

Fundamental Module 3: Ethics in the Workplace
Learner Resource Guide

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Chapter 1

Workplace Ethics: A General Introduction

1.1 What is ethics?

At its simplest, ethics is a system of moral principles. They affect how people make decisions and lead their lives.

Ethics is concerned with what is good for individuals and society and is also described as moral philosophy.

The term is derived from the Greek word *ethos* which can mean custom, habit, character or disposition.

Ethics covers the following dilemmas:

- how to live a good life
- our rights and responsibilities
- the language of right and wrong
- moral decisions - what is good and bad?

Our concepts of ethics have been derived from religions, philosophies and cultures. They infuse debates on topics like abortion, human rights and professional conduct.

1.1.1 What use is ethics?

If ethical theories are to be useful in practice, they need to affect the way human beings behave.

Some philosophers think that ethics does do this. They argue that if a person realises that it would be morally good to do something then it would be irrational for that person not to do it.

But human beings often behave irrationally - they follow their 'gut instinct' even when their head suggests a different course of action.

However, ethics does provide good tools for thinking about moral issues.

- **Ethics can provide a moral map**

Most moral issues get us pretty worked up - think of abortion and euthanasia for starters. Because these are such emotional issues we often let our hearts do the arguing while our brains just go with the flow.

But there's another way of tackling these issues, and that's where philosophers can come in - they offer us ethical rules and principles that enable us to take a cooler view of moral problems.

So ethics provides us with a moral map, a framework that we can use to find our way through difficult issues.

- **Ethics can pinpoint a disagreement**

Using the framework of ethics, two people who are arguing a moral issue can often find that what they disagree about is just one particular part of the issue, and that they broadly agree on everything else.

That can take a lot of heat out of the argument, and sometimes even hint at a way for them to resolve their problem.

But sometimes ethics doesn't provide people with the sort of help that they really want.

- **Ethics doesn't give right answers**

Ethics doesn't always show the right answer to moral problems.

Indeed more and more people think that for many ethical issues there isn't a single right answer - just a set of principles that can be applied to particular cases to give those involved some clear choices.

Some philosophers go further and say that all ethics can do is eliminate confusion and clarify the issues. After that it's up to each individual to come to their own conclusions.

- **Ethics can give several answers**

Many people want there to be a single right answer to ethical questions. They find moral ambiguity hard to live with because they genuinely want to do the 'right' thing, and even if they can't work out what that right thing is, they like the idea that 'somewhere' there is one right answer.

But often there isn't one right answer - there may be several right answers, or just some least worst answers - and the individual must choose between them.

For others moral ambiguity is difficult because it forces them to take responsibility for their own choices and actions, rather than falling back on convenient rules and customs.

1.2 Ethics vs Morals



Many people use the words Ethics and Morality interchangeably. However, there is a difference between Ethics and Morals.

To put it in simple terms, Ethics = Morals + Reasoning.

To have an ethical viewpoint, you should be able to give some reason for it. Yes, Ethics is Moral Philosophy, and Philosophy is all about reasoning 😊

For example, you might feel that it is morally wrong to steal, but if you have an ethical viewpoint on it, it should be based on some sets of arguments and analysis about why it would be wrong to steal.

To be moral is all about adhering to what is described (by society or religion). But to be ethical, you should figure out what is right – by applying some principles and considering all the complexities involved. Clearly, the ethical life is the harder path.

1.2.1 Determinants of Ethics

Determinants are the sources from which the ethical standard arises. There are multiple determinants of ethics like

- Religion
- Law
- Society
- Individual
- Knowledge
- Time

1.2.2 Consequences of Ethics

A consequence is the outcome of any act. Doing good with proper reasoning (being ethical) has many positive consequences like

- Safeguarding the society.
- Feeling good.
- Creating credibility.
- Satisfying basic human needs etc.

However, being unethical has many negative consequences like

- Loss of trust.
- Nepotism.
- Corruption.
- Crimes etc.

1.3 Values

Article

What are Values?

08/08/2018

Values are basic and fundamental beliefs that guide or motivate attitudes or actions. They help us to determine what is important to us. Values describe the personal qualities we choose to embody to guide our actions; the sort of person we want to be; the manner in which we treat ourselves and others, and our interaction with the world around us. They provide the general guidelines for conduct.

Values in a narrow sense is that which is good, desirable, or worthwhile. Values are the motive behind purposeful action. They are the ends to which we act and come in many forms. Personal values are personal beliefs about right and wrong and may or may not be considered moral. Cultural values are values accepted by religions or societies and reflect what is important in each context.

Values are essential to ethics. Ethics is concerned with human actions, and the choice of those actions. Ethics evaluates those actions, and the values that underlie them. It determines which values should be pursued, and which shouldn't. As I discussed in last week's [blog](#), courage is one such value. Those who value courage are willing to stand up for what they believe, even in the face of strong condemnation. Courage is a moral value when it deals with right and wrong conduct.

Value specifies a relationship between a person and a goal. It is relational in the sense that what one person values may not be what another person values even in the same situation. For example, a person who values honesty might blow the whistle on financial wrongdoing by a superior whereas another person who values loyalty may remain silent. This is an example of values conflict. The honest person may believe there are limits to loyalty and keeping quiet about a wrongful act out of loyalty might harm others. The loyal person may believe in the importance of keeping one's confidence even if it might harm others because of the trusting relationship.

Some values stand up well over the test of time; they are always good or rightful behaviour. Honesty and kindness are two such examples. It is difficult to imagine having a satisfying relationship without them because they build trust in relationships. There are always exceptions, but they are rare. For example, if a criminal out to do harm to your friend knocks on the door and asks whether you have seen the friend, you're probably not going to say yes and rationalize it out of a sense of honesty. Here, the greater good, so to speak, is to protect your friend from harm.

I'm a proponent of virtue ethics because it holds that moral values can be turned into excellences of character with practice and repetition. We become virtuous by being virtuous. We use practical wisdom to make decisions about what virtuous behaviour is. It all makes sense -- at least to me.

From a virtue perspective, it is most important to distinguish intrinsic from extrinsic value. Intrinsic value is something that has value in its own right, such as honesty and kindness, whereas extrinsic value is doing something for another reason (i.e., wealth and fame).

I believe what's missing in society today is the commitment to core ethical values that all people should strive to achieve, such as honesty, kindness, compassion, respect, and

personal responsibility. These are values to be admired and illustrative of a person of integrity. Where have they gone???

Blog posted by Steven Mintz, aka Ethics Sage, on August 1, 2018

1.4 Ethical Decision Making

What is ethical? Decision making can be hard enough but when we have to consider ethics and decision making, we can tie ourselves up so tight we stop making decisions entirely. Here is a short guide to help you through the ethics maze and make effective decisions.

Consider this – is it ethical that CEO’s get paid salaries hundreds of times greater than their most junior employees? You could argue a CEO contributes more to the overall wealth and health of the company and should be appropriately rewarded, however, others may say it is an unfair, indefensible abuse of power. I guess your answer depends how far up the management food chain you are!

Ethical decision-making affects more than our working life. What are you wearing today? Do you know the working conditions of the person who made it? Are you happy with that? And that cup of coffee you had at breakfast – who made the biggest buck from your purchase?

Here is a short guide to help you think through ethical issues and make effective decisions.

1. Is it an ethical issue?

Being ethical does not always mean following the law. And just because something is possible does not mean it is ethical, hence the global debates about bio-technology advances such as cloning. And ethics and religion do not always concur.

This is perhaps the trickiest stage in ethical decision making, as sometimes the subtleties of the issue are above and beyond our knowledge and experience. Listen to your instincts – if it feels uncomfortable making the decision on your own, get others involved and use their collective knowledge and experience to make a more considered decision.

2. Get the facts

What do you know, and just as importantly, what don’t you know? Who are the people affected by your decision? Have they been consulted? What are your options? Have you reviewed your options with someone you respect?

3. Evaluate alternative actions

There are different ethical approaches which may help you make the most ethical decision.

- a. Utilitarian Approach – which action results in the most good and least harm?
- b. Rights Based Approach – which action respects the rights of everyone involved?
- c. Fairness or Justice Approach- which action treats people fairly?
- d. Common Good Approach – which action contributes most to the quality of life of the people affected?
- e. Virtue Approach – which action embodies the character strengths you value?
- f.

4. Test your decision

Could you comfortably explain your decision to your mother? To the man in the street? On television? If not, you may have to re-think your decision before you take action.

5. Just Do It – but what did you learn?

Once you have made the decision, then don't waste time in implementing it. Set a date to review your decision and make adjustments if necessary. Often decisions are made with the best information to hand at the time, but things change, and your decision making needs to be flexible enough to change too. Even a complete about face may be the most appropriate action further down the track.

Ethical decision making is a tricky business, but you can make more palatable, workable decisions if you follow these 5 simple steps.

1.5 Professional Ethics

Professional ethics refers to the personal code of conduct that one is expected to uphold in a workplace, as well as the ethics of the organization and industry that he or she works for.

Professional ethics is an ancient concept that dates back to the days of Ancient Greece and the Roman Empire. Professional ethics and codes of conduct first appeared in the

Hippocratic Oath, which established a series of laws, or professional ethics, for people working in the field of medicine. Many other distinguished fields also have a code of ethics for professionals, including law and finance. Professional ethics are designed to establish a basic manner in which affected individuals are expected to associate and interact with one

another. This establishes a base level of acceptable behaviour that is designed to make human interactions go smoothly.

1.5.1 Professional Ethics and Duties

There are a number of professional obligations that each individual must adhere to in order to ensure that his or her behaviour is considered appropriate and acceptable in the workplace. Honesty, respect for others (whether it's supervisors, subordinates, patients or clients), hard work (in other words, carrying one's weight in a corporate or business setting to be part of a team) and confidentiality are considered to be the pillars of professional ethics. Confidentiality is important in all lines of work, but it is particularly critical in the fields of medicine and science. Additionally, in many situations, professionals are expected to abide by the simple motto of "do no harm." This applies to all work situations, and it holds true for people regardless of how long they've been working and whether or not they enjoy their jobs. The principle behind this value is that, through their work, people have a duty to help make the world a better place. Doctors, for instance, have a professional ethical obligation to help people recover from an illness or injury. Lawyers can help clients win legal battles and settle disputes in their families, communities, and places of work.

1.5.2 Corporate Ethics Codes and Violations

In addition to broad philosophical and industry guidelines and standards for ethical performance, many individual companies and corporations have their own set of ethics codes for employees of all levels to follow. These codes establish ethical behaviour that is intended to make the workplace a happier, healthier, and more productive place. Ethic codes are based on the same principles of valuing others' opinions, treating others in the workforce with kindness and respect and abiding by personal ethics of honesty, integrity and hard work. Company ethics are also intended to bestow certain responsibilities on individuals to ensure that they are carrying their weight in the workplace. Corporate ethics, like industry ethics, also have consequences for those who do not abide by the code of ethics. The ramifications for violating an ethical code can be minor, such as just a verbal

warning, or more severe, such as the loss of a job or even punishment, such as jail time or a fine. Examples of violating or not abiding by an ethical code are gross negligence, which is failing to deliver a minimally acceptable level of standard care, and deliberate wrongdoing, which is when a professional intentionally causes harm to a patient or co-worker.

Note: A more detailed discussion on the code of Conduct and Ethics are covered in Chapter 2.

1.5.3 Work ethic skills

There are several qualities that contribute to having a strong work ethic. Here are just a few key skills that can help you improve your work:

- **Accountability:** Having accountability means you are able to manage your own work well without much oversight. If you are accountable, you will be seen as a reliable team member who is responsible and contributes well to a task or project.
- **Discipline:** Having discipline means you are able to focus and complete tasks no matter the circumstances. Managing your time well is a key component of practicing discipline.
- **Honesty:** Being truthful at work is valuable because it can help tasks to be completed more quickly and in a quality way. Practice honesty when giving feedback, sharing project ideas and when you have made a mistake. Owning and improving upon mistakes at work shows that you are willing to take risks and learn from them.
- **Humility:** Being humble means having a healthy perspective of your own importance in the workplace. This does not mean that you should have a negative or low view of your work or skills. Instead, it means that you prioritize listening to others, share your own ideas when it will be valuable and are honest about both your wins and your areas of improvement.
- **Integrity:** Integrity is defined as always doing the right thing no matter who is watching. Practicing integrity results in gaining the trust of those around you.
- **Organization:** Being well organized can help you get tasks done on time, communicate clearly with others and set proper expectations about your work. You might keep several workspaces organized such as your desk, computer, calendar and notes.
- **Quality work:** While it is crucial to turn your work in on time, it is also important that the work is done well and meets all requirements. If you consistently complete work that needs revisions and leads to more time and effort, you may not be considered as

having a strong work ethic.

- **Responsibility:** Being responsible at work is a general quality that results in your work being done well, on time and practicing good communication skills with those around you. Responsible people know what is expected of them and deliver on those expectations.
- **Teamwork:** Working well with others is a key component of work ethic. This involves having respect for those around you, practicing proper communication skills and having empathy so you understand how to interact best with each individual you work with. This will allow you to easily work alongside a team towards a common goal.
- **Time management:** Managing your time well can help you meet deadlines, set appointments or meetings and communicate proper expectations about your schedule. It is also important to be punctual at work both when you arrive and when you have meetings.

Ways to Demonstrate Work Ethic

- 1 Put away things that might distract from your work, such as your cell phone.
- 2 Ask trusted colleagues or mentors to help you identify areas for improvement and set SMART goals.
- 3 Spend your time wisely on tasks that align with your goals and prioritize tasks by impact.
- 4 Organize your notes, email inbox, and workspaces for increased focus, motivation and time management.
- 5 Take breaks throughout the day and practice a healthy work/life balance to avoid burnout.
- 6 Identify aspects of your work that motivate you such as tasks, goals or colleagues.
- 7 Practice time management to complete quality, on-time work and to be more present during meetings.

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1.5.4 Unethical Workplace Behaviours

- **Lies**

Lying is a trait that is detested in and outside the workplace. It kills trust, affects relationships and may even put people in trouble.

There are different situations where employees lie in the workplace—with just one lie opening the floor for many others. It could be a sales manager lying about the number of clients they were able to get in a month or an employee calling in sick just to attend another job interview.

A lot of employees start lying from their CV, by adding experiences they didn't acquire, and the skills they don't have. Employees need to understand that lying about work may eventually get them in trouble and needs to stop before they lose their job.

However, we notice that employees lie due to fear of their employer—an employee will call in sick to go for interviews because companies frown against employees interviewing at another company. HR should put up a more friendly culture that will encourage people to progress in their careers taking up other jobs and even support them throughout the process.

- **Taking Credit for Others Hard Work**

It is very common for managers to take credit for their team member's hard work when reporting to the management. A team member may have brought an idea that helped the sales team improve their sales by 200%.

However, when giving a report, the manager doesn't mention the team member's name but claims the idea as his. Employees need to reduce the use of "I", but embrace the use of "We".

By taking credit for another person's work, you will be denying the person a promotion, bonus or commendation for a job well done. This will discourage the person from sharing ideas that will benefit the company in the future.

- **Verbal Harassment/Abuse**

Employees need to stay away from using foul language on co-workers in and out of the workplace. This is very important when dealing with customers.

Customers are known to get angry and may result in verbal abuse due to a bad product or service. They may even get insult you when they are at fault.

As a customer care representative, salesperson or any other employee, it is both important that you don't use abusive words on customers no matter how provoked.



- **Violence**

Similar to verbal harassment, employees should not be violent when dealing with coworkers and customers. Customers may likely provoke you, but it is better to keep shut and walk away rather than turn violent.

- **Non-Office Related Work**

A lot of employees have side hustles which they use to supplement salaries. This is very good and only very few companies are against employees working to make money outside work hours.

However, some employees still do non-office related work during office hours. Employees who have side hustles should try doing them on weekends or employing other people to handle some of the business logistics to avoid eating into office hours to get the work done.

- **Extended Breaks**

Companies give lunch breaks to employees and people take advantage of these breaks to do other things outside office work like, go for interviews, meet with friends or even work on their side hustles. They are free to do whatever they want these lunch breaks.

Employees, however, take advantage of these lunch breaks and extend them beyond time.

- **Theft/Embezzlement**

Some employees are known for diverting company funds into their bank accounts—padding project quotations, invoices, etc. to deceive the company on how much was spent on particular projects.

This act is detrimental to the company because employees who steal sometimes replace quality products with counterfeits which are cheaper but causes damage in the future.

- **Sexual Harassment**

Sexual harassment is an offense that is not limited to the workplace alone. An employee accused of sexual harassment will not only face consequences in the workplace but also tried at a court of law.

Many companies have a zero-tolerance rate for sexual harassment in and outside the workplace. This may tarnish the company's reputation and the only way to curb is to make an example of defaulters.

- **Corrupt Practices**

Some common causes of corruption can be seen during the employment process of an organization. They invite so many people to send their CVs and come for interviews but only people with the same political affiliation with them get the job.

This is also common with companies that ask for contractors to bid for a project but the employees will only give them to their friends who may not even bid at all.

1.5.5 Management/Employers Unethical Behaviours

Workplace ethics is not for employees alone. Employers are also bound to workplace ethics and may also be tried for unethical behaviour.

- **Sex for Job/Promotion**

It is common for managers, employers and major decision-makers to use their position in the workplace to influence the hiring decision in exchange for sex.

- **Late Night Out/Unpaid Overtime**

Some employers take advantage of desperate job seekers and the competitive job market to use employees' leisure time as they wish. They do so with the mentality that they are doing employees a favor by employing them, not knowing that the favor is mutual.

Employees who are scared of queries or job loss are not able to protest the infringement into their private time by the employer.

- **Verbal Harassment**

It is common among employers to verbally harass employees when they make little mistakes. This will reduce employee morale and productivity.

Employers should always say kind words to their employees.

- **Undue Pressure**

Deadlines are a great way to make sure the work gets done on time. However, when employees are placed under undue pressure, they end up trading quality for on-time delivery.

An example of undue pressure will be giving an employee a 1-day deadline for a project that would normally take a week.

- **Nepotism**

This is a common type of corruption that happens in the workplace. An employee who has been working hard for years while influencing company growth may get sidelined for a promotion because of another employee who is a family friend, family or friend of the employer. Things like this are what reduces employee morale or even push talented employees from drop a resignation.

- **Unfriendly Work Environment**

One of the things that can mar productivity is an unfriendly working environment. This may come as a combination of abusive bosses, lack of commendation, nepotism, etc. An unfriendly environment is an environment that combines various unethical behaviors into one.

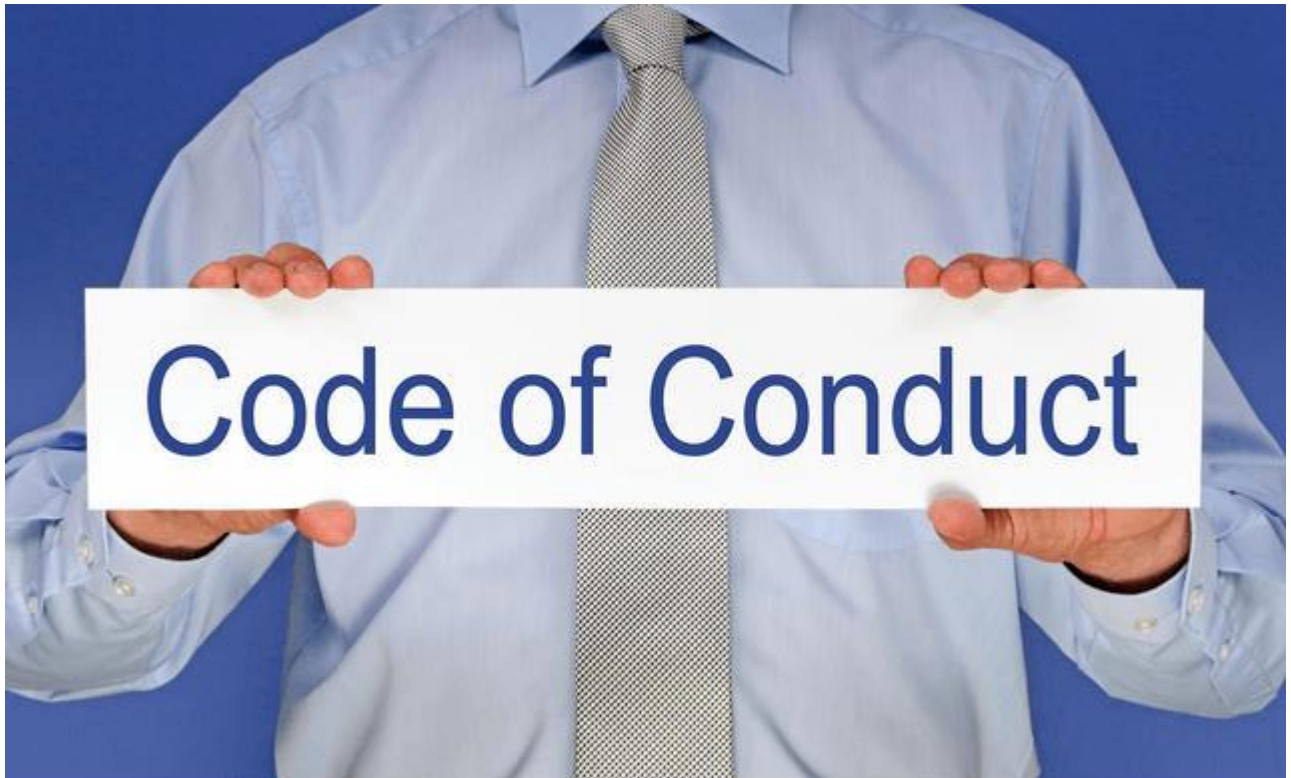
- **Unrealistic Expectations**

Creatives usually have it worse when it comes to having unrealistic expectations from employees.

1.5.6 How to Solve Unethical Issues at the Workplace

- **Have Rules** (refer to chapter 2)

Organizations need to have predefined rules and regulations regarding workplace ethics. These rules and regulations should be given to new employees together with their employment contract.



Also having the rules written at strategic places at the workplace will also help remind people about the rules. People tend to unconsciously imbibe things they see every day.

- **Accept Feedback/Complaint**

Make it easy for employees to send feedback or complaint in case of harassment, abuse or any other unethical activities going on in the workplace.

- **List consequences for unethical behaviours**

Consequences for unethical behaviours should also be placed alongside the rules at strategic places in the organization. That way, if anyone wants to ignore the rules despite seeing them, the fear of getting punished will stop him or her from going ahead.

- **Swift Justice/Disciplinary Action**

Some Companies often cover up issues of rape, sexual harassment, etc. when the perpetrator is a high ranking member of the organization. Things like this should not be accommodated.

Irrespective of who breaks the rule, there should be swift disciplinary action by the organization.

1.7 Ethical Leadership

Ethical leadership is a form of leadership in which individuals demonstrate conduct for the common good that is acceptable and appropriate in every area of their life. It is composed of the following three major elements:

1. Be the Example

A noble **quality of a leader** is leading by example. As an ethical leader, it's important to remember that actions often speak louder than words. People are more likely to judge someone based on how they act, rather than what they say. By practicing and demonstrating the use of ethical, honest and unselfish behaviour to subordinates, ethical leaders may begin to earn the respect of their peers. People may be more likely to follow a leader who respects others and shows integrity.

2. Champion the Importance of Ethics

One role of an ethical leader is focusing on the overall importance of ethics, including ethical standards and other ethical issues, and how these factors can influence society. As an ethical leader, it's important to teach peers about ethics, especially in cases where they are faced with an ethical issue in the workplace.

3. Communicate

Successful ethical leaders tend to be good communicators. People communicate in different ways. Some may feel comfortable speaking in public, regardless of personnel or situation, while others may be hesitant to speak with a leader because of fear, anxiousness or simply not knowing how to articulate what they are trying to say. They might be better talking via email, rather than in person. It's an ethical leader's job to communicate with each member of the team, but also allow for open conversation, as some people may have questions and concerns that need addressed. It's important for leaders to build camaraderie with their team. Quality relationships tend to be built on trust, fairness, integrity, openness, compassion and respect.

1.7.1 Impacts of Ethical Leadership

Ethical leaders can help establish a positive environment with productive relationships over three levels: the individual, the team and the overall organization.

Nurturing the relationships at each of these levels can lead to the following outcomes and benefits:

1. The Well-Being of the Individual

Maintaining a positive working atmosphere is an important responsibility of a strong ethical leader. Ethical leaders who lead by example may influence others to do the same. Generally, people are affected by the interactions that occur around them. Positive communication among co-workers may help influence job productivity and attitude.

2. **The Energy of the Team**

Ethical leadership can also involve the management of conduct and collaboration within a team. Typically, morale is higher in the workplace when people are getting along with each other. When co-workers are working as a team, it can help build relationships in the workplace and help the overall performance of the group. Generally, strong leaders lead by example.

3. **The Health of the Organization**

The importance of maintaining a **positive attitude** in the workplace has a lot to do with improving the overall health of the organization. When people can show respect for one another, and can value other's opinions, it may help create a productive working environment. An ethical organization can occur when communities of people work together in an environment of mutual respect, where they can grow personally, build friendships and contribute to the overall goal.

1.8 Corporate Governance in South Africa

Corporate governance in South Africa is informed by common law and statute, soft law and market regulation. South Africa is a member of the G20 and as such works closely with other members for the implementation of international best practice in financial and market regulation. It has also taken a global lead in the adoption of integrated reporting, a fact that has influenced its corporate governance practice. The emeritus chairman of the International Integrated Reporting Council and the Global Reporting Initiative is also the chief drafter of the South Africa Corporate Governance Code, colloquially known as the 'King Code'.

1.8.1 Common law and statute

South Africa modelled its company law on the English example and therefore has a unitary board. Much of English common law of companies has been adopted into South African case law. English common law is still instructive in the interpretation of company law, but the Companies Act 71 of 2008 ('the Companies Act') was heavily influenced by the corporation legislation from Canada, Australia and New Zealand. There is now a wider distinction between the regulation of companies in South Africa and the United Kingdom and the persuasive value of English law has declined in favour of a wider consideration of international perspectives.

The Companies Act commenced on 1 May 2011 and it includes a statutory statement of directors' duties. The statement is based on the common law fiduciary duties of directors and officers and on the duty to act with care, skill and diligence. Section 76(3)(a) and (b) provide that a director of a company, when acting in that capacity, must exercise the powers and perform the functions of the director in good faith and for a proper purpose, and in the best interests of the company. Section 76(3)(c) provides that a director must exercise the powers and perform the functions of a director with the degree of care, skill and diligence that may be reasonably expected from a person carrying out the same

functions as the director and having the general knowledge, skill and experience as the director. These statutory duties do not present a codification and the common law duties still apply to directors. Directors owe their duties to the company.

A statutory business judgment rule is set out in section 76(4). A director or officer will have satisfied her duties to act in the best interests of the company or with the necessary care, skill and diligence, if she can show that she took reasonably diligent steps to become informed about the matter; that she had no material personal financial interest in the matter or disclosed it properly in terms of the relevant sections of the Companies Act (s 75); that she made a decision or supported a decision by a committee of the board; and that she had a rational reason for believing and did believe that the decision was in the best interest of the company.

Liability in terms of these provisions is determined in accordance with the principles of the common law relating to a breach of fiduciary duties or in delict (tort) for a breach of the duty of care, skill and diligence (s 77(2)). Directors and officers are also potentially liable for any loss, damages or costs sustained by the company as a direct or indirect consequence of a breach of a long list of statutory provisions (s 77(3)). Moreover, section 218(2) provides that any person who contravenes any provision of the Companies Act is liable to any other person for any loss or damages suffered by the person as a result of the contravention. The introduction of this last provision was initially met with some concern that a flood of litigation will ensue against directors, but it has so far not met with much success in litigation.

Although the legislation is set up to empower the Companies and Intellectual Property Commission ('CIPC') to enforce these provisions directly, the institutional resources has not been allocated to this regulator to enable it to take much direct enforcement action for breaches of the Companies Act. Enforcement is therefore mostly left to shareholders and directors through the statutory derivative action (s 165).

The Companies Act introduced a social and ethics committee as a compulsory committee for all state-owned companies and all public listed companies (reg 43(1)(a) and (b) of the Companies Regulations, 2011). Other companies may need to appoint a social and ethics committee if they score highly on a public interest score, the application of which is set out in regulation 26(2). This committee must monitor the company's activities regarding a list of environmental and social issues and report back to the general meeting about these matters (reg 43(5) read with s 72(8)). Issues under the mandate of the committee include the company's standing in terms of the UN Global Compact, the OECD recommendations on corruption, the South African legislation setting out affirmative action in employment and black economic empowerment, the environment, health and public safety, employment relations and consumer relationships.

1.8.2 King IV Report on Corporate Governance for South Africa

South Africa was one of the first countries outside of the United Kingdom to introduce a code of corporate governance. The Institute of Directors of Southern Africa ('IoDSA'), an industry body representing directors, convened a committee under the leadership of Mervyn King, a former High Court judge to compile the first Code of Corporate Practices and Conduct, which was first released in 1994. The Code has since been reviewed three times, leading to the current version *King IV Report on Corporate Governance for South Africa 2016* ('King IV').

King IV is intended to apply to any organisation that has a governing body, extending its potential scope further than the boards of incorporated companies to include, for instance, trustees of pension funds and councils of municipalities. Entities listed on the Johannesburg Stock Exchange ('JSE') must report on their compliance with King IV's disclosure and application regime as part of their annual report (par 8.63(a) of the *JSE Listings Requirements Service Issue 27*).

The number of principles has been reduced from 75 principles in King III to only sixteen principles in King IV. At the same time, it has moved from a 'apply *or* explain' basis of compliance to an 'apply *and* explain' basis. King IV proceeds from the premise that all organisations that claim to practice sound governance will have applied these basic sixteen principles, but that the method of adoption may differ in accordance with the circumstances of the individual organisation. The explanation that is required by the Code is of the practices that are adopted at the organisation, which shows compliance with the attached principle. Adoption of the Code therefore remains voluntary and it retains considerable flexibility in the means that organisations may employ to comply with the underlying principles.

King IV further assumes that the organisation has implemented integrated reporting, without which the sixteen principles cannot be fully met. Sustainable development is an underpinning philosophy of King IV and it promotes a stakeholder inclusive model of governance.

1.8.3 Market regulation

In addition to the annual reporting requirement mentioned above, certain aspects of governance as set out in King IV are mandatory as listings requirements on the JSE (par 3.84):

- There must be a policy evidencing clear balance of power between directors, so that no one director has absolute powers of decision-making;

- The positions of chairman and CEO must be separated. The chairman must be an independent non-executive director, or otherwise a lead independent director must be appointed;
- A mandatory audit committee, remuneration committee and social and ethics committee must be appointed in accordance with the requirements of the Companies Act;
- A brief CV of each directors must accompany a new listing application, as well as notice of every annual general meeting where the director stands to be elected or re-elected;
- Each director must be categorised as executive, non-executive or independent and criteria are prescribed;
- Unless specifically authorised by the JSE, every listed company must have an executive financial director;
- Certain additional duties are prescribed for the audit committee;
- The appointment of a company secretary is mandatory;
- The board must have adopted a promotion of diversity policy;
- The remuneration policy and implementation report must be presented at the annual general meeting for a non-binding advisory vote of shareholders. If voted against by more than 25% of the vote, the policy must indicate what measures the board will take to address the concerns raised by shareholders during the meeting. Shareholders must be invited to engage with the board on this matter and must be given the time and manner of such engagement;
- The CEO and the financial director must sign off on the annual financial statements confirming a list of prescribed issues.

1.8.4 Investor stewardship

South Africa was only the second country after the United Kingdom to publish a shareholder stewardship code. The Code for Responsible Investment in South Africa ('CRISA'), published in 2011, was heavily influenced by the UN Principles of Responsible Investment and consequently has a strong emphasis on responsible investing over and above shareholder engagement principles. IoDSA was also the originator of this Code, but its secretariat has since moved to the Association for Saving and Investment South Africa, an industry body representing asset managers.

The main purpose of CRISA is to provide guidance to institutional investors about how they should execute investment analysis and investment activities, and exercise rights so as to promote sound governance by investee companies. It is a much more compact document than King IV, comprising only five principles and seventeen recommendations for practical implementation. It applies on an 'apply or explain' basis, which is a less onerous requirement than currently operative in terms of King IV. There is no official sign-on system in place and no central register where record is kept of the signatories to CRISA.

King IV includes a seventeenth principle that applies exclusively to institutional investors, namely that 'the governing body of an institutional shareholder should ensure that responsible investing is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.' The accompanying recommended practices refer to the adoption of a responsible investing code, which presumably refers to CRISA but also to the UN Principles of Responsible Investing. Part 6.4 of King IV sets out a sector supplement to guide the governance principles as they would apply to retirement funds. Here, specific reference is made to the implementation of CRISA as part of the proper governance of retirement funds.

Chapter 2

Code of Ethics and Professional Conduct

A code of ethics and professional conduct outlines the ethical principles that govern decisions and behaviour at a company or organization. They give general outlines of how employees should behave, as well as specific guidance for handling issues like harassment, safety, and conflicts of interest.



2.1 The Difference Between a Code of Ethics and a Code of Conduct:

A code of ethics is broad, giving employees or members a general idea of what types of behaviour and decisions are acceptable and encouraged at a business or organization. A code of conduct is more focused. It defines how employees or members should act in specific situations.

2.2 Can You Combine a Code of Conduct and Code of Ethics?

Yes, in most cases businesses will combine both of these documents into one as there is significant overlap between them. It is rare to find businesses that have two separate policies. Whilst they are technically different documents, employees will have less difficulty recalling important points around conduct and ethics if they have a single document to refer to.

2.3 The Importance of a Code of Ethics:

A code of ethics is important because it helps employees or organization members make decisions that are in line with company values in the absence of a clear rule or direct supervision. A code of ethics can improve decision making at a business, and make it easier for employees to be autonomous.

2.3.1 Code of Ethics and Professional Conduct Sample Template:

1. Be inclusive.

We welcome and support people of all backgrounds and identities. This includes, but is not limited to members of any sexual orientation, gender identity and expression, race, ethnicity, culture, national origin, social and economic class, educational level, color, immigration status, sex, age, size, family status, political belief, religion, and mental and physical ability.

2. Be considerate.

We all depend on each other to produce the best work we can as a company. Your decisions will affect clients and colleagues, and you should take those consequences into account when making decisions.

3. Be respectful.

We won't all agree all the time, but disagreement is no excuse for disrespectful behavior. We will all experience frustration from time to time, but we cannot allow that frustration become personal attacks. An environment where people feel uncomfortable or threatened is not a productive or creative one.

4. Choose your words carefully.

Always conduct yourself professionally. Be kind to others. Do not insult or put down others. Harassment and exclusionary behavior aren't acceptable. This includes, but is not limited to:

- Threats of violence.
- Insubordination.
- Discriminatory jokes and language.
- Sharing sexually explicit or violent material via electronic devices or other means.
- Personal insults, especially those using racist or sexist terms.
- Unwelcome sexual attention.
- Advocating for, or encouraging, any of the above behavior.

5. Don't harass.

In general, if someone asks you to stop something, then stop. When we disagree, try to understand why. Differences of opinion and disagreements are mostly unavoidable. What is important is that we resolve disagreements and differing views constructively.

6. Make differences into strengths.

We can find strength in diversity. Different people have different perspectives on issues, and that can be valuable for solving problems or generating new ideas. Being unable to understand why someone holds a viewpoint doesn't mean that they're wrong. Don't forget that we all make mistakes, and blaming each other doesn't get us anywhere.

Instead, focus on resolving issues and learning from mistakes.

2.5 What to Include Your Code of Ethics and Professional Conduct:

A code of ethics and professional conduct consists of four key sections detailed below. You can cover all of them in a short summary Code of Ethics and Professional Conduct as we have above, or expand on them in detail so employees are clear on how to handle many common situations.

1. The work environment.

Employees should act with integrity, comply with laws, maintain a professional work environment and comply with company policies. They should treat customers, colleagues, and partners ethically at all times.

Work Environment Code of Conduct Topics:

- Equal opportunity.
- Discrimination and harassment.
- Violence policy.
- Safety policy.
- Substance abuse.
- Gambling policy.
- Privacy policy.
- Misconduct explanation and policy.

2. Conflicts of interest.

A company's reputation depends on the actions and integrity of its employees. It is essential that they avoid relationships and activities that hurt, or appears to hurt, their ability to make objective and fair decisions.

Conflict of Interest Code of Conduct Topics:

- Corporate asset contributions.
- Running for public office.
- Insider trading and financial interests.
- Investments in companies employees do business with.
- Employee political interests.
- Significant financial interests in other companies.
- Securities transactions.
- Taking out loans.

3. Protecting company assets.

Employees should always act to protect company assets, including physical, intellectual, and electronic or digital properties.

Company Assets Code of Conduct Topics:

- Preparing, maintaining, and disclosing accurate records.
- Information security.
- Protecting communication and information technology systems.
- Protecting external communications.
- Use of company property.
- Use of property owned by others.
- Facility security.
- Protecting intellectual property.

4. Anti-bribery and corruption.

A company's integrity is essential for maintaining trustworthiness and reputation. Employees should always do their work fairly, honestly, and legally.

Anti-Bribery and Corruption Code of Conduct Topics:

- Doing business with governments.
- Choosing and maintaining service providers.
- Receiving gifts and entertainment.
- Loans, bribes, and kickbacks.
- Relationships with former employees.
- Obligations of departing and former employees.
- Interaction with competitors.
- Relationships with affiliates, international entities, and customers.

5. Attendance and punctuality.

Employees are expected to be regular and punctual in attendance. This means being in the office, ready to work, at starting time each day. Absenteeism and tardiness burden other employees and the company.

6. Absence without notice.

Employees who are unable to work due to illness or an accident should notify their supervisor. This allows the company to arrange for coverage of their duties and helps others continue to work in their absence. If an employee does a report for work and the company is not notified of an employee's status for 3 days, it is typically considered a job abandonment.

7. General harassment and sexual harassment.

This company is committed to providing a work environment free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic are not tolerated.

8. Cell phone use at work.

Personal cell phone usage during work hours is discouraged, except in extreme cases such as an emergency.

9. Dress code.

A professional appearance is important when employees work with customers or potential customers. Employees should be well groomed and dressed appropriately for the business and for their position.

10. Substance abuse.

The manufacture, distribution, possession, sale, or purchase of controlled substances of abuse on company property is prohibited. Being under the influence of illegal drugs, alcohol, or substances of abuse on company property is prohibited. Working while under the influence of prescription drugs that impair performance is prohibited.

11. Tobacco products.

The use of tobacco products on company property, outside of permitted areas, is specifically prohibited.

12. Internet use at work.

Employees may use the Internet when appropriate to access information needed to conduct a business company business. Use of the Internet must not disrupt or injure the company computer network. Use of the Internet must not interfere with an employee's productivity.

2.6 How to Write a Code of Ethics and Code of Conduct:

1. Review your mission statement and core values.

The goal of a code of ethics is to help employees make decisions that are in line with what the company or organization values. This should be distilled into your mission statement and core values, so it's a good place to start.

2. Talk to stakeholders.

What do management, employees, and clients think are the most important values of the company to uphold? Get input from everyone involved to be sure your code reflects what the company stands for. You can have them all look at a code of conduct template to get ideas for how their own might look like.

3. Review past ethical issues.

Where has your company faltered with ethics in the past? Where has it shined? Call attention to problem areas and reinforce the strengths you already have.

4. See where other companies have faltered.

Have other companies in your industry had recent ethical failures? Avoid the same pitfalls by covering these issues in your code.

5. Create a draft code for input and discussion.

Give everyone a chance to help decide on the contents of the code of ethics by inviting them to discuss and give input on a draft.

6. Create a final draft and share it.

Once you've got a final draft approved, share it throughout the organization. Also, make sure that a copy of it is added to your employee handbook.

2.6.1 Code of Ethics and Professional Conduct Examples:

Alphabet	Employees of Alphabet and its subsidiaries and controlled affiliates (“Alphabet”) should do the right thing – follow the law, act honourably, and treat co-workers with courtesy and respect.
Hersey	No matter what job you do or where you do it, you are Hershey. Think about that as you watch over every business relationship, every transaction, and every product, and make sure your actions always reflect our values.
Starbucks	Starbucks empowers all partners to make decisions that impact our reputation. Individual actions at work shape how the world views Starbucks, which is why it’s so important that we each take responsibility for Our Starbucks Mission and acting ethically in all situations.
Under Armour	Make the Right Call. It’s as simple as it sounds. Whenever you’re faced with a decision—big or small—always do what you know is ethically right, and, of course, always follow the law.
Verizon	We know that bigness is not our strength, best is our strength. Bureaucracy is an enemy. We fight every day to stay “small” and keep bureaucracy out.

Is a code of ethics really important for your business to have? At what point should you get one? You may be wondering this, especially if you work for a smaller business or organization.

2.7 Policies and Procedures in the Workplace

Developing and enforcing strong policies and procedures improves workplace culture and protects your organization from potential lawsuits.

Organizations need to develop policies and procedures that reflect their vision, values and culture as well as the needs of their employees. Once they are in place, enforcing these guidelines is even more important. However, accomplishing these goals can be tougher than it sounds.

Without strong policies and procedures in place, you may experience more workplace issues.

2.7.1 What are Policies and Procedures?

Policies and procedures go hand-in-hand but are not interchangeable.

A **policy** is a set of general guidelines that outline the organization's plan for tackling an issue. Policies communicate the connection between the organization's vision and values and its day-to-day operations.

A **procedure** explains a specific action plan for carrying out a policy. Procedures tells employees how to deal with a situation and when.

Using policies and procedures together gives employees a well-rounded view of their workplace. They know the type of culture that the organization is striving for, what behaviour is expected of them and how to achieve both of these.

2.7.2 The Importance of Policies and Procedures

Regardless of your organization's size, developing formal policies and procedures can make it run much more smoothly and efficiently. They communicate the values and vision of the organization, ensuring employees understand exactly what is expected of them in certain situations.

Because both individual and team responsibilities are clearly documented, there is no need for trial-and-error or micromanaging. Upon reading the workplace policies and procedures, employees should clearly understand how to approach their jobs.

Formal policies and procedures save time and stress when handling HR issues. The absence of written policies results in unnecessary time and effort spent trying to agree on a course of action. With strict guidelines already in place, employees simply have to follow the procedures and managers just have to enforce the policies.

Implementing these documents also improves the way an organization looks from the outside. Formal policies and procedures help to ensure your company complies with relevant regulations. They also demonstrate that organizations are efficient, professional and stable. This can lead to stronger business relationships and a better public reputation.

2.7.3 How to Develop Policies and Procedures in the Workplace

When creating a policy or procedure for your workplace, start by reviewing the mission statement, vision and values. A workplace policy should:

- set out the aim of the policy.
- explain why the policy was developed.
- list who the policy applies to
- set out what is acceptable or unacceptable behaviour
- set out the consequences of not complying with the policy.
- provide a date when the policy was developed or updated”.

Once you implement your policies and procedures, the next step is to inform and train employees on them. You can't expect employees to follow guidelines if they aren't aware of them. Be sure to schedule regular refresher training sessions, too, to keep employees on track.

Paychex WORX says that “employees may be more likely to embrace rules when they understand their purpose and that they are not meant to be a form of control or punishment.” For this reason, keep a positive attitude during training sessions and leave plenty of time for employee questions.

Policies and procedures should not be written once and left alone for decades. Reviewing these documents regularly and updating them when necessary is key to their success. In addition to an annual review, consider updating them when you:

- adopt new equipment, software, etc.
- see an increase in accidents or failures on-site
- experience increased customer complaints
- have a feeling of general confusion or increased staff questions regarding day-to-day operations
- see inconsistency in employee job performance
- feel increased stress levels across the office

2.7.4 Types of Policies and Procedures Every Workplace Needs

Organizations need policies and procedures for a wide range of HR topics. Below are some of the subjects you should consider creating guidelines for.

- **Policies and Procedures for Attendance**

These documents can include guidelines on tardiness, vacation time, sick leave, appointments and paid volunteer hours. You can also include the amount of notice required

before booking time off. Take your corporate culture into consideration when developing these rules.

- **Policies and Procedures for Employee Conduct**

This is a broad topic and may require multiple, separate policies. Including guidelines on drugs and alcohol use, smoking, performance management and discipline helps employees know what is and is not acceptable behavior at work.

- **Policies and Procedures for Use of Company Property**

Employees have to use company property in order to do their jobs. Depending on your industry, this could include electronics, medical equipment, vehicles, tools and uniforms. Include guidelines on how to care for company property, as well as how much (if any) and what types of personal use are permitted using company property.

- **Policies and Procedures for Harassment and Discrimination**

Harassment and discrimination affect workplace culture. Keep employees safe and treat them fairly by developing policies and procedures that prohibit behaviors such as:

- sexual harassment
- bullying
- verbal and physical harassment
- stalking
- hiring discrimination
- workplace discrimination

Include information on how to report harassment and discrimination and explain that the company will not retaliate for reporting.

- **Policies and Procedures for Internet and Social Media Use**

Make employees aware that any internet use at work is not private. Urge employees to limit personal internet use and ensure everything they do online in the workplace is legal, ethical and appropriate (and explain what these mean). Add guidelines about what is and is not appropriate to post on social media regarding your organization as well.

- **Policies and Procedures for Health and Safety**

Protecting employees' safety and well-being should be every organization's top priority. When writing your health and safety policies, include information about how to deal with illness or injury at work, equipment safety guidelines and how to report a health or safety concern. Also include procedures to follow in the event of a fire or natural disaster.

- **Policies and Procedures for Expenses**

If your employees travel or purchase things for work, having an expense reimbursement policy in place is essential. Explain what types of expenses are acceptable for reimbursement (airfare class, transportation, meals, etc.). Include procedures on how to submit a reimbursement claim.



2.6.5 Why You Need to Enforce Policies and Procedures

Policies and procedures are helpful for making your workplace run more efficiently, but they are only effective if you enforce them. Enforcement of the guidelines guarantees your organization's operational procedures and decision-making processes are uniform and consistent across cases.

When you don't enforce your procedures, you put your organization at risk. If an employee or external person comes forward with an allegation against your company, having formal policies and procedures in place strengthens your case.

For example, say someone sues your organization for hiring discrimination, claiming that they were not given a job they interviewed for because they have a disability. Having an anti-discrimination policy in place is a strong piece of evidence in your defense.

Or, say that you refuse to reimburse a first-class plane ticket an employee bought to get to a conference. Pointing out that first-class airfare is not eligible for expense reimbursement and having proof of this in your policy protects your organization from legal actions and reputation damage.

Without formal policies and procedures, your organization may not be reaching its potential. Developing and enforcing policies that reflect your workplace's values make it a better environment for all employees.

2.7.6 Why Is It Important to Update Policies and Procedures?

Well, that's easy: because business operations change. If you don't update policies and procedures to keep pace with that change, they're no longer fit for purpose.

A better way to think about this question is to consider all the ways your business operations change. That gives a sense of all the ways you should assess your policies and procedures to see whether circumstances have changed so much that your policy manual deserves an update. For example:

- You could move into new geographic markets. That might bring compliance obligations from those new jurisdictions (a new country's consumer protection laws, say), or new compliance obligations here at home about how your business behaves there (no bribing foreign officials; no selling weapons technology).
- You could offer new products, or target new customers. That might entail new compliance duties such as gaining consent to collect personal data that previously your business never collected; or creating procedures to let customers return products they no longer need (such as Japan's rules for recycling consumer goods).
- Your business might embrace new technologies. That could be something like moving to cloud-based software vendors for your business applications, or letting employees conduct business on their personal devices. Either move would create new data privacy obligations, which means new procedures to log onto systems and keep data safe.

Aside from all those forces, the laws, regulations, and enforcement priorities that affect your business might also change. Consider all the new anti-bribery and consumer privacy statutes we saw around the world in the 2010s, or the climate change disclosures we are likely to see in the 2020s. Those new regulatory requirements have to be met somehow. Policies and procedures tell employees how.

2.7.7 Why It's Important to Have Policies and Procedures

Those are some of the big, conceptual reasons why policies and procedures are important in companies. That said, they are also important for several practical reasons.

1. Regulatory Requirements

First and foremost, a business needs policies and procedures to meet the standards of an effective compliance program, as outlined by the Department of Labour. The department's guidelines on evaluating corporate compliance programs contain a whole section on policies and procedures, covering points such as the design, accessibility, and comprehensiveness of your policies and procedures.

Other regulators around the world also stress the importance of policies in the workplace. For example, Britain’s Serious Fraud Office has guidance on compliance with the U.K. Bribery Act, where policies and procedures are a significant theme. Individual U.S. states, industry regulators such as the Department of Health & Human Services—many of them cite the need for policies and procedures. If yours aren’t sufficient, neither is your compliance program.

2. Hold Employees Accountable

As we mentioned, policies and procedures guide employees on how to behave. So, when they don’t behave as instructed, you now have a mechanism to hold them accountable: they weren’t following policy and procedure, as they’d been told to do.

This does drive up the importance of clear policies, so employees cannot claim they did not know what they were supposed to do. It also reflects the accessibility of policies, as mentioned by the Justice Department’s guidance: employees need to be able to get their hands on a copy (written, electronic, whatever), and it has to be in a language they understand.

But fundamentally, policies and procedures allow the organization to hold employees (and third parties) accountable for unacceptable behaviour. That is just as important as encouraging acceptable behaviour.

3. Identify Anomalies

When most employees follow policy and procedure most of the time, most of the company’s transactions will unfold in the same way—which, in a roundabout way, helps compliance and audit teams to identify transactions *not* happening in the usual way. That is, policies and procedures bring anomalous events into sharper relief.

For example, if all expense reports are supposed to include itemized receipts (that is the policy), and all reports are to be submitted via a certain online system (that is the procedure) you can more quickly find those employees who are not submitting expense reports with itemized receipts. Then come the obvious questions: Why not? Are the reports illegitimate? What else should we examine? And so forth.

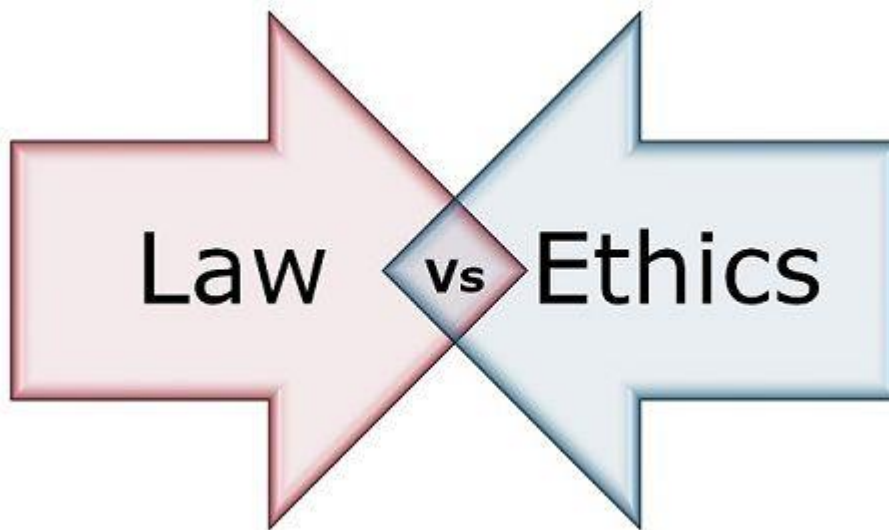
Moreover, if employees keep coming to management asking for exceptions to policy or complaining that a procedure is too onerous—that is a warning sign that perhaps your policies and procedures are the anomalies, rather than reluctant employees.

4. Build a Stronger Culture

Ultimately, the most important reason to have policies and procedures is that they help to build a stronger corporate culture. When all employees understand how they are supposed to go about their daily routines, and they understand the core ethical values and priorities behind those policies and procedures—that builds a more unified, trusting culture.

Once an organization has a culture like that, all manner of benefits emerge: greater efficiency, lower employee turnover, and yes, fewer compliance failures. Traits like those can provide an invaluable strategic edge over your competitors.

2.8 Difference Between Law and Ethics



In simple terms, the **law** may be understood as the systematic set of universally accepted rules and regulation created by an appropriate authority such as government, which may be regional, national, international, etc. It is used to govern the action and behaviour of the members and can be enforced, by imposing penalties.

Many times the term law is compared with the term ethics, but there is a difference, as **ethics** are the principles that guide a person or society, created to decide what is good or bad, right or wrong, in a given situation. It regulates a person's behaviour or conduct and helps an individual in living a good life, by applying the moral rules and guidelines.

For a layman, these two terms are same, but the fact is that there is a difference between law and ethics. Read the article carefully, to overcome your ambiguities.

2.8.1 Law Vs Ethics: Comparison Chart

BASIS FOR COMPARISON	LAW	ETHICS
Meaning	The law refers to a systematic body of rules that governs the whole society and the actions of its individual members.	Ethics is a branch of moral philosophy that guides people about the basic human conduct.

BASIS FOR COMPARISON	LAW	ETHICS
What is it?	Set of rules and regulations	Set of guidelines
Governed By	Government	Individual, Legal and Professional norms
Expression	Expressed and published in writing.	They are abstract.
Violation	Violation of law is not permissible which may result in punishment like imprisonment or fine or both.	There is no punishment for violation of ethics.
Objective	Law is created with an intent to maintain social order and peace in the society and provide protection to all the citizens.	Ethics are made to help people to decide what is right or wrong and how to act.
Binding	Law has a legal binding.	Ethics do not have a binding nature.

2.8.2 Definition of Law

The law is described as the set of rules and regulation, created by the government to govern the whole society. The law is universally accepted, recognized and enforced. It is created with the purpose of maintaining social order, peace, justice in the society and to provide protection to the general public and safeguard their interest. It is made after considering ethical principles and moral values.

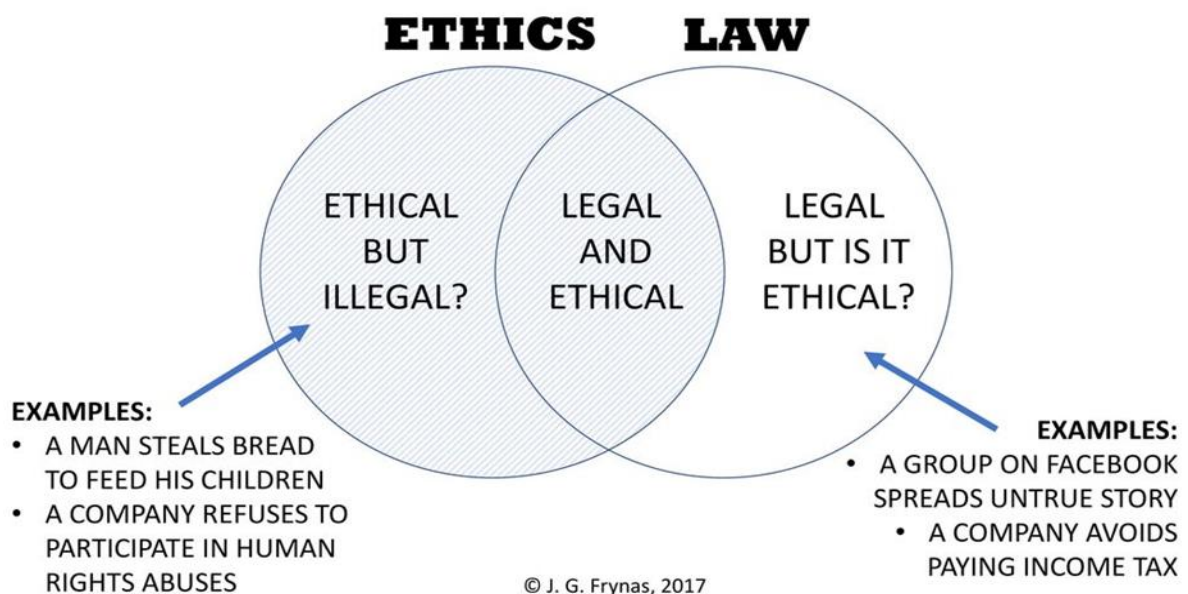
The law is made by the judicial system of the country. Every person in the country is bound to follow the law. It clearly defines what a person must or must not do. So, in the case of the breach of law may result in the punishment or penalty or sometimes both.

2.8.3 Key Differences Between Law and Ethics

The major differences between law and ethics are mentioned below:

1. The law is defined as the systematic body of rules that governs the whole society and the actions of its individual members. Ethics means the science of a standard human conduct.

2. The law consists of a set of rules and regulations, whereas Ethics comprises of guidelines and principles that inform people about how to live or how to behave in a particular situation.
3. The law is created by the Government, which may be local, regional, national or international. On the other hand, ethics are governed by an individual, legal or professional norms, i.e. workplace ethics, environmental ethics and so on.
4. The law is expressed in the constitution in a written form. As opposed to ethics, it cannot be found in writing form.
5. The breach of law may result in punishment or penalty, or both which is not in the case of breach of ethics.
6. The objective of the law is to maintain social order and peace within the nation and protection to all the citizens. Unlike, ethics that are the code of conduct that helps a person to decide what is right or wrong and how to act.
7. The law creates a legal binding, but ethics has no such binding on the people.



Things that are illegal but are thought to be moral/ethical (for many)!

Underage drinking.

Driving over the speed limit.

Smoking marijuana.

Cheating on a tax return.

Can you think of other examples??

=====

Things that are immoral (for many) but are not illegal.

Cheating on your spouse.

Breaking a promise to a friend.

Using abortion as a birth control measure.

People can not be arrested or punished with imprisonment or fines for doing these things.

Can you think of other examples??

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Conclusion

Law and ethics are different in a manner that what a person must do and what a person should do. The former is universally accepted while the latter is ideal human conduct, agreed upon by most of the people. Although, both the law and ethics are made in alignment so that they do not contradict each other. Both go side by side, as they provide how to act in a particular manner. Every person is equal in the eyes of law and ethics, i.e. nobody is superior or inferior. Further, these two allow a person to think freely and choose.

Articles

Article 1

18 Most Important Moral Values with Examples

Everyone has a moral compass and a set of standards that they live by. Morals are formed out of a person's values, and these values are the foundation of a person's ability to discern between right and wrong. Some examples of moral values include faithfulness in marriage, loyalty to a company, love and respect for family members, and commitment to a skill that carries meaning. Morals build on values to form specific, context-driven rules that govern a person's behavior. Here is a list of the most important values.

1. Love the Lord with All Your Heart, Soul, Mind and Strength

The Ten Commandments are the basis for societies founded on Christian principles. The first four commandments specifically tell believing Christians to love God and to keep Him as their ultimate priority at all times. Christians are instructed never to worship any other gods, nor to make any graven images such as idols. Christians are also instructed never to take God's name in vain. The Sabbath Day is to be remembered. In Mark 12:30 Jesus Christ says to love the Lord God with all your heart, all your soul, all your mind, and all your strength. Also, in John 14:15 Jesus says "If ye love me, keep my commandments."

2. Love Your Neighbor as Yourself

The other six commandments specifically tell believing Christians to love other people and to treat them as they would want to be treated. In the world, it is a crime to commit murder and to steal anything from anyone. It doesn't pay to be a thief. Committing adultery is the act of betraying the love one has for a husband or wife. Bearing false witness is the act of lying. Coveting the possessions of someone else is the act of envying or being jealous of another person's things. Generally speaking, if you want to be loved and respected by others, show them love and respect.

3. Honesty is the Best Policy

People trust each other when they know they can be honest with each other. It is impossible to trust someone who is always dishonest with you about issues. Honesty is a moral value that most people in society have because they know that telling lies won't benefit them in the long run. Honesty is the most important value to have in the workplace, for example. If you are selling a product to a customer, you want to be honest about that product and explain what it can do to benefit that customer. If you are working with bosses or other employees, you want to be honest about your performance at work and how you feel things are going in the company.

4. If You Break It, You Bought It

This is a moral value where customers in a store are kept in check. Also known as the Pottery Barn Rule, this is regularly used as a store policy where if a customer causes any

damage to any products that are on store shelves they are automatically held responsible for the cost of that damage. This moral value teaches responsibility on the part of customers, encouraging them to be more careful when handling property that isn't theirs. Alternatively, the phrase "if you break it, you bought it" can be used in political or military arenas where if the person in question creates a problem, he or she is obligated to do the necessary work to correct it.

5. Being a Team Player Whenever Possible

People who are blatantly selfish can easily be seen, and selfish people often don't work well on a team. There is that phrase "There's no I in team", and it is accurate because teamwork is the act of putting aside the selfishness that you have. People who work on a team know that no matter the job they are performing, it isn't all about them as individuals. When people are called to be team players they are asked to provide help as one part of the solution. Consider one literal sense of being a team player, which would be professional sports and how teammates in baseball, basketball, and soccer have to work together to win a game.

6. Standing Up For Those Who Can't Stand Up for Themselves

This is a moral value where showing compassion and empathy for other people takes center stage. Standing up for people that are vulnerable can mean many things, such as they are physically or mentally disabled and they can't function like you can, so you lend a helping hand. In other situations, you see people being physically or verbally abused by others, and you step in to protect those attacked people. When it comes to court cases, lawyers are hired to defend clients that are in a legal bind and they don't have enough legal knowledge to defend themselves. The willingness to put yourself out there and act on behalf of someone who can't will be recognized and applauded by others.

7. Adjusting and Compromising

Sometimes people can be stubborn and set in their ways. They have stuck to a routine that has worked for them and they don't see the need to change it. Making adjustments to what you normally do and compromising in certain situations is a moral value that promotes restraint and the ability to see the big picture. If a routine you have stuck to for many years is the reason why you are beginning to struggle at work, or why you are not making progress in educational endeavors, then you have to be willing to make some changes. For example, if a riding lawn mower cuts your yard's grass easier than a push mower, then make that adjustment.

8. Being Kind and Generous to Others

Generosity is a moral value that refers to the ability of people to share what they have. This doesn't just mean material possessions but also immaterial aspects like joy, optimism, and appreciation. There will be times when there isn't a pressing need to be generous to other people, but you show kindness and generosity anyway because you feel compelled to do so. For example, if a person doesn't want his or her retirement from a job to be celebrated, but you set up a surprise retirement party for that person anyway, it's an act of kindness that will be appreciated.

9. Expressing Your Gratitude

Being grateful for the things you have is an important moral value because your willingness to appreciate things, both small and large, will take you a long way in life. Showing genuine appreciation involves being able to put yourself in the shoes of someone else. An example of showing a lack of appreciation is an aunt working hard to find good gifts for her nephew. When opening the gifts the nephew would often say things like “This isn’t what I wanted” or “I don’t really like this.” Remarks like these can hurt the feelings of someone close to you. When you are given something, express your gratitude by saying “Thank you” to the other person.

10. Maintaining Self-Control

It is often hard to tolerate people who love to bully you around. It is also difficult to keep your composure around these people and take the high road, so to speak. This moral value relates to staying in control of your words and behavior, especially in situations where your levels of stress are raised. For example, you are trying to concentrate on your task in the workplace, and you have an annoying co-worker who loves to use profanities in his daily vocabulary. What is worse is that he bombards you with rants and jokes filled with profanities. It is best to stay calm and politely tell this co-worker that you are not interested in engaging his kind of conversation.

11. Having Self-Respect

It is one thing to humble yourself before other people and to show them the respect they deserve. However, it is another thing to act like a doormat for others. People with a bullying mentality don’t always verbally express the fact that they are bullies. They sometimes reveal themselves to be bullies through their actions. For example, if someone is trying to force you to perform a humiliating task, and you know that person is intending to humiliate you with this task, this is where you speak up. There are times when you respect your own boundaries and confront the bullies on their humiliation tactics.

12. Finding Opportunities to Express Your Creativity

This moral value relates to you showcasing your more artistic side and using your brainpower to illustrate your ideas to others. For example, you want to paint a picture of a scene featuring a man going fishing at a pond, relaxing in a chair. That scene illustrates your idea of spending a calm and peaceful day. Arts and crafts strongly represent a person’s creativity, and when one can apply artistic skills to a task, others can be encouraged to express their creativity as well. Creativity can also mean making changes to already established things, such as someone making new pieces and rules for the game of chess.



13. Being Self-Motivated and Self-Confident

Motivation can come from many factors such as people and certain situations. In the workplace, an employee who is self-motivated to do a good job for his or her boss is likely to go far in the company. Employers look for employees who require little supervision and direction to complete tasks in a timely and professional manner. Once a self-motivated employee understands their responsibility on the job, they will proceed without any

prompting from others. Self-confidence is often recognized as the key factor between someone who is successful and someone who fails. A self-confident person inspires others and isn't afraid to ask questions on topics where they feel they need more knowledge.

14. Never Give Up

In childhood, people are taught that whenever they have to deal with failure in anything they participate in. Some projects taken on by people will be successful, and others will be failures. Even when it looks like someone is going to fail in a project, he or she has the integrity to finish the project. Another example is in a marathon race a runner is about to cross the finish line and then suddenly the runner falls and suffers an injury. The runner can easily quit the race and get help, but having the integrity to finish what was started, the runner crosses the finish line anyway. The message this value sends is to never quit, no matter what happens.

15. Try to Think a Few Moves Ahead

This is a moral value that promotes forward-thinking. An obvious example is the game of chess where it is encouraged for players to be thinking a few moves ahead of their opponents. Another example in everyday life is where you have a prime suspect in a case who is believed to be breaking the law by using forged money to buy things. To catch him in the act you plan ahead by placing a surveillance camera in a store where he often commits this act. In other situations, like you want to block off easy access to your backyard because of nosy neighbours so you make a fence, thinking a few moves ahead is needed for personal security reasons.

16. Being Patient

Not everyone has the patience to wait things out. Patience is a part of self-control where even though nerves are being tested, there is the understanding of a person that if he or she lets a process go the way it is supposed to go, the end result will be a favorable one. When people show a complete lack of patience with any project in their lives, everything with that project often becomes disastrous. One example is someone taking an important test to get certification for a profession. If the test is untimed, that person should be patient enough to answer most questions correctly.

17. Returning Favors

When someone does something nice for you, in response to that person's kindness you feel compelled to return the favor. Sometimes just saying "Thank you" to the person who thought of you isn't enough. An example of this is when someone takes you out to lunch and buys a meal for you. After this lunch, you remember this act of kindness and you want to return the favor to that other person. In response, you can buy that other person's lunch, or you can do something different such as giving him or her a shopping gift card.

18. Aspiring to Learn

Challenging yourself is a motivational tool that can be rewarding if you follow through with the challenge. You may not have any knowledge in certain areas but you have the

desire to learn more about something that interests you. For example, you know very little about automobile mechanics but you want to learn more about fixing cars. You watch a video about a mechanic who has fixed cars for years and listen to his compelling story. That story inspires you to start learning, so you pick up books about mechanics and study online. Your aspiration to learn new things can sometimes motivate others to learn new things themselves.

Conclusion

Morality must be upheld in order for a person to have a strong value system. Without any moral values a society of people, or an entire country, will lead itself to a state of anarchy, where lawlessness and chaos will reign supreme. A nation without laws isn't really a nation, and a person without any moral values has no real direction in his or her life. Generally speaking, a moral value system consists of honesty, compassion, courage, modesty, and forgiveness, and on top of all this, a person has a love for the truth and will fight for the truth at all times.

<https://futureofworking.com/18-most-important-moral-values-with-examples/>

Article 2

Integrity: Definition and Examples

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By: Indeed Editorial Team

Integrity, or having strong ethical and moral principles, is an essential trait that employers highly value. Integrity is the foundation for a successful employee-employer relationship. It promotes a professional culture in which individuals can depend on one another and treat each other with respect. As a result, people are typically more productive and motivated at work.

In this article, we explain what integrity is, how you can improve and display this trait and how it will help you in your career.

What is integrity?

Integrity is the act of behaving honorably, even when no one is watching. People with integrity follow moral and ethical principles in all aspects of life. Integrity should extend to

professional areas at work such as decision making, interacting with colleagues and serving customers or clients.

Employers who are committed to hiring employees with integrity are better equipped to provide high-quality service and maintain a positive reputation. When employees have integrity, their managers can trust their team is working diligently.

Character traits related to integrity

While integrity is more of a quality than a skill, it can still be developed over time. To identify your personal strengths related to integrity, here are several examples of attributes related to integrity:

Gracious

Those with integrity are gracious when others provide assistance. They express gratitude and recognize achievements for people they work with. To demonstrate gratitude, always be sure to say “*thank you*” when someone does you a favor, helps you or takes time out of their schedule for you. Take time to send a follow-up email after an interview, phone call or meeting.

Respectful

People with integrity value other people by showing them respect at work. They do their best to be on time to meetings, meet project deadlines and keep other’s feelings in mind. You can demonstrate this trait by exercising punctuality, care with your words and careful consideration of people’s ideas.

Honest

Integrity requires honesty. Those with integrity strive to be truthful. They own up to mistakes and try to learn from them.

Trustworthy

People with integrity follow through on their commitments. To demonstrate trustworthiness, avoid over-promising. If you’re unable to complete a task or meet a deadline, be sure to let others know as quickly as possible. If you are trusted with personal information, respect it.

Hardworking

Those with integrity strive to produce high-quality work on time, regardless of the task. They recognize that everything they do can impact the organization, their colleagues and business outcomes.

Responsible

Those with integrity take accountability for their actions. They are also organized and proactive making sure they deliver on their responsibilities.

Helpful

When someone has integrity, they help those in need. This may be in the form of lending their time for a project without being asked or offering to cover for an employee in an emergency.

Patient

A person with integrity is able to tolerate challenges, delays and unexpected obstacles while maintaining a calm, even demeanour. They wait their turn to speak in meetings and one-on-one conversations.

Examples of everyday integrity

You can display integrity every day by choosing to do the right thing in all circumstances. Here are some examples of how to display integrity in daily life:

- Refrain from sharing secrets and confidential information with others.
- Remain honest with your partner.
- Avoid gossiping about other people.
- Follow through on promises you make.
- Return found items without an expectation of receiving a reward.
- Admit when you are wrong.
- Notify the cashier if you have been given too much change back.

What does integrity mean in the workplace?

In a workplace setting, acting with integrity often means demonstrating your core values in all efforts. Here are a few behaviors that show integrity:

- Being dependable and following through on commitments
- Being open and honest when communicating with others
- Holding yourself accountable and owning up to your shortcomings

It's important that employees exercise integrity regardless of their department or career level. Integrity is critical, however, in leadership positions where people have the opportunity to set examples for others. By incorporating strong values into your behavior, you can help encourage other employees to do the same.

How to display integrity in the workplace

Whether you're working in a small business or a large corporation, your commitment to integrity will impact the workplace. Acting with integrity not only helps show employers you are capable of handling responsibilities that can advance your career, it also helps foster a positive company culture.

Here's are several actions you can take to demonstrate integrity and impact your workplace environment:

1. Show up ready to work

Arrive at your workplace on time and ready to complete tasks. If you have a conflict or a personal emergency, be sure to let a manager know immediately rather than arriving late or being absent from work without notice.

2. Set a positive example

Whether you're in a leadership position or not, it's critical to set a good example for the people around you. If you demonstrate positive behavior, others will be more encouraged to do the same.

3. Be respectful during conflict

Having integrity means you stand up for your ideas opinions, but it also means you avoid speaking negatively of others or using unprofessional language. When you disagree with someone, take time to consider their point of view and respond respectfully.

4. Practice accountability

It's important you admit your wrongdoings and hold yourself responsible for mistakes even when no one else is watching. For example, if you fail to meet a goal, you should explain the situation to your supervisor and explore ways to avoid the same outcome in the future.

5. Follow and enforce company policies

Company policies are developed to keep employees safe, foster professionalism and promote efficiency. Take time to understand these rules and follow them.

6. Improve your work ethic

Take the time to ensure your work is done well and completed on or before the due date. Strive to be productive during working hours and meet each task or assignment with enthusiasm and motivation.

7. Respect property

Treat others' belongings with care, including company property. Avoid taking business supplies for personal use and be sure to return items to their owners.

Examples of integrity

For additional context about how to exercise integrity, here are a few scenarios involving integrity in the workplace:

Example 1: Confronting gossip

During lunch, Jonah's colleagues began criticizing a colleague's inability to meet deadlines and their manager's failure to address the situation. After ensuring he understood their concerns, Jonah suggested his colleagues discuss their concerns directly with the employee and manager.

Example 2: Making hard decisions

Keiana was a developer assigned to develop code for a new product. Although she had been working on the code for several months, she kept running into dead ends. Instead of patching together a temporary solution that would allow her to use the code she worked so hard to create, she decided to discuss the issue with her team to crowdsource a solution. Her primary goal was to ensure the code didn't lead to problems down the road and/or undermine the quality of the product.

Example 3: Addressing issues of honesty

Amira, a sales rep for a software company, was asked by a potential customer whether the company's technology could perform a specific function critical to his business needs. Amira wasn't certain the software could handle his needs, so she told him she would need to get back to him. Rather than provide potential misinformation just to make the sale, Amira checked with the development team first. After determining the product could perform the requested function, she let her customer know. Not only did Amira earn the sale, but she earned trust and respect from her client, too.

Example 4: Giving credit

Marco had been working for more than six months on a project and was near completion. He was stuck on the last step of the project and was having difficulty. His co-worker, Yvonne, stopped by and noticed the project Marco was working on. She gave him a useful tip on how to complete the final step. Marco thanked Yvonne for her advice and, during the next meeting with his manager, explained how Yvonne's expertise helped him finish the project.

Article 3

Ethical Issues in the Financial Services Industry

Anne Federwisch

Ethical issues in the financial services industry affect everyone, because even if you don't work in the field, you're a consumer of the services. That was the message of Ronald F. Duska and James A. Mitchell in their presentation at the Oct. 24, 2006, meeting of the Business and Organizational Ethics Partnership.

The public seems to have the perception that the financial services sector is more unethical than other areas of business, Mitchell began. For the past five years, he has been Executive Fellow-Leadership at the Center for Ethical Business Cultures, which is affiliated with the University of St. Thomas College of Business. He assists business leaders in developing ethical and profitable cultures.

This misperception persists for several reasons, Mitchell said. First of all, the industry itself is quite large. It encompasses banks, securities firms, insurance companies, mutual fund organizations, investment banks, pensions funds, mortgage lenders—any company doing business in the financial arena. Because of its vast size, the industry tends to garner lots of headlines, many of which tout its ethical lapses.

"This business that we're talking about is really big. It is, to be precise, \$50 trillion in assets. It's growing 8 percent a year, which is more than twice as fast as the gross domestic product," Mitchell said. "It's also highly profitable. The financial services sector of the S&P 500 represents 20 percent of this index's market capitalization. These companies are making a lot of money serving you."

So, he theorized, with "trillions of dollars of assets, billions of transactions every year—every day probably—when a small percentage of them is inappropriate, the absolute numbers are still pretty big."

The industry is also highly regulated, so it's likely that a higher percentage of these bad transactions are identified and reported, perhaps more so than in other less regulated industries. But ethical lapses do occur, and Duska discussed five reasons why these misdeeds may happen. He holds the Charles Lamont Post Chair of Ethics and the Professions at The American College. The Post Chair supports research and studies of the social responsibilities and ethical challenges facing the financial services industry.

1) Self-interest sometimes morphs into greed and selfishness, which is unchecked self-interest at the expense of someone else. This greed becomes a kind of accumulation fever. "If you accumulate for the sake of accumulation, accumulation becomes the end, and if accumulation is the end, there's no place to stop," he said. The focus shifts from the long-term to the short-term, with a big emphasis on profit maximization.

For example, swaps (where two communication companies agree to exchange the right to use excess bandwidth on their networks) fall into this category. Each company recognizes the income generated in the quarter earned and defers the expenses through capitalizing them as an asset and logging the cost as a recognized expense over time, resulting in an inflated bottom line. This is what happened at Qwest during the first three quarters of 2001, when the company was selling \$870 million of capacity, while at the same time buying \$868 million of capacity. These swaps appeared to be round-trip transactions, which served no purpose other than to inflate Qwest's revenues, Duska said.

“Companies were making money out of their finance department—not from selling products, not from doing what the company did, not from fulfilling the company’s mission, but from playing around with its asset mix,” he said.

2) Some people suffer from stunted moral development: “I think this happens in three areas: the failure to be taught, the failure to look beyond one’s own perspective, and the lack of proper mentoring,” Duska said.

Business schools, he said, too often reduce everything to an economic entity. “They do this by saying the fundamental purpose of a business is to make money, maximize profit, or the really jazzy words ‘maximize shareholder value,’ or something like that. And it never gets questioned,” he said. “Now if the fundamental purpose never gets questioned, the ethics never get questioned, because the fundamental purpose of something gives you the reason for its existence. It tells you whether you’re doing it well or not. It’s the ultimate ethical question: What’s your purpose?”

3) Some people equate moral behaviour with legal behaviour, disregarding the fact that even though an action may not be illegal, it still may not be moral. “You ought to remember that the reason for all laws is that the moral agreement begins to break down, and the way to get other people in line is to legislate so that we can stipulate punishments,” Duska said. Yet some people contend that the only requirement is to obey the law. They tend to ignore the spirit of the law in only following the letter of the law.

For example, IRS regulations repeatedly single out actions with “no legitimate business purpose” (like swaps.) “If you are doing things with no legitimate business purpose in order to avoid taxation, what are you doing? You’re violating the spirit, are you not? You’re staying within the letter, but there’s no purpose there except to get you around the law,” he said.

4) Professional duty can conflict with company demands.

For example, a faulty reward system can induce unethical behaviour. “A purely self-interested agent would choose that course of action which contains the highest returns to himself or herself,” he said.

For example, consider the misguided practice of selling indexed annuities to the elderly. If a company is paying a high commission for that product, say 15 percent, versus a lower commission for a more appropriate product, say 3 percent, a salesperson may disregard the needs of the client and/or assume that the company supports this product and its applicability by its willingness to pay five fold the compensation. “Sooner or later, people are going to give in to that temptation. The purely self-interested agent is just responding to the reward system that is in place,” Duska said. “You need to take a look at what you are rewarding.” In general, organizations get exactly what they reward. They just don’t realize that their rewards structures are encouraging dysfunctional or counter-productive behaviour or turn a blind eye to the outcome

5) Individual responsibility can wither under the demands of the client.

Sometimes the push to act unethically comes from the client. How many people expect their accountants to pad their expenses where possible? How many clients expect their insurance agents to falsify their applications or claims? “That’s the temptation—you like your client, you’ve gotten to know your client, you really want to help your client out—that’s just another conflicting loyalty,” Duska said.

Mitchell concluded the presentation with several suggestions for improvements in the industry to encourage more ethical behaviour. “My experience [in the financial services industry] is that people who do business are, for the most part, highly ethical people trying to do the right thing most of the time. Most of them are trying to help their clients achieve their financial objectives,”

he said. "But how could this be better, because clearly, even if I'm right, there are still a lot of issues and problems in the business?"

First of all, consumers need to be better informed. "It is your responsibility to take control of your own financial security," he said, which doesn't mean you need to know everything about the product you are buying in advance, but "you should read enough to know what some of the right questions are to ask." Ask those insightful questions of an advisor whom you know, trust, and who has the proper credentials, if applicable.

Other suggestions included:

incentive compensation better aligned with customers' interests, rather than agents'
more industry trade associations supporting ethics initiatives the Center for Ethics in Financial Services growing in influence and impact

"One of the things you don't see is more regulation. It's not on my list," Mitchell concluded.

Anne Federwisch is a freelance journalist.

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