

## The Importance of a Code of Ethics

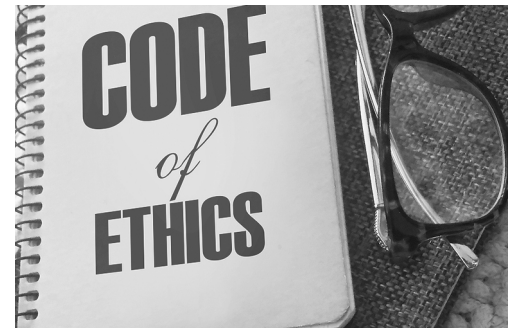


A code of ethics can be written in a number of different ways, depending on the organization, its internal mode of operation, and management style. Most commonly, a code of ethics is written by the executive team or by a cross-section of employees from various functions. At times, it is also designed by staff members from specific departments, such as organizational development, corporate communications, marketing, and/or human resources. The more stakeholders who are involved in writing the code of ethics, the more likely it is to be integrated into the organization's culture.

Most companies do not have—or need—a full-time ethics officer, so human resources may be viewed as the keeper of the company ethics. HR is often involved in establishing a code of ethics and may take a lead role in communication, training, and enforcement.

### Communication

Communication of the code of ethics is an ongoing process. While HR may take the lead in organized communication of the code, the actions of management also send important messages about the code of ethics. If the actions of the organization's managers are not consistent with the code of ethics, all the communication in the world will not be successful in getting employees to internalize the code. Employees receive the message that it is acceptable to act in ways that violate the code. So while it is important to communicate the code of ethics and its importance, be aware of the messages being sent by others in the company.



### Code of ethics

A code of ethics or code of conduct is a written collection of the rules, principles, values, and employee expectations, behavior, and relationships that an organization considers significant and believes are fundamental to their successful operation. It provides a framework and a standard for ethical decision making within the organization. In addition to its importance within the organization, the code of ethics may inform customers, vendors, and other external stakeholders what is valued by the organization, its management, and employees. The effectiveness of an organization's code of ethics depends heavily on whether management supports and follows the code and how employees who break the code of ethics are treated.

## Training

Training employees is key to the successful adoption of a code of ethics. The organization is instructing employees how it wants them to act when faced with potential ethical issues. Training should be based on the code itself. What does the company expect of employees? For example, when ethics conflict with getting the job done on time or on budget, what is the company's position on what an employee should do? What resources are available to employees if they are faced with an ethical dilemma? A guideline or flowchart of the decision making process should be provided to help employees work through their issues. Practical application of the code should be discussed using hypothetical situations.

Personal character is the key building block of an effective code of ethics. The company should strive to hire individuals with high moral standards and expect every employee to act in an ethical manner in all company matters. When employees act with integrity and have appropriate company guidance and support to work through "sticky" situations, the decisions made are likely to be ethical ones.


This sample document is only an example and is based on the laws in effect at the time it was written. MRA-The Management Association, Inc. does not make any representations or warranties regarding the appropriateness or prudence of using this information for any particular individual or situation. Your company should add, delete, or modify the content of this document as needed to suit your purposes. This material is for your information only and should not be construed as legal advice. In some circumstances it may be advisable to have legal counsel review final documents prior to implementation.

© MRA – The Management Association, Inc.



In the end, ethics is a matter of corporate culture. Organizations must set high expectations through their codes of ethics and then live to those high standards, making them an integral part of the corporate culture. When management considers the code of ethics important, regularly affirms their

### MRA's HR Hotline can help you!

 866-HR-Hotline | 866.474.6854

 [InfoNow@mranet.org](mailto:InfoNow@mranet.org)

 [mranet.org/24-7/hr-hotline](http://mranet.org/24-7/hr-hotline)

# As one of the largest nonprofit employer associations in the nation, MRA:

**Serves 4,000 employers**

covering one million employees worldwide.

Holds more than **2,000 Training** events annually.

**200 HR experts**

with more than 2,000 years of collective knowledge, experience and expertise.

Offers more than **1,000 HR Guides** templates, toolkits, and more.

HR SERVICES



LEARNING & ORGANIZATION DEVELOPMENT



TALENT MANAGEMENT



TOTAL REWARDS



## MRA is Your TotalHR® Resource.

MRA helps you create powerful teams and a safe, successful workplace with talent, tools, and training.



Wisconsin

Minnesota

Illinois

Iowa

[www.mranet.org](http://www.mranet.org) 800.488.4845