



## AN ETHICS STRATEGY:

# Every company should have one

CYNTHIA SCHOEMAN LOOKS AT THE IMPORTANCE OF A CLEAR ETHICS STRATEGY AND SUGGESTS SIX FOCUS AREAS THAT CAN BE USED TO CREATE ONE

The goal of sound ethics and an ethical culture is shared by most organisations. However, building and maintaining an ethical organisation is often made more difficult because the management of ethics is not prioritised. Ethics is frequently only addressed reactively, after a problem has occurred, or in an ad hoc way.

A clear ethics strategy is needed to better enable the organisation to realise its ethical goals. Ideally, this strategy should include six focus areas. The

first two provide the initial foundation, while the remaining four represent primary focus areas of ongoing activity that are needed to manage an organisation's ethics.

### 1: SETTING ETHICAL STANDARDS

An organisation's ethical standards need to be clearly defined through the company's values and rules. The values should identify the desired behavioural parameters, which should be translated into acceptable and unacceptable be-

haviours in the company's code of conduct and supporting policies.

The behaviour of leaders – the way they live out the standards in practice – is even more influential because they are such powerful role models. They effectively set and entrench the ethical standards of the organisation by the values they demonstrate, what they say and by what they do.

### 2: SETTING UP AN ETHICS COMMITTEE

The Companies Act now mandates that most companies (except small companies) establish a social and ethics committee. But, even in the absence of legislation, an ethics committee can be a valuable facet of an ethics strategy.

The value of this committee's contribution will rest on its composition: members need to be senior enough that they can make decisions and authorise necessary actions. However, the ethics committee should not assume the role of the sole custodian of ethics in the workplace. Instead, all employees need to recognise their role and contribution to the company's ethical status. The committee's success will rest on the extent to which they achieve this buy-in.

### 3: BUILDING ETHICAL AWARENESS

Ethics awareness is a powerful approach in the pursuit of improved workplace ethics, particularly as regards reducing unethical behaviour.

Visible policing provides a good example of the impact of awareness. The private security vehicle which patrols the neighbourhood may not result in many (or any) criminals being apprehended, but their regular presence serves to raise ethical awareness and, in so doing, acts as a deterrent to crime being committed in that area. So too, a high level of ethical awareness in the workplace can realise the same outcome of reducing misconduct.

Ethical awareness can also promote ethical behaviour by providing a constant reminder of what is acceptable behaviour within the organisation. This is especially effective when the visible examples stem from the positive behaviour of the leaders of the organisation.

### 4: MEASURING AND MONITORING ETHICAL STATUS

The measurement and monitoring of a company's ethical status is yet another crucial aspect of an effective ethics

strategy. The dictum that if you can't measure something, you can't manage it applies to ethics as much as any other area of a business. A positive ethical status lends itself to many benefits, amongst others, customer retention, corporate reputations and brand equity, while a negative status can be damaging on many fronts.

One way to measure an organisation's ethics is to conduct an ethics survey, such as the Ethics Monitor. The survey results identify the most important ethical issues requiring attention, which determine the actions that need to be taken to improve ethics in the organisation. The results also provide an Ethics Report which meets the ethics reporting requirements of the social and ethics committee and of King III.

### 5: TAKING ACTION

Improving workplace ethics is optimally addressed by a dual approach which includes actions to improve ethical behaviour and actions to reduce unethical behaviour (much as increasing revenue and reducing costs are addressed together, to improve profits).

The results of an ethics survey can indicate which actions should be taken, in which area of the organisation. Ethical behaviour can be increased through improved values, leadership, organisational culture, and communication and training, while a reduction in unethical behaviour is largely obtained through laws, rules and regulations (including a code of conduct and policies), systems and procedures, and transparency.

### 6: MAINTAINING AN ETHICAL CULTURE

Building an ethical organisation and reaching a high ethical status are significant achievements. The task of maintaining an ethical culture eclipses them, however, because maintenance is a never-ending task. To realise this, requires that companies adopt a strategy based on the proactive, regular management of ethics which pays on-going attention to the steps outlined above.

Together, these focus areas constitute a sound strategy that can realise the organisation's ethical goals. It can also make the difference that distinguishes an ethical organisation from others, which, in the competitive world of business, is a particularly valuable outcome. ✓

*Improving workplace ethics is optimally addressed by a dual approach which includes actions to improve ethical behaviour and actions to reduce unethical behaviour (much as increasing revenue and reducing costs are addressed together, to improve profits)*

*Cynthia Schoeman is managing director of Ethics Monitoring & Management Services which has developed The Ethics Monitor, a web-based survey that enables leaders to measure, monitor and proactively manage their organisation's ethical status*