



# Every company needs an ethics strategy

Develop and implement a clear ethics strategy to prevent ethical issues becoming a problem. *By Cynthia Schoeman*

**T**he 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 needs to include six focus areas.

## 1 Setting the ethical standards

The ethical standards of an organisation need to be clearly defined via the company's values and rules, including the code of conduct and policies. The values should identify the desired behavioural parameters, which should be translated into acceptable and unacceptable behaviours in the company's code of conduct and supporting policies.

The impact 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, by what they say and by what 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, each and every member of the organisation should recognise their role and contribution to the company's ethical status – and 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 with regard to 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 can a high level of ethical awareness in the workplace 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 also a crucial part 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, among others, for customer retention, corporate reputations and brand equity, while a negative status can be very damaging on many fronts.

A comprehensive method to do this is to conduct an ethics survey. The survey results will identify the

most important ethical issues requiring attention and what action to take to improve ethics in the organisation. The results will 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 separately).

If an ethics survey has been conducted, the results will indicate what actions should be taken in what area of the organisation. The most likely areas to increase ethical behaviour will be via values, leadership, organisational culture, communication and training, while reducing unethical behaviour will largely be via laws, rules and regulations (including a code of conduct and policies), systems and procedures and transparency.

## 6 Maintaining an ethical culture

Building an ethical workplace 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. ■

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