profession should abide by a code of ethics and conduct.

Although codes of ethics have been common in professions, they only appeared fairly recently in organisations other than professions. The reasons for the emergence of codes of ethics are quite diverse, but the growth in the size of organisations, the ever-increasing expectations that society has of organisations, as well as the globalisation of organisations, all contributed to the large-scale emergence of codes of ethics in organisations.

Codes of ethics can be powerful instruments in setting ethical standards and cultivating ethical cultures in organisations. That explains why codes of ethics are often regarded as the ethics constitution of an organisation. However, codes can also be mere words on paper that have no effect on conduct and culture in organisations. Whether a code of ethics is a powerful instrument or mere words on paper, will be determined by a wide variety of factors.

In this *Codes of Ethics Handbook*, the factors that have a bearing on the success or failure of codes of ethics, are explored. The bulk of the content of the book is focused on aspects that should be considered in the process of designing a new code of ethics, or in the process of reviewing an existing code.

The book starts with defining what a code of ethics is, followed by the second section that explains why it is important for organisations to have codes of ethics. It is important to note that the concept 'code of ethics' is used in a generic sense, which includes both values-based codes of ethics and rules-based codes of conduct. In cases where the term 'codes of ethics' is not used in this generic and inclusive sense, the differences between codes of ethics and codes of conduct are made explicit.

The third section indicates where codes of ethics are positioned within the broader context of the governance and management of ethics. Although codes of ethics are crucial and pivotal to organisational ethics, codes nevertheless depend on a comprehensive ecosystem of organisational ethics, and governance and management actions to become effective.

The decisions taken on the purpose of a code, will determine all other decisions that have to be made in the process of code design.

The fourth section deals with the all-important aspect of the purpose of a code. **The decisions taken on the purpose of a code, will determine all other decisions that have to be made in the process of code design.** Amongst others, the decision on the purpose of a code will also determine the process that should be followed to develop a code. This process of code development is also discussed in the fourth section.

In the fifth section that forms the bulk of the handbook, the focus is on four core aspects of code design, namely, the architecture, format, content and tone of a code. It is the careful consideration of these four aspects that will ultimately determine whether a code is aligned with its intended purpose.

Once the code has been designed and drafted, it needs to be carefully reviewed to ensure that it is not only readable, understandable and aligned with its intended purpose, but also to ensure that it meets leading practise standards for codes of ethics. The process of code review is discussed in the sixth section.

The final section of the book deals with code implementation. Once a code has been designed and reviewed, the challenging task of embedding the code in the daily practices and the culture of the organisation, commences. Various aspects that should be considered to ensure that the code becomes a living document in an organisation are discussed.

We trust that the *Codes of Ethics Handbook* will become a trusted companion not only for those tasked with the process of code development and design, but also for all role-players involved in the implementation of codes of ethics.

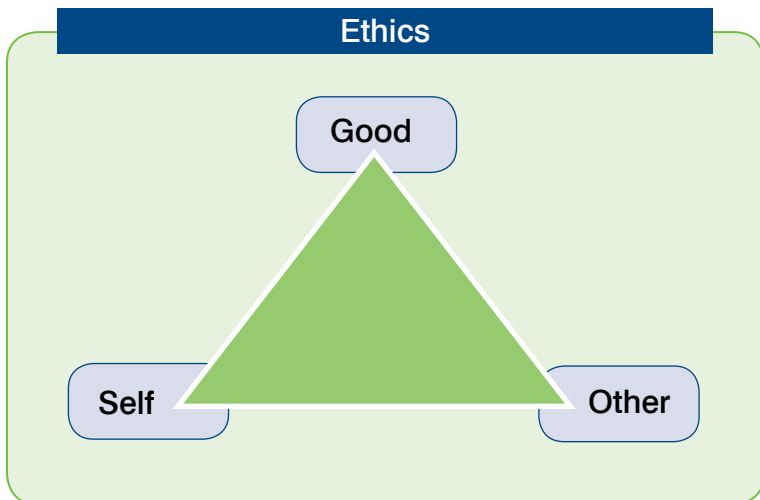
Deon Rossouw and Leon van Vuuren

May 2020

Before one can answer the question ‘What is a code of ethics?’ one should first be clear about the meaning of both the concepts ‘code’ and ‘ethics’.

The concept ‘code’ can have many different meanings depending on the context in which it is being used. When the concept ‘code’ is being used in the context of a code of ethics, it refers to “a set of principles that are accepted and used by society or a particular group of people” according to the Cambridge English Dictionary.

Ethics can be defined around the three core concepts of the ‘good’, the ‘self’ and the ‘other’ (as displayed in the diagram below). Ethics then implies that one is ethical when one does not only consider what is good for oneself, but also consider whether what is ‘good’ for the ‘self’ is also good for ‘others’ (Rossouw & Van Vuuren, 2017:5). This understanding of ethics is well reflected in the golden rule that can be found across the world, which states that one should do good to others, as one expects others to do good to oneself.



Core concepts in the definition of ethics (Rossouw & Van Vuuren, 2017:5)

When we combine the concepts of 'code' and 'ethics' in the term 'code of ethics' it refers to ethical principles (or standards) that guide the self in its interaction with others. A code thus gives content to what is considered as 'good' in the interaction between the 'self' and 'others'.

'Stakeholders' can be defined as those who are affected by an organisation's decisions and actions.

Although one can talk about the code of ethics of an individual, the focus of this handbook is on codes of ethics as they apply to organisations. Codes of ethics within the context of organisations, thus refer to the ethical principles or standards that an organisation adopts and abide by in its decisions and interactions with its stakeholders.

'Stakeholders' can be defined as those who are affected by an organisation's decisions and actions. These stakeholders can be broadly divided into two categories, viz., contracted and non-contracted stakeholders. Contracted stakeholders are those persons or parties with whom the organisation has formal contractual relations, such as shareholders, employees, suppliers and business partners. Non-contractual stakeholders are those persons or parties who do not have a formal contractual relationship with an organisation, but who are nevertheless affected by what an organisation does or says, such as communities, the natural environment, and future generations.

Codes of ethics set standards for both the organisation's interaction with its contractual and non-contractual stakeholders. Although an organisation has much more control over its contractual stakeholders than its non-contractual stakeholders, it is nevertheless also responsible for its impact on non-contractual stakeholders. Thus, a code of ethics sets ethical standards for interaction with both categories of stakeholders.

2. Why a code of ethics?

The most fundamental reason for having a code of ethics is to provide clarity to all contractual stakeholders on the ethical standards that should prevail in the relationships and interactions between an organisation and its contractual and non-contractual stakeholders.

Employees and other contractual stakeholders all have their own pre-existing ethical values and standards when they contract with an organisation. It would be naïve to presume that these contractual stakeholders' ethical values and standards are aligned with the ethical values and standards of the organisation. Consequently, the onus is on the organisation to provide clarity on what ethical standards are required from all persons who act in the name of, or on behalf of the organisation.

A code of ethics lays down the ethical standards that all contractual stakeholders are expected to abide by.

A code of ethics lays down the ethical standards that all contractual stakeholders are expected to abide by. It is, however, important to emphasise right from the start that the fact that an organisation has adopted a code of ethics, provides no guarantee that all contractual stakeholders will abide by these ethical standards. Ultimately, a code of ethics is merely words on paper. Whether contracted stakeholders will abide by these standards will be determined by factors such as ensuring that contracted stakeholders are familiar with these standards, that they are motivated to follow the standards, that leaders talk and walk the code of ethics, and that there are consequences for adherence or non-adherence to these standards.

A second reason for having a code of ethics, is that all organisations encounter ethical challenges in the normal course of conducting their business. These ethical challenges can be described as grey areas. When it comes to ethical matters in an organisation, one can on the one hand distinguish between ethical matters that may be considered good, right, just, or acceptable, while on the other hand there are ethical matters that may be considered bad, wrong, unjust, or unacceptable. As indicated above, one of the most fundamental reasons for having a code of ethics is to clarify which ethical matters fall in the category of the good, right, just, or acceptable, and which ethical matters fall in the category of the bad, wrong, unjust, or unacceptable.

However, from time to time issues inevitably arise that do not fit neatly into either of the above two categories. These issues are grey and escape the easy categorisation of being either acceptable or unacceptable. There is no immediate clarity whether these matters are acceptable or unacceptable. They are simply grey. Such grey matters are typically context-specific, or industry-specific, or might arise out of a unique set of circumstances that the organisation has never encountered before. A code of ethics is typically created, or adapted, to also provide clarity on such grey ethical issues. It is meant to dissolve the grey and to provide guidance on what conduct is acceptable or unacceptable with regard to these grey areas.

Research by Edelman once more confirmed that two of the most important factors inspiring trust in organisations are competence and ethics.

The grey ethical issues that an organisation might encounter are often difficult to anticipate or predict. It is exactly for this reason that the creation of a code of ethics can never be a once-off exercise. Whenever new or unforeseen ethical issues appear, an organisation should consider whether the existing code of ethics provides sufficient clarity on the grey issues at hand. Providing clarity on such grey issues might trigger a review of the existing code of ethics, or it might result in providing guidance on how the existing code of ethics should be interpreted or applied to the issue in question. In some cases, it might even prompt an organisation to provide additional guidance on the ethical issue by formulating a policy or guidance document in addition to their existing code of ethics.

A third reason for having a code of ethics revolves around the issue of trust. Research by Edelman once more confirmed that two of the most important factors inspiring trust in organisations are competence and ethics. In the 2020 Edelman Trust Barometer it was found that ethics contributes 76% to the trust capital of organisations, with competence making up the remaining 24% of the trust capital (Edelman, 2020). It is therefore essential for organisations that are keen to bolster their trustworthiness, to communicate to their stakeholders that they are committed to being ethical organisations. One of the most prevalent ways that organisations use to communicate their commitment to ethics, is by making their codes of ethics and ethical values available to their stakeholders. Codes of ethics are therefore often designed and drafted by organisations in a manner that inspire trust among their internal and external stakeholders.

A fourth reason for having a code of ethics has to do with external expectations or obligations. There often is an explicit expectation that certain organisations should have a code of ethics. In the USA, for example, the Sarbanes-Oxley Act not only require listed companies to have codes of ethics, but to also publish their codes on their websites. Several voluntary corporate governance codes around the world also recommend that organisations should formalise their ethical standards in a code of ethics or conduct. In the box below, the recommendation of the Fourth King Report on Corporate Governance in South Africa, namely, that organisations should have a code of ethics and make it available to stakeholders, is displayed.

Recommended practices

5. The governing body should approve codes of conduct and ethics policies, that articulate and give effect to its direction on organisational ethics.
6. The governing body should ensure that codes of conduct and ethics policies:
 - (a) encompass the organisation's interaction with both internal and external stakeholders and the broader society; and
 - (b) address the key ethical risks of the organisation.
7. The governing body should ensure that the codes of conduct and ethics policies provide for arrangements that familiarise employees and other stakeholders with the organisation's ethical standards. These arrangements should include:
 - (a) publishing the organisations codes of conduct and policies on the organisation's website, or on other platforms, or through other media as is appropriate;
 - (b) the incorporation by reference, or otherwise, of the relevant codes of conduct and ethics policies in supplier and employee contracts; and

- (c) including the codes of conduct and ethics policies in employee induction and training programmes.
8. The governing body should delegate to management the responsibility for implementation and execution of the codes of conduct and ethics policies.

King IV guidance on codes of ethics (King Committee on Corporate Governance in South Africa 2016: 44)

Professional bodies are also expected to have a publicly available code of ethics, as one of the hallmarks of a profession is the adoption and enforcement of a code of ethics by which members of the profession should abide.

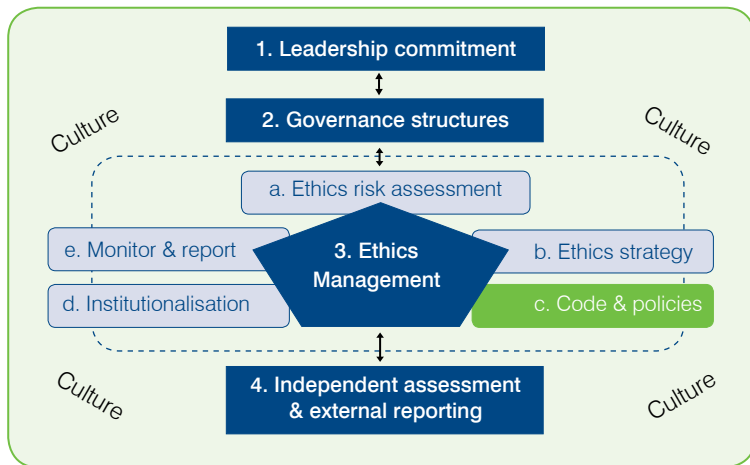
There are thus several good reasons for organisations to develop and adopt codes of ethics. In the following sections, leading practice will be shared on the process of designing a code of ethics.

3. Contextualising codes within ethics management

It was only during the 1990s that most organisations started to develop codes of ethics. Until then, few organisations actually had codes. Amongst the exceptions counts the Johnson & Johnson Credo that was developed in 1943. Those who had codes, however, rarely used their codes. Codes were mostly filed, initially in hard copy on some shelf, and later stored on the HR platform on organisations' intranet. Few organisations prominently displayed their codes, and even fewer offered training programmes around the codes' contents and use to new and current employees. In short, during the 1990s, bar a few exceptions, codes were merely words on paper and seldom achieved living document status.

Sparse and unsophisticated as they were, codes of ethics were, for many years, the only ethics management 'tool' at the disposal of organisations. Amongst other triggers, corporate governance guidelines and corporate scandals stimulated a rethink of codes. Ethics management interventions, that often sprouted from governance imperatives, gave codes a new lease on life. Since then, codes have increasingly become an integral component of formalised ethics management initiatives.

The model for ethics management in organisations, as developed by The Ethics Institute, features ethics codes and policies as a prominent and indispensable step in the ethics management process (see diagram below).



The governance of ethics framework ©The Ethics Institute

As can be seen from the diagram above, some things need to happen before the drafting of codes and their contents become meaningful. The foremost task of those responsible for ethics management in organisations, is to assess the organisation's ethics opportunities and risks. Following that is the design of an ethics management strategy and ethics management plan. These are designed to ensure that (1) all identified risks are strategically accounted for and that they are mitigated and managed, and (2) that ethics opportunities are capitalised on and utilised as strengths. Only then does it make sense to formulate codes of ethics and other supporting documents such as ethics-related policies. The ethics strategy and plan determine the purpose, content and tone of codes that are subsequently developed or amended.

The risks, as identified, should be accounted for in the code and policies. This, in essence, determines the contents of codes and ensures content specificity, rather than having a wonderful, but generic code that may not be adequate to guide employees' and other contracted stakeholders' ethical behaviour.

The mere existence of the code neither triggers nor ensures ethical behaviour.

Unfortunately, many organisations see the completion of the code as the final step in ethics management. The mere existence of the code neither triggers nor ensures ethical behaviour. Codes have to be utilised as vehicles for organisations' ethics management journeys. The code and its contents need to be 'taken to the people', be they employees or other contracted stakeholders. The spirit and content of the code need to be institutionalised or 'made real' for those that need to apply it. The institutionalisation of ethics in organisations is to a large extent dependent on the quality of the code and how its content and potential utility is communicated.

Thereafter, the effectiveness of code implementation, as key component of institutionalisation, should be assessed. This happens by monitoring adherence to the code and its principles and precepts. The extent and effectiveness of adherence then need to be reported to the relevant governance structures that were delegated with the responsibility of overseeing ethics management and the growth in maturity of the ethical culture of the organisation.

The purpose of a code determines all subsequent design, content and implementation aspects. In this section the purpose, or reason for existence, of a code is analysed. Once the purpose of a code has been clarified, an organisation can proceed to a planned and structured process of code design. The rest of the section is devoted to an exposition on the leading practice in determining the purpose and process of code design.

4.1. The purpose of code design

It should be realised from the outset that clarity on the purpose(s) of a code will inform further decisions, such as:

- Code design process
- Code format
- Code contents
- Tone of the code

The code's purpose is determined by the need for the formulation of ethical standards in the organisation. Formulating the code for a specific purpose may be triggered by (1) an event that sparked the need for clarity on ethical standards, (2) the need to address occurrences of unethical behaviour, (3) a call by internal stakeholders for enhanced clarity on ethical conduct, (4) a directive from external stakeholders that the organisation enhances its ethics accountability, (5) a desire of an organisation to have a document that demonstrates the organisation's strategic ethical intent, or (6) responding to a need for a code review, which, among others, requires that the code's current purpose be emphasised more strongly, or be renewed.

The purpose of a code is formulated by obtaining an answer to the question – 'What is it that you want the code to do for the organisation?' That is, what do you want to achieve with the code? There could be multiple answers to this question and the following considerations may apply:

- Contributing meaningfully to the sustainable development of society and the environmental;

- Aligning the organisation's operational standards to universally and constitutionally accepted expectations regarding human rights and dignity;
- Promoting adherence to standards of good governance;
- Adhering to legislation;
- Creating a clear and unambiguous common understanding of the ethical standards that are expected in the organisation;
- Creating a predictable environment;
- Promoting ethical behaviour;
- Preventing unethical behaviour;
- The need to enforce rules;
- Desiring to inculcate organisational values;
- Providing guidelines for the behaviour of stakeholders such as employees or suppliers;
- Reassuring stakeholders of the organisation's ethical stance and intent; or
- Mitigating potential legal action.

4.2. The process of code development

An exercise in futility: A cynical take on code design

Step 1: Based on a reactive need, or to be fashionable, the governing body decides that the organisation needs a code.

Step 2: The task of producing a code is delegated to the company secretariat or to the HR department (because it sounds as if it should be done by HR). The code is to be tabled for sign-off at the next governing body meeting in four months' time.

Step 3: As it should not take too long to do and it is a relatively easy job, the designated code writer decides to schedule the writing event until a month before the governing body meeting.

Step 4: Complacency and procrastination causes the writer to wait until three days before the meeting pack of the governing body should be distributed to members, resulting in the writer scampering to find a similar document that perhaps exists in the organisation's archives. Nothing that resembles an old code can be found though.

Step 5: The writer searches the internet to find a code that 'could work' for the organisation.

Step 6: The writer stumbles on a code of an organisation based in Alaska that is in the same industry – it seems to be a 'good' code that could be 'tweaked' to satisfy the request of the governing body.

Step 7: The 'search', 'find' and 'replace' function is used to change the Alaskan organisation's name that appears in several places in the code with that of the name of the writer's organisation; a few other minor adjustments are made to de-Americanise the code.

Step 8: The code is presented to the governing body at its next meeting and is approved after a brief discussion (after all it was the last item on the agenda).

Step 9: The CEO introduces the document as 'our new ethics policy' at the next executive committee meeting.

Step 10: The HR Executive is tasked with sending the code to all the employees; the HR division amends the conditions of service policy to make signing of the code by new employees compulsory.

Step 11: The code is uploaded to the HR portal in a PDF format in the section labelled 'Other documents'.

Step 12: A memorandum is sent to the Employment Relations department to use the code to build solid cases against employees that need to be disciplined.

Step 13: The code is reviewed by the governing body on an annual basis and repeatedly approved without amendments.

As far-fetched as the process described above may sound, it will ring a note of truth for many organisations. It is clearly a lesson on 'How not to design your organisation's code'. Every organisation's code should be unique to address its needs and account for potential risks.

A systematic design process needs to be followed since a code of ethics is 'the ethics constitution' of an organisation.

The purpose for which the organisation needs a code determines the code design process. Two opposite scenarios are presented to explain this notion:

Scenario 1:

Ethics risks have been identified as severe and pervasive, many transgressions occur, and the ethical culture of the organisation is fragile. To 'stop the rot' so to speak, code design might require swift and decisive action – the process of code design is allocated to a function in the organisation that is compliance-orientated, and a rules-driven document is commissioned. The code design process is executed in a unilateral way with no stakeholder consultation.

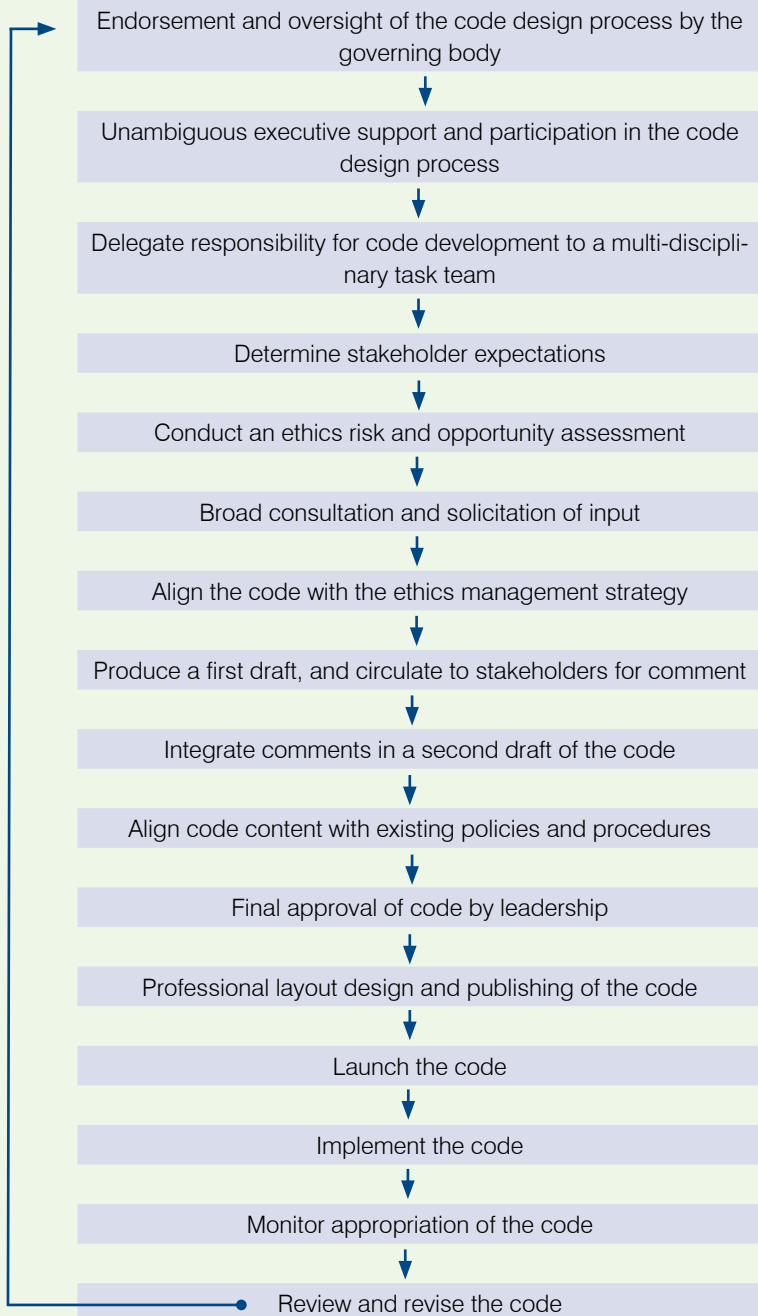
Scenario 2:

There is a pro-active need to produce a code that may contribute to a sense of coherence, positive transformation, relationship building and the establishment of a strong ethical culture. Code design is entrusted to a team in the organisation with an expectation that numerous stakeholders will be consulted to express their expectations of the code's purpose and contents, and a multilateral, multi-disciplinary approach is followed.

There is little doubt that a code produced via the latter approach will contribute positively to the sustainable development of the organisation, as well as to the prolonged protection of its reputation. A code that is designed in a multilateral manner has a greater chance of attaining 'living document'-status than would a code produced through a unilateral approach with punitive intentions in mind.

A code should be 'owned' by all the stakeholders of the organisation, but particularly by the employees. They need to embrace the spirit and content of the code and practice the guidelines continually. Such a code will stimulate ethical decision-making and behaviour and can be institutionalised with little resistance.

A leading practice process of code design consists of the following steps:



In this section we will explore a number of important aspects that should be attended to in the process of code design. These aspects are:

1. The architecture of the code;
2. The format of the code;
3. The content of the code; and
4. The tone of the code.

Applying one's mind to these aspects will not only enhance the quality and ease of understanding of the code but will also ensure that the code is aligned to the purpose for which it is being developed or reviewed.

5.1. The architecture of the code

In deciding on the architecture of a code, one should ensure that the structure of the code is aligned to the intended purpose of the code. A code with a clear architecture considerably enhances the understandability and readability thereof.

In contrast, a code that does not have a clear architecture can be confusing and difficult to understand and remember. Possibly the worst architecture of a code is when the code is a randomly selected washing list of topics with no internal logical coherence. It can be compared to a house that is built without a proper plan. Rooms are merely added on instinct, and the result is predictably a chaotic and impractical structure.

A number of different architectures for code design can be followed:

- a values-based architecture;
- a stakeholder-based architecture;
- a risk-based architecture;
- a citizenship-based architecture; or
- a blend of the above architectures.

5.1.1. Values-based architecture

A values-based architecture utilises the organisation's ethical values as the basic structure around which a code is designed. By way of example, an organisation might have four basic ethical values, such as integrity, honesty, fairness, and respect. In this specific case the code will have four distinct pillars around which it will be designed. The organisation then typically states the values one by one, and systematically unpacks the meaning, ethical issues related to each value, as well as the behavioural implications, i.e., the 'do's' and 'don'ts' associated with each value.

5.1.2. Stakeholder-based architecture

In the case of a stakeholder-based architecture the code is designed around ethical responsibilities related to specific stakeholder groups. The design of a stakeholder-based code commences with the drafting of a stakeholder map. Stakeholders who are affected by the organisation, or who can affect the organisation, will firstly be identified and then prioritised in terms of how material they are to the organisation. By way of example, an organisation might identify clients, suppliers, employees and shareholders as their material stakeholders. These four stakeholder groups then become the four pillars upon which the code is designed. With regards to each of these stakeholders, the specific issues, ethical values and standards, as well as the expected behaviours that should guide the organisation's interaction with each specific stakeholder group, are unpacked. In the box below it can be seen how the pharmaceutical company, Johnson & Johnson, uses a stakeholder-based architecture in their code of ethics, which they call "Our Credo".

Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mother and fathers and all others who use our products and services. In meeting their needs everything we do must be of a high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced

promptly and accurately. Our suppliers and distributors must be serviced promptly to make a fair profit.

We are responsible to our employees the men and woman who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens – support good work and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovate programs developed, and mistakes paid for. New equipment must be purchased, new facilities provided, and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

The logo for Johnson & Johnson, featuring the company name in a red, cursive script font.

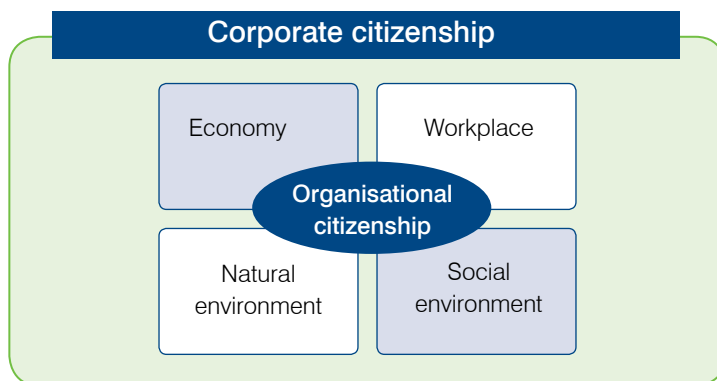
Example of a stakeholder-based architecture

5.1.3. Risk-based architecture

When a risk-based architecture is used in the design of a code of ethics, the organisation typically starts by analysing its ethics risk and opportunity profile, and then identifies the most material or strategic ethics risks and opportunities that confront the organisation. By way of example, an organisation might have identified the following six material risks that they are exposed to: (a) disrespectful treatment of staff, (b) disrespectful treatment of clients, (c) unfair supplier relations, (d) racial and gender discrimination, (e) sexual harassment, and (f) abuse of organisational property and time. The code is then designed around these six pillars. With regard to each of these six risk areas the nature of the risk, the appropriate ethical values and standards, as well as acceptable and unacceptable conduct are typically stipulated.

5.1.4. Citizenship-based architecture

When a citizenship-based architecture is used in code design, the organisation's impact as a responsible corporate citizen on the economic, social and natural environment serves as point of departure. A widely used corporate citizenship map (cf. Crane, Matten and Spence, 2007; Rossouw and Van Vuuren, 2017; Rossouw, 2018) distinguishes between four distinct areas of impact, which are (a) the economy, (b) the workplace, (c) the social environment, and (d) the natural environment (as displayed in the diagram below).



Four areas of organisational impact (Rossouw, 2018:11)

A code designed on the basis of a corporate citizenship impact model, will typically use these four areas of impact to clearly formulate the organisation's ethical responsibility with regards to the economy (e.g. preventing corruption in the marketplace), the workplace (e.g. employee safety and fair treatment of employees), the social environment (e.g. consumer safety and health), and the natural environment (e.g. responsible environmental practices). With regard to each of these four areas of organisational citizenship, the organisation identifies and describes relevant ethical issues, applicable ethical values and standards, as well as conduct prescriptions and prohibitions.

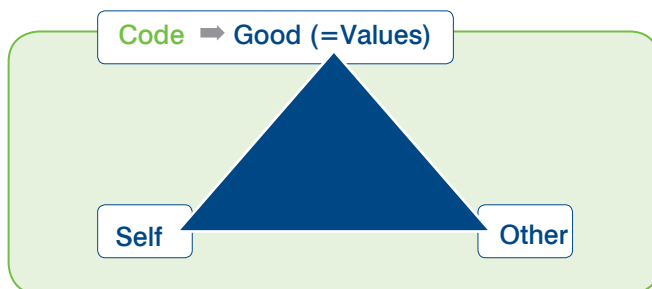
A code designed on the basis of a corporate citizenship impact model, will typically use these four areas of impact to clearly formulate the organisation's ethical responsibility with regards to the economy, the workplace, the social environment, and the natural environment.

5.1.5. A blend of the above

It is also possible to blend architectural styles. For example, an organisation might decide to design its code of ethics by integrating a values-based design with a risk-based design. In such a case the core ethical values provide the main pillars of the code, but the material risks that relate to a specific value are elaborated upon under each of the pillars. It is also possible to fuse a citizenship design with both a values-based and a risk-based design. In the latter case the four areas of citizenship impact (i.e. the economy, workplace, social environment, and natural environment) provide the four pillars of the code, but the relevant ethical values and standards, as well as the material ethics risks in each area are presented under each of the pillars.

5.2. Code format

A code of ethics describes the collective 'good', i.e. what the organisation stands for and what is expected from its employees. The 'good' is usually defined by organisational ethical values and ethics standards (as displayed in the diagram below). There are, however, different ways in which organisations formulate and convey the 'good' that is expected.



The 'good' as defined by organisational ethical values and standards

The purpose of the code determines the format that it should assume. At opposite ends of a spectrum one finds codes that are harshly prescriptive with an aim to stop or prevent further unethical behaviour – they invoke fear and emphasise punishment as a consequence of unethical behaviour. At the other extreme are codes that inspire good behaviour – such codes promote the collective 'good' in a relational and reassuring way. Many organisations opt for a hybrid of these extreme approaches and attempt to capture the best of both worlds.

Since organisations have different identities and exist for different purposes, the way they approach ethics management will differ. Therefore, how they structure and present their codes will be unique to each organisation. A small organisation that has four or five employees may want to formulate its ethical expectations in a half-page document. Broad guidelines suffice, as there is consensus about what is 'good'. In contrast, a large multinational organisation with numerous ethics risks and challenges may want to be very specific in setting standards of the 'good' that could apply across many contexts. Clear and comprehensive guidelines are then captured in a multi-page document. In short: there is no one-size-fits-all.

Furthermore, the use of the terms 'code of ethics' or 'code of conduct', is contingent upon the industry or organisational vernacular. The terms are therefore often used interchangeably. Many organisations have a code of ethics that they refer to as a code of conduct, and vice versa. Many other organisations have both formats. Although the message about the 'good' is conveyed via either term, there is indeed a theoretical and practical difference between a code of ethics and a code of conduct. The differences between a code of ethics and a code of conduct are depicted in the table below.

Code of ethics	Code of conduct
<p>Name of code:</p> <ul style="list-style-type: none"> • Code of ethics • Ethics Charter • Credo (e.g. J&J) • The Way We Do Business (e.g. PWC) • What we stand for • The Vodacom Way 	<p>Name of code:</p> <ul style="list-style-type: none"> • Code of conduct • Disciplinary code • Conduct policy • Ethics policy • Ethics handbook (e.g. Telkom)
<p>Intent: Aspirational – to set aspirational standards that all are expected to live up to</p>	<p>Intent: Directional – to provide guidance on acceptable and unacceptable conduct and practices</p>
<p>Primary focus: values and principles as a basis for behaviour.</p>	<p>Primary focus: guidelines or rules for behaviour.</p>
<p>A proactive approach to provide values-based reasons for good behaviour</p>	<p>A reactive approach to ensure compliance with prescribed standards of conduct</p>
<p>Document length: Short; typically, a one-pager</p>	<p>Document length: Longer; but not too long</p>
<p>Is a “spirit of the law” document.</p>	<p>Is a “letter of the law” document.</p>
<p>Promotes ethical behaviour: setting ethics standards that contribute to ethical culture formation.</p>	<p>Prevents unethical behaviour: provides behavioural guidelines; a necessary but not sufficient condition for ethical culture formation.</p>
<p>Number: There is (usually) only one code of ethics per organisation</p>	<p>Number: One organisation could have a number of codes of conduct (e.g. one for employees and one for suppliers)</p>
<p>Tone: More relational and transformational</p>	<p>Tone: Informational and instructional Number: One organisation could have a number of codes of conduct (e.g. one for employees and one for suppliers)</p>

Code of ethics	Code of conduct
Revision: Rarely amended	Revision: As often as is required.
Ownership: Symbolically owned by all employees	Ownership: For compliance purposes, the code is owned by a specific function in the organisation
Endorsement: Signed voluntarily/symbolically by as many leaders and employees as possible, e.g. during a code launch event	Endorsement: Formally signed by employees on the commencement of their employment as a conditions of service document
Disciplinary power: Should never have a punitive intent; does not belong in a disciplinary inquiry/hearing	Disciplinary power: Has punitive powers; may be tabled during a disciplinary inquiry/hearing

Differences between a code of ethics and a code of conduct

In essence, *codes of ethics* convey the gist of the organisation's ethics stance in a document that is often shorter than one A4 page. This does not imply that organisations that use this format have inadequate ethics policies. It is just that they realise that it is not possible to cover every behaviour, real or potential grey area or eventuality in a single document. These organisations have a concise values-based code of ethics that might be supported by a comprehensive code of conduct and an array of ethics policies. These policies contain detailed information on desired behaviour and account for legal requirements in terms of fair expectations and procedures.

Codes of conduct are often used by organisations to account for as many behaviours and grey areas as possible. This results in lengthy documents that are seldom read, but assertively tabled during disciplinary hearings.

In terms of code architecture, either format may be based on any or all of a values-based, stakeholder-based or organisational citizenship-based architecture. The depth of the presentation of values, stakeholder and citizenship foci may obviously vary from an overview-type of description in codes of ethics to an in-depth explanation in codes of conduct. Since a risk-based architecture assumes that the organisation has the desire to account for as many ethics risks as possible in its code, a code of *conduct* is better suited to a risk-based architecture.

Since both formats stem from different purposes and look and feel quite different when perused, there are advantages and disadvantages associated with each format:

Code of ethics (aspirational)	Code of conduct (directional)
Advantages	
<ul style="list-style-type: none"> • Is a clear statement of strategic ethical intent • Short document • Easy to read • Easy to recall the contents • Largely leaves ethics decisionmaking to the discretion of the reader (freedom to be flexible) 	<ul style="list-style-type: none"> • Provides specific guidelines • Contains detailed information • Accounts for sanctions applicable to transgressions • Easy to enforce • Can function on its own with ethics-related policies and procedures merely providing complementary explanation
Disadvantages	
<ul style="list-style-type: none"> • May be too vague to ensure certainty in decision-making • Difficult to enforce • Relies heavily on supporting ethics-related policies and procedures 	<ul style="list-style-type: none"> • Goes beyond ethical intent to assume policy-like characteristics • Lengthy document • Quite wordy and cumbersome to read • Difficult to recall all the contents • Does not allow much discretion in interpretation and decision-making

Advantages and disadvantages associated with different code formats

The following guidelines regarding the format of codes could be considered:

- Keep your code of ethics short, easy to read, easy to talk about and easy to apply;
- Draft your code of conduct to serve as a conditions of service document;
- Include main ethics risks, challenges and issues as broad themes in a code of conduct; and
- Formulate and apply several ethics policies that act as explanatory documents and legal support for codes of ethics and conduct.

5.3. Code content

Selecting what content should be included in a code requires a structured and systematic approach, to ensure that only meaningful ethics-related information is included. In this section the following categories of code contents are discussed:

- The name of the code
- Leadership endorsement (auxiliary content)
- Rationale for the code (main content)
- Values and guidelines for behaviour (main content)
- Supporting structures, processes and resources (auxiliary content)

5.3.1. The name of the code

What's in a name? Again, there is no one-size-fits-all. The convention in the handbook up to this point has been to use the term 'code of ethics' as a generic or umbrella term that could describe various types of documents. As was indicated in the section on code format, codes of ethics could go by various names. Organisations should, however, name their codes in accordance with the code purpose and format.

It stands to reason that values-based codes that are intended to *promote ethical behaviour* could have more 'gentle' names, for example code of ethics, credo, charter, 'what we stand for', 'the way we do business', 'our convictions', etc. On the other hand, codes that are designed with the intention of *preventing unethical behaviour*, that is, rules-based codes, would have more 'harsh' names such as code of conduct, ethics policy, disciplinary code, or 'our rules'. Hybrid codes will probably be named 'code of ethics and conduct', 'code of ethical business conduct' or something similar.

5.3.2. Leadership endorsement

An important contribution to optimising a code as the organisation's formal statement on its ethical standards, is a section on leadership endorsement. The code can be preceded by one or more messages 'from the top'. Such messages, usually in a foreword or 'letter to stakeholders' format, send out an important signal of leadership support and encouragement.

Since the messages have to be credible, the persons or bodies chosen to provide the leadership endorsement should (1) be known to stakeholders and (2) be ethically credible and well-respected organisational or industry leaders.

Persons whose messages stand a good chance of being listened to:

- The chairperson of the governing body
- The CEO
- The chairperson of the ethics committee of the governing body
- The ethics champion
- An influential external stakeholder, e.g. the organisation's industry regulator

The messages need to be short but impactful, and should convey leadership commitment to the code and the implementation thereof. They could also call for ethics awareness, adherence to the ethics expectations stipulated in the code, encouragement to use discretion in the interpretation and application of the code and could provide a 'mandate' to the stakeholders to confidently engage and talk freely about ethics concerns and issues. In the box below is an example of such leadership endorsement.

Nedbank is committed to the highest ethical standards in conducting its business.

These ethical standards reflect our belief that business should be conducted with integrity. Personally, I believe this commitment is at the core of our values that make Nedbank a great place to work, a great place to bank and a great place to invest.

The Code of Ethics and Conduct is our solemn promise that these ethical standards will underpin every feature of our endeavours, both corporate and individual. It sets out the standards of conduct that our stakeholders (e.g. colleagues, clients, suppliers, national and international authorities, communities and investors) can expect from us and we can expect from them.

This Code, together with any business-specific policies in your area, provides a guide to help you understand and live the Nedbank Values to make decisions that are good, right and fair. It also obligates any director, manager or employee who witnesses any conduct that compromises or will compromise the Nedbank Values to speak out.

I urge every employee of Nedbank to read and clearly understand the behaviour expected from him/her and the standards to which he/she will be held. Every employee, supplier and agent of Nedbank has a personal responsibility to comply with the provisions detailed in this code and to maintain the highest ethical standards to ensure that the group's business practices are conducted in a manner that, in all circumstances, are beyond reproach. This will ensure our future.

I personally commit to the standards outlined in this code and know that each member of the Group EXCO team is as committed as I am. I ask each of you to do likewise in line with Nedbank's positioning as a vision led and values driven organisation.

Mike Brown, Nedbank Group, Chief Executive

Example of a message from a CEO

5.3.3. Rationale for the code

The rationale for a code is provided by linking the code to the organisation's purpose, identity, and culture. Providing clarity on the rationale for a code (its *raison d'être*) is key to harnessing stakeholder buy-in and making the code a living document. It is important to establish a meaningful alignment between the code and what the organisation cares about and what stakeholders expect. Aspects that relate to the code rationale are the preamble and the organisation's vision, mission and strategy. These aspects are explained below.

- *Preamble*

The rationale for a code is typically provided in the preamble to the code. The preamble is a short, introductory paragraph(s) that provides the code purpose and an overview of the content to follow. Typical dimensions that could be included in the preamble are:

- Why a code is needed;
- The purpose of the code;

- How it contributes to the culture of the organisation;
- Who (which stakeholders) the code applies to; and
- A call to all relevant parties to adhere to the spirit and letter of the code.

Below is an example of a code preamble.

The governance of the University of South Africa (UNISA) is outlined in the Higher Education Act 101 of 1997, the Institutional Statute and takes into consideration the relevant statutes and Codes of Good Corporate Governance to reflect international best practices.

The Code of Ethics and Conduct is formulated to improve the quality of governance at UNISA.

Ethics refers to values, principles, norms and standards that UNISA promotes for guiding and conducting its activities, internal relations and interactions with external persons. Ethics is reflected in a motivation deriving logically from ethical or moral principles which govern a person's thoughts and actions.

It is a policy requirement that UNISA employees conduct themselves with the highest degree of integrity and honesty in all of their dealings. This is a responsibility that is shared equally by all members of the UNISA community, namely members of the UNISA Council, Executive Management, academic and administrative employees, students and appointed contractors.

This Code sets out to:

- define acceptable/unacceptable conduct by employees,
- promote high standards of ethics in all UNISA endeavours, and
- establish a framework for professional behaviour and responsibilities.

Example of a code preamble

- *Organisation vision, mission and strategy*

It is imperative to also position the code and its contents in such a way that they are meaningfully aligned to, and supportive of the organisation's vision, mission and in particular, its strategy. The vision is the organisation's dream or a state in which it envisages itself to be at a point in the future. The mission describes the organisation's business and how it aims to go about conducting that business in pursuit of its vision. The organisational strategy and associated strategic objectives (or thrusts) describe 'the road' the organisation needs to travel to achieve its vision and accomplish its mission.

The organisation's ethical standards, as represented by its code, provide the normative dimension underlying the vision, mission and strategy. As such, the expectations, targets, modus operandi, foci and pressures that emanate from the pursuit of the vision and the attainment of the mission and strategy, should not clash with or undermine the normative ethos of the organisation as articulated in its code. In the box below are examples of strategies that could defy the purpose of a code.

Self-defeating strategies

- A hostile take-over strategy could hardly be executed without severe ethical repercussions
- A cost-cutting strategy can result in retrenchments, which have devastating ethical implications for the human beings that are affected
- A speed strategy leaves little time for reflection on the ethical implications of business decisions
- A multinational expansion strategy implies venturing into new countries and new cultures that bring about differing perceptions on how to conduct business ethically
- A fixation on the financial bottom-line and shareholder appeasement leaves little room for considerations of ethical standards
- An aggressive growth strategy may cause the organisation to neglect control mechanisms that curb unethical behaviour

Examples of strategies that could defy the purpose of the code

5.3.4. Values and guidelines for behaviour

The main content of codes are values and behaviour. Many codes based on values-, stakeholder- or citizenship-based architectures are designed using a three-tier approach:

1. Values
2. Behaviours that flow from the values
3. Contextual behaviour examples

- **Values**

If strategy is described as ‘the road’ the organisation chooses towards fulfilment of its vision and mission aspirations, then the organisation’s ethical values become the *road-side markers* that indicate the boundaries within which the strategy could be executed. Organisational values are stable convictions about those aspects that are important for the organisation’s sustainable development. Although different kinds of values can be distinguished in organisations, e.g. strategic values and work values (cf. Rossouw and Van Vuuren, 2017:8), the focus of codes is on the ethical values of an organisation. In the preamble of the code, the link between the ethical values and the other values of an organisation can be illustrated.

In cases where not only ethical values, but also strategic and work values are included in a code, the code is actually transformed into a *values statement*, rather than purely being a code of ethics. In contrast to a *values statement*, a code of ethics will focus exclusively on the ethical values of an organisation.

Ethical values refer to the convictions of an organisation regarding the optimal *moral interaction* between an organisation and its stakeholders – such interactions determine the long-term mutual trust between the organisation and its stakeholders. Examples of typical ethical values are integrity, honesty, fairness, respect, openness and ubuntu.

Should a values-based architecture be employed in code design, the entire code, or a substantial part of it, is devoted to the organisation’s ethical values. The values as identified are stated, and each value is defined by using a concise explanation of the general meaning of the value within the context of the organisation’s business. This could then

be further elaborated upon by describing how each value should be broadly applied when dealing with the organisation's primary stakeholders.

- ***Behaviour guidelines***

The code architecture and selected format determine whether the application of each of the values should be discussed in further depth. Should the decision be made to further elaborate upon the values, each value is then described in terms of *specific behaviours*, or conduct provisions, that demonstrate the actual application of the value across business contexts and situations. The behaviours associated with each value are then described to ensure that behaviours are observable and measurable. The code then becomes a much lengthier version of a classic aspirational code of ethics.

Examples of generic behaviours that often require inclusion in codes are presented in the table below.

Accuracy of books and records	Employee volunteer activity	Protecting company proprietary information
Accuracy of expense accounts	Facilitation fees	Procurement
Bullying	Fair competitive practices False or misleading advertising	Proper use of company time and assets
Corruption (including bribery and facilitation payments)	Fraud	Proper use of power/ authority
Computer usage (email; internet)	Gathering information about competitors	Protecting the company's reputation
Conflicts of interest	Gossiping and rumour mongering	Protecting the environment
Contracting/procurement	Gifts, gratuities, and entertainment	Protecting personal information
Discrimination in the workplace	Insider trading	Relations with vendors/ suppliers

Electronic communication	Mobile phone use during office hours	Sexual harassment
Employees' right to privacy	Money laundering	Social media use
Employee health and safety	Physical security	Substance abuse and smoking
Employee theft	Political contributions/activities	

Behaviours that can be included in codes

Adding specific *behavioural guidelines* to each value make the values real. Organisations often merely ‘throw’ a set of values ‘at’ their stakeholders in the hope that everyone will automatically understand and immediately apply the values. This is a naïve assumption – people interpret the meaning of values differently and not all interpretations will necessarily complement the collective ‘good’ as envisaged. Ethical values are by nature vague and abstract concepts – the word *integrity* for example, remains a word on the wall or in the code until such time that it is ‘translated’ into observable and visible *behaviours* that describe a concrete contextual translation and application. Words such as respect, fairness, honesty, responsibility and other ethical values should receive the same ‘behavioural’ treatment.

Merely knowing what the values are and even understanding the behaviours that are typical of each value, do not guarantee values’ balance. Strategic, work and ethical values could be misinterpreted to the extent that they actually become opposing concepts. Consider the following simple set of three organisational values:

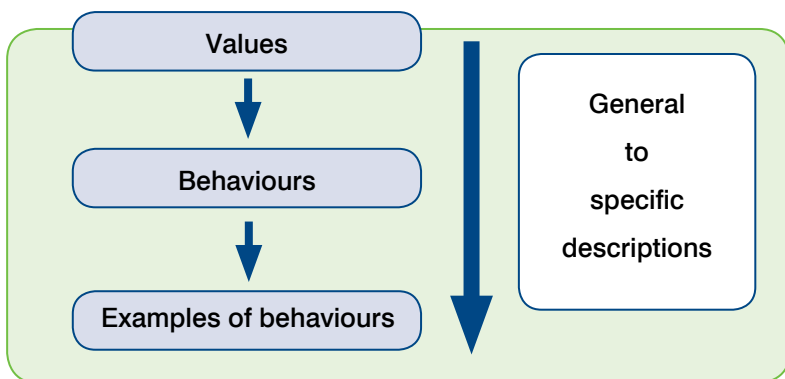
Value type	Organisation X values	
	What organisation X named their values	How organisation X described their values
Strategic	Winning	Losing is not an option
Work	High work ethic	We work harder than everybody else
Ethical	Honesty	We deal straight

What would happen should the leadership of Organisation X emphasise and fixate on its strategic value ('winning') and believe that they could only 'win' when the employees are consumed by their work ethic? How employees interpret the strategic and work values conveyed by their leadership could, in the case of Organisation X, be that 'winning' and 'working hard' is so important that it trumps the 'we deal straight' ethical value. Employees would thus have no qualms about disregarding ethics to ensure that they please their leaders that demand, in the perception of employees, 'winning at any cost'! A meta-goal of translating values into behaviours is to convey the 'balancing' of values and to make it clear that *all* values of an organisation, and particularly its ethical values, should be equally respected.

- ***Behaviour examples***

The code format determines whether there is 'room' in the code contents for typical practical examples that demonstrate a specific behaviour guideline. Providing conduct examples may of course expand the code and turn it into a very lengthy document. Organisations normally opt to include behavioural examples in their codes when there are recurring patterns of ethics transgressions.

To summarise, the three-tier flow from values to examples in a code is depicted in the diagram below.



The three-tier flow from values to examples

Examples of the translation of values into behaviours when using a three-tier approach are provided in the table below.

Value	Behaviour statement	Behaviour example
Respect	We treat all our stakeholders with the utmost dignity and respect	We always use professional language and tone with difficult customers; we listen to them with patience and respond to their legitimate expectations
Fairness	We are fair to our suppliers and respect their need to have sustainable businesses	We pay our suppliers within 30 days after invoice
Honesty	We tell our employees the truth	We keep our employees informed in a timely manner about all organisational design decisions that may affect them
Openness	Our procurement processes are transparent	Suppliers can track the progress of their tenders, proposals and quotations; all unsuccessful bidders are notified of final procurement decisions within 30 days of the finalisation of such and proper reasons for being unsuccessful are communicated

Translation of values into behaviours

5.3.5 Supporting structures, processes and resources

Once the values and desired accompanying behaviours have been formulated, the code is not yet complete. Most organisations thereafter include towards the end of the code, or as appendices, further auxiliary content. These supporting structures, processes and resources could include:

- Guidelines for ethical decision-making
- Ethics advice
- Declarations
- Safe reporting channels
- References to other resources
- Links to ethics policies
- Sanctions
- Organisational ethics governance and management structures

Each of the above aspects will be discussed below.

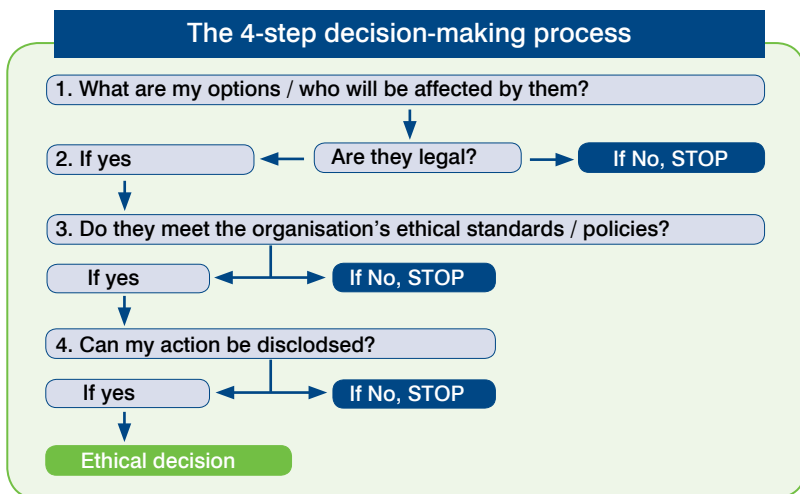
- *Guidelines for ethical decision-making*

Guidelines for ethical decision-making are sometimes provided to make it easier for readers of the code to understand the ethical implications of adherence or non-adherence to guidelines, and to make informed ethical decisions.

These guidelines can, for example, be presented as a decision-making flowchart or a checklist of appropriate questions that could be asked when confronted with an ethics challenge. In some instances, industry- or organisation-specific ethical challenges are presented in short vignette or case study format, after which these are analysed by applying the decision-making flowchart or checklist of questions.

A typical flowchart model of ethical decision-making is presented in the diagram on the next page.

Guidelines for ethical decision-making are sometimes provided to make it easier for readers of the code to understand the ethical implications of adherence or non-adherence to guidelines.



Ethical decision-making model

Checklists of questions that could be posed to determine the potential impact of ethical decisions vary between organisations. An example of such a checklist is included in the PricewaterhouseCoopers (PwC) *‘Doing the right thing – the PwC way’* document. The company advises their employees to ask the following questions when they are faced with an ethical decision:

1. Is it against PwC or professional standards?
2. Does it feel right?
3. Is it legal?
4. Will it reflect negatively on you or PwC?
5. Who else could be affected by this (others in PwC, clients, you, etc.)?
6. Would you be embarrassed if others knew you took this course of action?
7. Is there an alternative option that does not pose an ethical conflict?
8. How would it look in the newspapers?
9. What would a reasonable person think?
10. Can you sleep at night?

Example of questions to guide ethical decision-making

- *Ethics advice*

Employees frequently do not necessarily have the need to report unethical behaviour (blow the whistle) but they may have concerns or questions on how to deal with everyday ethics challenges. Typical questions that employees may seek advice on are:

- A co-worker is flirting with me. Is that harassment?
- Is there a conflict of interest if I serve on the governing body of the school that my children attend?
- A supplier invited me to attend a football match at their cost on Saturday. May I go?
- I want to take a client to lunch. Will the company pay for the wine should we have some?

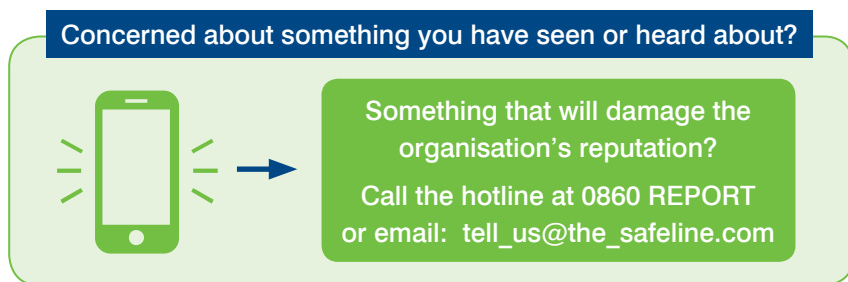
Readers of codes may not find direct answers to such questions in a code. Also, a code can never cover all ethics-related issues that may occur. Stakeholders therefore need advice on how to interpret codes' guidelines and thus need to have access to a facility or 'helpdesk' where they can obtain answers, e.g. the ethics office. It is imperative to include the contact details of the ethics advice facility in the code's auxiliary content as can be seen in the illustration below:



Example of a reference to an advice facility

- *Safe-reporting channels*

When employees observe unethical or suspicious conduct, they should be offered channels for reporting such conduct safely. These channels can include internal reporting channels as well as external ones. Guidance on these internal and external safe-reporting channels could typically be provided as part of the auxiliary content of a code (as can be seen in the illustration below). In cases where organisations offer the opportunity to report in a confidential and anonymous manner to a safe-reporting (or whistleblowing) facility, the procedure for submitting such reports can briefly be outlined in the code. All the relevant contact details of the (usually externally operated) safe reporting facility should be provided.



Example of reference to a safe reporting facility

The code could also contain guidelines on the scope and depth of the information required when reporting observed unethical conduct in the organisation. Reassurance on the confidentiality of information provided, the extent to which the reporter's anonymity will be respected, and how they will be protected, can be outlined. Organisations may also choose to be clear on what malicious or vindictive reporting is, as opposed to the reporting of actual fraudulent and unethical actions that stakeholders may be aware of.

- *References to other resources*

Some organisations opt for including references to other resources in the code to assist readers in understanding the content and application of the code. As such, there could be a section in the code that provides the reader with information on specific docu-

ments that could assist them in better understanding the purpose and content of the code. Examples of such documents are:

- Corporate Governance Guidelines
- Local and international legislation that has relevance for understanding and interpreting the code (e.g. the Protection of Personal Information (POPI) Act in South Africa, the Sarbanes-Oxley Act in the USA or the Protected Disclosures Amendment Act in South Africa)
- Industry-specific regulations
- The United Nations Global Compact
- The Organisation for Economic Co-operation and Development (OECD) guidelines on corruption prevention.

- *Link to ethics policies*

Codes often contain references or links to other in-house ethics-related policies. In printed versions of codes there will merely be a list of relevant ethics-related policies with an indication of where these policies could be accessed. Organisations also publish their codes and policies on their intranet. In the latter case, references to other ethics policies can be available in the form of 'live' links that take users directly to the policies. Typical ethics-related policies are:

- Anti-bribery
- Recruitment and vetting of staff
- Employee remuneration
- Procurement
- Protected disclosures (whistleblowing)
- Conflicts of interest
- Gifts
- Anti-sexual harassment
- Bullying

- **Sanctions**

Codes can also indicate sanctions for transgressions of the code. Although the negative tone invoked by stating sanctions clearly may detract from a positive inspirational tone, it is sometimes necessary to employ the 'big stick'-approach to prevent unethical behaviour especially in organisations that function in a high-risk industry (e.g. banking). The inclusion of sanctions is largely a feature of a code of conduct. Aspirational codes of ethics rarely contain information on potential sanctions.

The consequences, e.g. disciplinary action or even summary dismissal of code violation may also be included in the auxiliary content. Some organisations may include, as an appendix to their codes of conduct, details of (1) misconduct categories, (2) applicable sanctions for each misconduct category, and (3) an indication of how serious the misconduct category is. An example of such a categorisation of misconduct is attached as Annexure A to this book.

Some codes also indicate what could happen to contracted stakeholders who have knowledge of unethical behaviour that they either observed, or have become privy to, but fail to report it. Knowing about violations by colleagues, but not acting upon it, may lead to being labelled as an accomplice. The punitive consequences for such inaction can also be spelled out in the sanctions.

- **Organisational ethics governance and management structures**

Reference to relevant organisational ethics governance and management structures can also be included in the code. This practice would usually only apply to large organisations that have multiple divisions, regional operations and comprehensive governance and ethics management structures. This information could be presented in concise table form, as depicted below.

Designation (if necessary/applicable)	Names	Contact details (if applicable)
Chair of the ethics committee of the governing body		
Ethics champion		
Group chief ethics officer		

Designation (if necessary/applicable)	Names	Contact details (if applicable)
Divisional/regional ethics officer(s)		
Risk management		
Forensics		
Human resource management		
Employment relations and labour unions' representation		
Legal and compliance		

Relevant organisational ethics governance and management structures

It is debatable as to whether names of functionaries and their contact details, as displayed in the table above, should be included in the code. On the one hand it is a fact that people move on and contact details change. On the other hand, such information is deemed sufficiently important to include in codes. Updating of such information can be easily done when the code is available in electronic format. Even if codes are printed, they should be reviewed annually, and the information can be amended during the review process.

5.4. The tone of the code

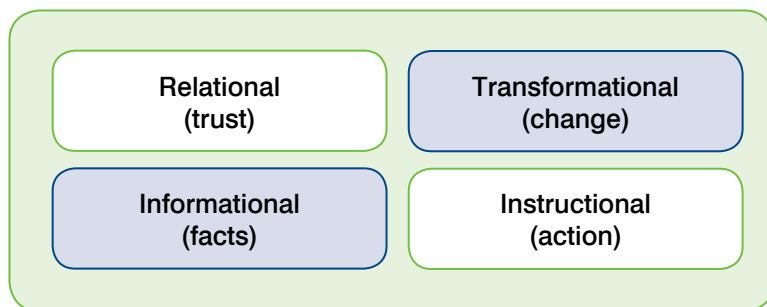
A very important, but often neglected aspect of code design, is the tone of the code. Tone in the context of codes of ethics refers to the general feeling or mood that one gets when reading or listening to the content of a code of ethics.

Tone thus refers to what is written between the lines of a code. For example, when I read a code, do I get the feeling that the organisation trusts or distrusts me? Or do I feel safe or fearful when I read or listen to a code?

Tone in the context of codes of ethics refers to the general feeling or mood that one gets when reading or listening to the content of a code of ethics.

The reason why the tone of a code is so important, is that if there is a conflict between the tone of the code and the content of the code, the credibility of the code could be adversely affected. The same is also true if there is a conflict between the tone and the purpose of the code. For example, if the purpose of the code is to inspire confidence among stakeholders in the ethics of the organisation, but the underlying tone of the code is punitive, the code would fail in attaining its purpose.

A useful model for identifying the tone of a code is provided by a framework for organisational communication that was introduced by Quinn and others (1991) and Stevens (1996). This framework is called the 'Competing Values Framework', and it identifies four distinct tones of organisational communication, namely, (a) relational, (b) transformational, (c) informational and (d) instructional communication. These four tones are displayed in the table below.



Competing Values Framework, Quinn et al., 1991.

A distinguishing aspect of the 'Competing Values Framework', is that the opposing quadrants of the framework conflict with each other.

When the tone of organisational communication is relational, it communicates trust. When the tone is transformational, it communicates that change is expected. In the case of an informational tone, the intention is to convey facts, while in the case of an instructional tone, it communicates that action is required.

A distinguishing aspect of the 'Competing Values Framework', is that the opposing quadrants of the framework conflict with each other. That implies that a relational tone conflicts with an instructional tone, while a transformational tone conflicts with an informational tone, and vice versa.

This has an important implication for codes of ethics. If the purpose of designing a code was to inspire trust (relational communication) in stakeholders of the organisation, but the underlying tone of the code is instructional, there will be a clash between the purpose and the tone of the code that will undermine the ability of the code to serve its intended purpose. In a similar vein, if the intended purpose of the code is to introduce change in the organisation, but the underlying tone of the code is informational, the purpose of affecting change will be undermined by the informational tone of the code.

It is therefore of cardinal importance that the tone of a code should align with the purpose and content of the code. It is advisable for those tasked with code design to test the views of a variety of stakeholders on how they perceive the underlying tone of a code. Should there be clashes between the code and the intended purpose or the content of the code, the code should be revised to align its tone, purpose or content.

Once a code of ethics has been developed, it is recommended that it is reviewed against a leading practice standard. Although this review should ideally be done before the code is published, it is also possible to do such a review at any stage in the lifecycle of a code. This review should preferably be done by an objective internal or external expert who was not involved in the development of the code, for the simple reason that it is not good practice to mark your own homework.

Such a code review should consider both form and content aspects of the code. In the following section, guidelines are provided for reviewing the code against leading practice standards.

6.1. Form aspects for review

The following aspects of the code form should be reviewed:

- **Clarity of purpose:** *Is the purpose of the code clear?*

A code should always be designed to serve one or more specific purpose(s). Once the code has been completed, it should be assessed whether it is clear from the format and content of the code that the code indeed serves its intended purpose.

The purpose of a code can either be explicitly stated, or it can remain implicit in the code. It is also possible that the purpose of the code can be spelled out in a message by, for example the CEO of the organisation, which forms part of the auxiliary content that accompanies a code. Irrespective of whether the purpose of the code is made explicit, or remains implicit, it should be clear to the intended audience of the code what purpose(s) the code is serving. Should this not be the case, the code should be revised to ensure that the intended audience of the code have clarity on the purpose of the code.

- **Understandability:** *Is the code written in a manner that is understandable to its intended audience?*

It is important that the code should not be written in legalistic language that is only understandable to a small portion of the intended readers of the code.

Should the code be only intended for employees of an organisation, one should determine the lowest language proficiency levels of employees and ensure that the code is written on a language level that is understandable to them. Furthermore, one should determine what the mother tongue (native language) of employees are, and consequently, if possible, make the code available in the major languages that are spoken by employees.

It is strongly recommended that the final review of the language of the code be done by a professional writer or language editor, or even by a poet.

Should the intended audience of the code not only include employees, but also, for example, members of the governing body, suppliers, business partners, clients, or the public at large, then the same considerations mentioned above in terms of language level and mother tongue should be applied.

Should some members of the intended audience of the code be illiterate, audio or visual aids should be used to make the code accessible to them.

It is strongly recommended that the final review of the language of the code be done by a professional writer or language editor, or even by a poet.

- **Tone:** *Is the tone of the code aligned with the purpose and content of the code?*

It is important to check whether the tone of the code is aligned with the intended purpose, as well as the content of the code.

The 'Competing Values Framework' discussed under section 5.4 above, can be used to map the tone of the code. Once the tone of the code has been determined, an assessment should be done to determine whether there is alignment or clashes between the tone, purpose and content of the code.

It is advisable to check with a varied sample of the intended audience of the code, on how they perceive the tone of the code. Should any clashes between

the tone, purpose and content of the code be identified, the code should be revised to eliminate such clashes.

- ***Format:*** *Does the format of the code serve the purpose of the code?*

The purpose of the code will determine what the most appropriate format for that specific code is. The different formats that a code could take were discussed in section 5.2 above. It was indicated that codes could be positioned anywhere on a spectrum ranging from codes of ethics at the one end, to codes of conduct at the other end of the spectrum.

Once the code has been completed, one should check whether the final format of the code remains aligned to the intended purpose. For example, should the final format of a code be a rather long code of conduct, while the initial purpose of drafting a code was to create a short values-based code of ethics, there clearly is a mismatch between the purpose and the format of the code. In such a case the format and content of the code should be changed to align with the intended purpose and intended format.

- ***Architecture:*** *Does the code have a clear and understandable structure?*

The code also needs to be assessed as to whether it has a clear structure that will make the code easy to understand. In this regard the code can be assessed against the different architectural designs, or a meaningful combination thereof, that were discussed in section 5.1 above. There is no one-size-fits-all structure for codes of ethics or conduct. What matters is whether the code structure succeeds in conveying the content of the code in a clear and understandable manner, and whether the architecture of the code is appropriate for the intended purpose of the code. Should the code fail the architecture test, serious revision of the architecture of the code is required.

- ***Accessibility:*** *Is it easy to find what you are looking for in the code?*

The code should be assessed for the ease of finding what one is looking for in the code. The accessibility of the code is to a large extent determined by the architecture of the code. If a code has a clear structure, it will make it easier to figure out in what section one will find what one is looking for. If one, for

example, wishes to find out what the ethical standards are by which suppliers should abide, and the code has a stakeholder-based design (see 5.1.2. above), it should be fairly easy to identify the relevant section of the code that deals with suppliers.

In longer format codes, such as codes of conduct, a table of contents, and even an index could further enhance the accessibility of a code.

- ***Intended audience: Is it clear to whom the code applies?***

The intended purpose of the code will determine who the audience of the code would be. In other words, is it clear from reading the code for which audience the code was written, and who are expected to abide by the ethical guidance given in the code?

If the intended audience of a code is not made explicitly or implicitly clear, the code needs revision. It should be made clear whether the code is only meant to be followed by employees, or whether it also applies to other contracted stakeholders like members of the governing body, suppliers and business partners.

- ***Internal logical coherence: Do the different parts of the code form a logical coherent document?***

The last aspect regarding the form of the code, relates to whether the different parts of the code form a logically coherent document. If the code appears like a randomly selected hodge-podge of ethics topics, it seriously undermines the readability and understandability of the code.

The internal logical coherence of a code will to a large extent be determined by whether there is a clear architectural structure in the code.

The internal logical coherence of a code will to a large extent be determined by whether there is a clear architectural structure in the code. Such a clear architectural structure will ensure that the different parts of the code form a coherent whole.

Should an assessment of the code reveal a lack of logical coherence, the code is destined for a deep review to fix its basic architecture.

6.2. Content aspects for review

The following aspects of the content of a code should also be reviewed:

There is no need for a code to cover all possible areas related to the ethics of organisations. What is covered in a code is ultimately determined by the purpose of a code.

- **Comprehensiveness:** *What is covered by the code?*

There is no need for a code to cover all possible areas related to the ethics of organisations. What is covered in a code is ultimately determined by the purpose of a code. For example, if a code is merely intended to guide employees on the ethical standards of intra-organisational conduct, the content scope of such a code would be limited to typical intra-organisational ethical issues.

However, depending on the scope of a code, it might make sense to compare a code to several leading practice frameworks that provide guidance on what could or should potentially be included in a code of ethics.

An example of such a framework is the United Nations Global Compact, which covers the themes of human rights, worker rights, environmental responsibility and corruption prevention. Another useful resource is the Global Business Standards Codex (Paine et al, 2005) that covers the following eight principles: fiduciary principle, property principle, reliability principle, transparency principle, dignity principle, fairness principle, citizenship principle and the responsiveness principle (which is displayed in the table below). Frameworks like the above-mentioned are useful to check whether important ethical matters have not been left out in the drafting of the code.

1. FIDUCIARY PRINCIPLE: Act as a fiduciary for the company and its investors. Carry out the company's business in a diligent and loyal manner, with the degree of candour expected from a trustee.

Diligence	Company	Promote the company's legitimate interests in a diligent and professional manner
		Maintain the company's economic health
		Safeguard the company's resources and ensure their prudent and effective use
		Refrain from giving excessive gifts and entertainment
	Investors	Provide a fair and competitive (or better) return on investment

Excerpt from the Global Business Standards Codex, (Paine et al, 2005:3)

Depending on the architecture of a code, it is also useful to assess the content of a code against the values of the organisation, its material stakeholder map, the ethics risk profile of the organisation, or its corporate citizenship impact.

Should any content gaps be identified in a code, additions should be made to the code. It must, however, be once more emphasised that not all codes have to comprehensively cover all ethical issues related to an organisation. The content to be included is ultimately determined by the purpose, format and intended audience of the code.

- ***Alignment with strategy: Is the code aligned with the strategic objectives and identity of the organisation?***

The code should also be assessed for whether it aligns with the strategic positioning and identity of the organisation. The code should not exist as something separate or isolated from the strategic objectives and identity of the organisation. There should be an explicit link between the vision, mission, strategy and values of the organisation and the code of ethics. This link should either be made explicit in the code itself or can alternatively be articulated in the auxiliary content to the code.

- *Auxiliary content: Which additional sources of information can support the code?*

Besides the content of the code itself, it should also be assessed whether the intended audience of the code should be provided with additional information that can assist them in abiding by the code.

Examples of such auxiliary content that could be included in, or attached to the code are:

- Guidance on seeking advice regarding ethical matters;
- Guidance on the reporting of unethical conduct;
- Channels for safe or confidential reporting of unethical conduct;
- A list of resources that can be consulted for additional advice on ethical conduct;
- A message from organisational leaders (e.g. CEO or chairperson of the governing body) in support of the code, or that provides clarification on the purpose of the code;
- An indication of accountability measures or sanctions in case of breaches of the code; and
- A list of ethics-related policies that can be consulted in addition to the code.

It is not always wise or practical to include such auxiliary content in the code itself as it can distract from the content and focus of the code, and also makes the code a quite lengthy document. In the final review of a code of ethics, due consideration should thus be given not only to what auxiliary content is required, but also to whether such auxiliary content should be included in, or be attached to, the final code.

A checklist for code review is attached as Annexure B to this book.

In this section the answer is provided to the ‘*Have code. So, what now?*’ question. Codes should be ‘prepared’ for implementation though – this will be elaborated on in the first section below. The second section contains guidance on how codes could be implemented as documents in their own right that guide ethical thinking and behaviour – this is referred to as primary implementation. The third section addresses secondary implementation and indicates how codes of ethics can be used in conjunction with other ethics management interventions. The first topic that warrants some attention though, is the preparation of the code for subsequent implementation.

7.1. Preparation for implementation

Once the code has been completed in terms of contents, it cannot be implemented immediately. The following are yet to be attended to:

It may stand the organisation in good stead to utilise an expert independent writer to finalise the formulation of the contents.

- *Readability*

It is important that the contents are presented in a language that is easy to read, understand and talk about (also refer to section 6.1 on language and tone). Also, the terminology used should be aligned to the organisation’s jargon or ‘lingo’, hence the uniqueness of each organisation’s code. The readability requirement should be addressed prior to final approval of the code. It may stand the organisation in good stead to utilise an expert independent writer to finalise the formulation of the contents. In the case of a short aspirational code, and to ensure that the tone and wording has a strong motivational character, the words and tone used are akin to writing poetry – a powerful message needs to be composed for the code to have an inspirational impact. Remember, an aspirational code literally conveys the spirit of the call for ethical behaviour.

- *Quality control*

To ensure that the outcome of the code design process results in a product of high quality, organisations may even utilise objective external ethics experts to analyse the content for logic, factual correctness, comprehensiveness and practical usefulness. Benchmarking could also be used to evaluate the code against those of other similar organisations. It can also be benchmarked against leading practice guidelines on code

design. Section 6 as well as Annexure B of this book provide detailed guidelines on the various aspects of codes that should be reviewed for their quality and appropriateness.

- *Legal vetting*

Although not all codes should be legally binding, a legal opinion on code contents may be useful to pre-empt potential legal action that may be brought against the organisation when the code is applied as part of a disciplinary process. Codes of *ethics* should never be viewed as a legally binding document – it makes no sense to use an inspirational document to build a case against those who transgress. Codes of *conduct*, on the other hand, are often conditions of service documents that should be complied with. It thus makes sense to have the contents of such codes vetted by a legal practitioner. It is, however, crucial that codes are never written in the same punitive way that characterise many pieces of legislation. It should be remembered that lawyers are not ethics experts – the ethos of codes may be compromised should they be worded in very legalistic language.

- *Publication*

A code does not need to be presented in a glamorous and glossy format for its contents to be sound and be embraced by stakeholders.

A code does not need to be presented in a glamorous and glossy format for its contents to be sound and be embraced by stakeholders. Nor does it have to be printed in hard-copy format in today's paperless work environments. They should, however, be loaded onto the organisation's website in a way that gives the document high visibility and accessibility for internal and external stakeholders. Should the organisation have sufficient budget, the end-product could be professionally and artistically designed for electronic or hard copy display.

A code packaged in this way could be widely distributed and become a document that everyone in the organisation could be proud of and 'own'. It may therefore be prudent to involve graphic designers and page layout experts to give the code a professional 'look and feel'. Appropriate illustrations, graphics and artwork could be used to create a user-friendly document.

Organisations should be cognisant of the fact that employees and other stakeholders are reluctant to read lengthy documents. To ensure that the code is actually used regularly, a professionally presented format with concisely formulated contents will entice more stakeholders to be curious about it and read it. Lengthy codes are often the result of a need to comprehensively 'cover all the angles', but such documents are seldom read in depth. Besides being impossible to account for all potential types of ethical challenges, there are always supporting ethics-related policies that could be reverted to should readers require more detail.

Organisations whose operations extend to several countries and cultures should consider translating their codes into the local vernacular. An example of such a practise is the multinational company Johnson & Johnson that has over the years translated its code, which they call 'Our Credo', into several different languages around the globe. This is an astute approach, as ethics contents that are rather vague (e.g. generic values) are not always understood in the same way by people from different languages and cultures.

7.2. Primary implementation

The aspects of primary code implementation that will be discussed here are branding, code launch, obtaining shared commitment, and ongoing awareness creation.

- *Branding of the code*

Branding aims to establish a significant and differentiated presence for the code in the organisation that makes it top of mind and that attracts and retains attention.

Branding involves the process of creating a unique name and image for the code in stakeholders' minds. That is, using a consistent theme when communicating it to stakeholders over time. Branding aims to establish a significant and differentiated presence for the code in the organisation that makes it top of mind and that attracts and retains attention.

- *Code launch*

Once the code has been formally adopted it could be introduced to stakeholders in a memorable way. It is after all the stakeholders who provided information on the risks and other content that were included in the code and who are expected to appropriate the code and give it 'living document' status over time. The launch could take the form of an event or multiple events in a roadshow fashion, or on an electronic platform where credible leaders communicate their endorsement of, and dedication to, the code, to organisational audiences.

- *Obtaining shared commitment*

Some organisations choose to conduct a session where the code of *ethics* is symbolically endorsed by stakeholders. Employees could, for example, in an act of demonstrating commitment to the code, sign the code presented to them in poster-size placard form during an event. Such gestures of symbolic endorsement should, however, never be used against employees in a punitive way in future.

Symbolic endorsement is usually reserved for codes of ethics. As it pertains to codes of *conduct*, it is often compulsory for employees to sign the code to confirm that they have read and understood the contents, either when joining the organisation or even on an annual basis. The latter is mostly a legal requirement and signing a code of conduct does not really contribute to the formation of ethical organisational cultures.

- *Ongoing awareness creation*

Marketing and other communication interventions should be used to continuously 'take the code to the people.'

The hard work is not over once the code has been designed, adopted and launched. Marketing and other communication interventions should be used to continuously 'take the code to the people'. This might stimulate retained attention and improve the probability that the code will be actively utilised to guide behaviour and decision-making. It is imperative that awareness of the code and its content among employees and relevant stakeholders should be monitored on an ongoing basis.

7.3. Secondary implementation

Besides being utilised as an ethics intervention in itself, as described above, the code could also become an integral component of many other ethics management interventions. Since the code is the ethics constitution of the organisation, the code could be continuously used to benchmark ethical behaviour. Such utilisation is referred to as secondary code implementation. This manifests during ethics management interventions such as ethics awareness initiatives, employee induction programmes, ethics training, code utilisation by line management, ethics orientation of other stakeholders, recognition for adherence to code stipulations, communication around ethics-related policies and disciplinary action

- *Ethics awareness*

It is rather pointless to conduct any type of ethics awareness programme without affording the code a prominent role therein. After all, a code represents the collective 'good' of the organisation by providing clarity on desired ethical standards and behaviour. Awareness campaigns should convey the spirit of the code and what it symbolises. Stakeholders could then be guided on how to utilise the code in their daily activities and when decisions are called for.

- *Employee induction programmes*

Exposing new employees to the organisation's 'good' may constitute a career-defining moment for many of them, as knowing what is expected from the outset brings predictability and security to their work environment.

The ideal time to inform new employees of the organisation's ethical standards is when they are inducted into the organisation they have just joined. Exposing new employees to the organisation's 'good' may constitute a career-defining moment for many of them, as knowing what is expected from the outset brings predictability and security to their work environment. This could take the weight of being unsure of what is expected of them in terms of ethics, off their shoulders.

- *Ethics training*

Ethics is not always concrete and precise – organisational ethics is not an exact science. As such, using the code during ethics training opportunities to translate the expected ‘good’ into visible behaviours, to assist employees in discovering exactly how the code applies to them, what is required of them, and how the code can be used to optimise ethical decisions, is an indispensable element in ethics training.

- *Line management and code application*

Although an organisation’s ethics is managed in an over-arching manner by the ethics office, it is ultimately the obligation of line management to talk and walk ethics (be role models) and to create an environment where it is okay to bring ethics into conversations. Line managers could familiarise their employees with the code and its contents, use the code when decisions have ethical consequences, and even recognise employees for code interpretation and application that go beyond-the-call-of-duty, e.g. when someone decides to walk away from a potentially compromising situation that may lead to ethics fall-out in future.

- *The code and other stakeholders*

Using the code when dealing with other contracted stakeholders, e.g. suppliers, can bring certainty about what is expected of them, or prevent them from using ethically questionable tactics that they may have gotten away with in the past. Many organisations make their codes part of the contracting processes, and even provide ethics training to their suppliers and other contracted stakeholders on their ethical standards. Several organisations develop specific codes that relate only to procurement procedures and their relationships with suppliers.

- *Linking codes to ethics policies*

Codes of ethics are often the umbrella ethics ‘policies’ of organisations. As such it provides the context and motivation for the existence and enforcement of other ethics-related policies. There can hardly be communication or training on the application of policies without understanding how these policies relate to the code.

- *Disciplinary action*

It is almost inevitable that there will be transgressions of an organisation's code. When this occurs, the punitive side of ethics management is activated, and disciplinary action applied. Specific violations of code of conduct guidelines can be used to:

- Evaluate the nature of undesirable behaviour
- Provide a basis for inquiries and investigations, and
- Determine the contents of the charge sheet of the inquiry and subsequent sanctions.

The integrity and credibility of a code ultimately hinges on whether the code is applied consistently and fairly across and within all contexts, divisions and hierarchical levels

It is important to understand that the implementation of a code should always be aligned to the purpose of the code. Implementation outcomes of values-based codes are the development of a coherent ethical culture in the organisation over time. Emphasis on implementing codes of conduct, or rules-based codes will, at best, prevent unethical behaviour and may not directly contribute to the formation of ethical cultures.

In summary, consistency in code application is the definitive determinant of whether a code will be respected and continuously used. *'We have good codes and policies, but they are not applied consistently'* is one of the top five ethics risks in organisations. The integrity and credibility of a code ultimately hinges on whether the code is applied consistently and fairly across and within all contexts, divisions and hierarchical levels.

The fastest way to cause stakeholders to lose faith in the credibility of a code is to, for example, sweep code violations by senior leaders under the carpet, whilst other employees are summarily punished or dismissed for similar offences.

Codes of ethics have the potential to be pivotal and powerful instruments in guiding conduct and culture in organisations. They can become living documents that nourish the ethos of organisations.

The guidance provided in this *Codes of Ethics Handbook* can ensure that a code of ethics is designed in a systematic and purposeful manner that will enhance the chances of the code fulfilling the purpose for which it was created. A well-designed code with a clear purpose, an appropriate format, relevant content, and the right tone, is more likely to have an impact on an organisation than a code with a sloppy design, lack of logical coherence and confusing content.

Even the best designed code can still fail to make an impact on an organisation. It can only have an impact on an organisation if it is properly communicated, embraced and supported by leaders on all levels of the organisation, and consistently applied to all levels of the organisation. Codes of ethics need an ethics ecosystem to come to life and to thrive. Ultimately a code is words on paper that must be given life and legitimacy through the decisions and actions of people.

Codes of ethics have the potential to be pivotal and powerful instruments in guiding conduct and culture in organisations

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Annexure A: Categorisation of misconduct

Category	Misconduct Offence	Offence					Misconduct level
		1st	2nd	3rd	4th	5th	
Attendance/abuse of time	Absent from work without permission	1st Written Warning	Final Written Warning	Dismissal	–	–	Serious
	Late for duty/leaving early	Verbal Warning	1st Written Warning	2nd Written Warning	Final Written Warning	Dismissal	Misdemeanour
	Extended breaks/rest periods	Verbal Warning	1st Written Warning	2nd Written Warning	Final Written Warning	Dismissal	Misdemeanour
	Passing time idly	Verbal Warning	1st Written Warning	2nd Written Warning	Final Written Warning	Dismissal	Misdemeanour
Damage/abuse of property	Wilful damage or misuse of property	Final Written Warning	Dismissal	–	–	–	Very Serious
	Negligent damage of property	1st Written Warning	Final Written Warning	Dismissal	–	–	Serious
	Theft	Dismissal	–	–	–	–	Very Serious
Violence	Threats of violence/assault/intimidation	Final Written Warning	Dismissal	–	–	–	Very Serious
	Assault/attempted assault	Dismissal	–	–	–	–	Very Serious
	Physical violence	Dismissal	–	–	–	–	Very Serious
	Intimidation	Dismissal	–	–	–	–	Very Serious
	Possession/brandishing weapon	Dismissal	–	–	–	–	Very Serious
Fraud and dishonesty	Falsifying documents	Dismissal	–	–	–	–	Very Serious
	Wrongful use of funds	Dismissal	–	–	–	–	Very Serious
	Making false statements	Dismissal	–	–	–	–	Very Serious
	Conducting unauthorised private work	Dismissal	–	–	–	–	Very Serious
	Conflict of interest	Dismissal	–	–	–	–	Very Serious
	Non-disclosure of gifts	Dismissal	–	–	–	–	Very Serious

Code Review Template

Rating scale:

SCORE	LEVEL	DESCRIPTION
1	Inadequate	Does not adhere to minimum standards
2	Average	Room for improvement
3	Excellent	Adheres to leading practice

A	FORM ASPECTS	LEADING QUESTION	1	2	3
A1	Clarity of purpose	Is the purpose of the code clear?			
A2	Understandability	Is the code written in a manner that is understandable to its intended audience?			
A3	Tone	Is the tone of the code aligned with the purpose and content of the code?			
A4	Format	Does the format of the code serve the purpose of the code?			
A5	Architecture	Does the code have a clear and understandable structure?			
A6	Accessibility	Is it easy to find what you are looking for in the code?			
A7	Intended audience	Is it clear to whom the code applies?			
A8	Internal logical coherence	Does the different parts of the code form a logical coherent document?			
B	CONTENT ASPECTS				
B1	Comprehensiveness	Are all relevant risks and issues covered given the purpose of the code?			
B2	Alignment with strategy	Is the code aligned with the strategic objectives and identity of the organisation?			
B3	Auxiliary content	Which additional sources of information can support the code?			

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He is an internationally recognized expert in Business Ethics and the Ethics of Corporate Governance. He wrote several books on business ethics and published in leading international journals. After serving as the Founding President of the Business Ethics Network of Africa (BEN-Africa) he served as President of the International Society of Business, Economics and Ethics (ISBEE).

Deon served as a member of the Research Team for the Second King Report on Corporate Governance for South Africa, was a member of the Sustainability Committee for the Third King Report on Corporate Governance for South Africa. He currently serves on the King Committee for Corporate Governance in South Africa and has been recognized as a Chartered Director by the Institute of Directors of South Africa.

Deon has extensive training and consulting experience in the private, public and professional sectors in South Africa, other African countries, the Middle East and Europe. He serves in both executive and non-executive capacity as director on several governing bodies.

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During 2015 he was appointed by the South African Minister of Health to serve a second five-year term on the Professional Board for Psychology of the HPCSA. In this capacity he is a member of the Executive Committee of the Board and the Chairperson of the Committee for Preliminary Inquiry (Ethics Committee).

Leon has published numerous articles in international and national scholarly journals. He is co-author of *Business Ethics* (6th ed., 2017) and is the editor of a number of handbooks. He was the founding editor of the *African Journal of Business Ethics*. Insofar as organisational ethics (training and advisory services) is concerned, he focuses specifically on ethical leadership training, the training of Boards and Executive Committees on ethics matters, organisational ethical culture change and the implementation of ethics management functions.



Codes of Ethics Handbook

Codes of ethics can be powerful instruments in setting ethical standards and cultivating ethical cultures in organisations. That explains why codes of ethics are often regarded as the ethics constitution of an organisation. However, codes can also be mere words on paper that has no effect on conduct and culture. Whether a code of ethics is a powerful instrument or mere words on paper, will be determined by a variety of factors.

The *Codes of Ethics Handbook* focuses on factors that should be considered in the process of designing a new code of ethics, or when an existing one is revised. Codes of ethics are also contextualised within the broader governance and management of ethics in organisations. Matters that should be considered to ensure that a code becomes a living document in an organisation are discussed.

The *Codes of Ethics Handbook* provides practical guidance to persons in governance and management positions who are responsible for developing or implementing codes of ethics.

The Ethics Institute is an independent public institute producing original thought leadership and offering a range of ethics-related products and services.

Our vision is: Building an ethically responsible society. We pursue our vision through thought leadership and an ethics-related offering, including training, advisory services, assessments, products and a network of supporters. We work with the public and private sectors, and with professional associations.

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