An HR guide for

CREATING A CODE OF CONDUCT

Introduction

In today's world, it's common for organizations to have a unique set of values, goals, and common practices that inform how the company and its employees function. These values, when communicated correctly, drive the day-to-day work of every team member. However, when communicated poorly, they end up sitting in a document rarely looked at by anyone.

This is where a code of conduct comes in. Your company's code of conduct offers a single source of truth and keeps stakeholders across diverse business units aligned in a shared vision of ethics and compliance—empowering organizations to build a culture. It also acts as a benchmark for measuring individual and organizational performance and outlines how to identify and respond to personnel challenges.

That's a lot for one single document to handle, which is why HR leaders have a vital role in developing, launching, and communicating an organization's code of conduct. This guide addresses the need for (and process of) creating, implementing, and enforcing a code of conduct to improve engagement and performance and reduce liability.
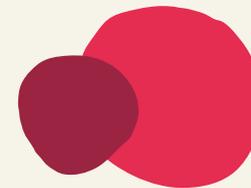
Why does your organization need one?

No federal or state laws require that organizations have a code of conduct, but best practice for many reputable companies entails investing in one.

Google, Starbucks, and Toyota are examples of companies that have all developed comprehensive codes of conduct articulating foundational business principles, expectations, and objectives.

Creating a code of conduct and effectively communicating it is one of the main ways to foster a healthy work culture. When the standards of ethics and compliance are clearly and frequently communicated, employees will be more likely to adopt in-line behaviors and connect to the organization's shared purpose.

When employees feel that they are working for an ethical organization and identify with its mission, they are also more productive and less likely to seek new employment. In fact, one study found that 82% of people surveyed would prefer to work for less money at an ethical company than earn more in a disreputable workplace.

Questionable business practices and misconduct not only drive away valuable employees, lower productivity, and increase operational costs, they can also tarnish an organization's public image. Brand equity and other intangible characteristics are increasingly the key to success, so keeping ethics in the foreground isn't just right; it's also smart.

Collaboration is key

The team developing a code of conduct should be diverse and come from a range of departments and positions within the organization. Collaboration will ensure that all voices are being heard and foster a sense of shared ownership.

HR leaders have an important role in galvanizing cooperation and developing opportunities for diverse team members to collaborate. Some ways of implementing a collaborative process for developing your organization's code of conduct include:

- Sending an anonymous survey to employees to identify specific areas of concern or interest
- Convening shared strategy sessions where employees and managers can weigh in
- Letting employees provide feedback on drafts of the code of conduct
- Getting buy-in from various business unit leaders, including sales, marketing, customer success, etc.

No matter how you decide to loop in your people, getting a variety of perspectives and being responsive will improve the process and foster long-term compliance.

What to include in your code of conduct

A code of conduct is an opportunity to clarify and communicate your organization's mission, values, and principles. It is also a mechanism to set basic expectations for professional behavior.

Depending on organizational needs, a code of conduct can be more comprehensive and incorporate a variety of important elements. For example:

Standard business and operational practices

These pertain to how your company does business and treats its customers, investors, or suppliers. This should include any sustainability practices or standards, financial transparency, social commitments, and corporate governance where applicable. Basically, this is about business ethics.

Equal opportunity employment statement

This states that your company stands by equal employment regardless of race, color, religion, sex, gender identity, national origin, sexual orientation, age, marital status, disability, or any other personal traits.

A commitment to equal opportunity involves committing to an accessible workplace. This is where you should outline what this means for your organization.

Physical and mental health and safety policy

If your organization offers health insurance coverage or additional services, that's important information to include in the employee handbook and other documentation. In the code of conduct, this policy is about protecting employees' health and safety in the workplace.

In the US, the Department of Labor's Occupational Safety and Health Administration (OSHA) issues regulations and standards for workplace conditions, so this is a good resource for learning more about employee's rights and employer's obligations.

Anti-harassment and violence policy

It seems self-evident that any code of conduct should include a statement committing to zero tolerance of harassment or violence in any form.

But what is less clear is what harassment consists of. Take some time to clarify what is included in this clause. One way to do this is to bring your people to the table to discuss what they would believe is over the line. This isn't obvious to everyone. For marginalized groups, however, subtle or indirect forms of harassment or discrimination are commonplace.

Subtle harassment or discrimination is often called 'microaggression.' According to one study, over a quarter of American employees polled experienced microaggression at work, whether intentional or unintentional.

Over time, an environment that doesn't prevent microaggression and more obvious kinds of harassment will suffer from loss of morale, higher employee turnover, and lower productivity.

Anti-retaliation policy

In 2019, the top charge of harassment submitted to the EEOC was for retaliation. More than half of the over 70,000 charges filed included retaliation as the primary form of harassment, indicating that this is a particularly critical policy to include in your code of conduct.

Employees need to feel confident that they can report without fear of reprisal if they feel threatened or uncomfortable.

Confidentiality policy

Employers are often privy to personal information about their employees. Guaranteeing that this information will stay private and not be disclosed unless appropriate is vital to maintaining a culture of trust and mutual responsibility.

In the digital age, this also means securing platforms and devices to prevent leaks or hacks.

Reporting violations and disciplinary action

A code of conduct should include a section outlining what happens in cases of misconduct. Employees should be empowered to report misconduct without fear and understand that complaints will be taken seriously. Facilitating anonymous reporting can encourage greater openness and ensure that the code of conduct is applied fairly.

The possible repercussions of violating the code of conduct should also be outlined here, both as a deterrent and to mitigate liability.

Being clear about consequences can protect your organization if disciplinary action is required and ensure that all personnel knows the cost of bad behavior from the outset.

Communicating the code of conduct

Before finalizing your code of conduct, consider circulating a rough draft and collecting feedback from employees and other stakeholders. This will strengthen your peoples' commitment to the code of conduct and foster their involvement in promoting organizational culture.

Once the code of conduct is complete, the next step is to communicate it to employees and managers clearly.

There are a number of places where the code of conduct can be incorporated to ensure maximum visibility. Consider including the code of conduct in:

- Hiring documentation
- Onboarding training
- Employee handbook
- Printed posters
- Internal newsletters
- Manager training
- Online employee quizzes or surveys
- Your website

For a code of conduct to be effective, it's vital that employees understand the various policies and procedures included in it. Plus, when initially rolling out a code of conduct, educating staff about what is involved will smooth the implementation process and improve adherence.

Applying a code of conduct (equally)

Having a code of conduct is about more than legal protection or checking a box—it lays a foundation for day-to-day operations, standard expectations, and long-term goals. For this to work, managers and supervisors need to understand their role in implementing and enforcing the code of conduct.

When releasing a code of conduct, loop in managers and supervisors and provide targeted training on how this document should guide and inform operations. Some organizations also develop more advanced codes of conduct for business leaders and managers, indicating their greater responsibility for keeping company culture healthy.

Every organization has its own way of doing things. A well-formulated code of conduct will distill the company's core values and clearly communicate how these are applied.

One way to get everyone on board with a code of conduct is to encourage employees and managers to sign a commitment contract. When sending out a newly implemented code of conduct, just add a short line at the end requesting signed approval from the reader. Signing a document, even digitally, will increase compliance and foster mutual responsibility.

Navigating nuance

It can be difficult to articulate what constitutes an infringement of the code of conduct.

Lack of clarity can, in turn, confuse employees and reduce engagement, so make sure you get everyone on the same page and collaborating to make this document work harder.

Initiating regular sensitivity training exercises for employees and managers to keep the conversation about conduct open will clarify any confusion. This also provides an opportunity to revisit the code of conduct and periodically update it according to your organization's shifting needs.

As discussed earlier, refining your code of conduct should involve asking people what they believe constitutes a violation. For example, all employees may not experience microaggressions, so it's vital to get a variety of perspectives and opinions. This signals a commitment to diversity and inclusion and will ensure that everyone feels included, regardless of their individual backgrounds or personal characteristics.

Reporting violations

Using technology to enable anonymous reporting of code of conduct violations protects whistleblowers and empowers employees to call out inappropriate or harmful behavior.

Enforcing a code of conduct relies on the willingness of people to report violations. But unless people feel safe from reprisal and confident that they'll be taken seriously, it's unlikely that they'll complain. If your employees are afraid to speak out, then the code of conduct is meaningless.

Ensure your people know that they will be safe by including an anti-retaliation clause in the code of conduct and giving them the option of remaining anonymous throughout the process. Promptly handle all reports, whether they are made in-person or anonymously, and give the complainant any resources needed to overcome the incident or situation.

Handling code of conduct violations

Once a complaint has been made, this should initiate a standardized protocol that is outlined in the code of conduct.

Being clear about consequences and ensuring that these are equally applied will increase employee confidence and engagement and encourage people to report misconduct. It's estimated that up to 75% of incidents of workplace harassment go unreported, mainly because people think they won't be taken seriously or will even be punished for reporting.

HR leaders have an important role in developing a protocol for code of conduct violations. This process should focus on protecting and respecting the person making the complaint and giving the person being reported an opportunity to speak.

Here are five steps to handling code of conduct violations to build trust and improve compliance:

1. Listen: Listen to the employee for as long as they need, even if the reporting process is digital and anonymous. Ask relevant questions and make sure the employee knows that you take their concerns seriously.

2. Discuss: Discuss the issue with the employee's immediate supervisor and managers while maintaining the complainant's right to privacy and confidentiality. If needed, involve an external investigator.

3. Prep: Prepare any relevant documents, information, or forms for the review panel, HR investigator, or higher-level management handling the complaint. Getting any details down on paper is vital for transparency and for documenting that your organization takes its code of conduct seriously.

4. Investigate: There are different sides to every story, so it is necessary to hear from the person being reported as well. This can be done one on one, with an investigator, or by calling a hearing.

5. Decide: Determine what disciplinary action will be taken, if any. Sometimes reports of misconduct are unfounded or can be handled with mediation between the two parties. However, in more serious cases, corrections will be necessary. This can be a formal warning, a temporary suspension, or termination depending on the severity of the violation.

Communication is the most important aspect of handling code of conduct violations. Keeping the process transparent and making sure the person reporting the violation feels heard and respected will improve outcomes and build morale. Contrarily, if employees feel ignored or that their privacy isn't valued, this will discourage people from reporting misconduct and negatively impact company culture.

Don't stop auditing

Don't let your organization's code of conduct sit on a shelf collecting dust. Keep it fresh and relevant by monitoring and revising it at regular intervals and make sure that you loop in your people at every stage.

Communicating changes and asking employees and managers to weigh in on needed updates or improvements will maintain collaboration and engagement.

One way to prioritize auditing and updating the code of conduct is to incorporate this process into regular periodic reviews—for example around end of year reviews or quarterly planning. Even if you aren't making any changes, these are opportunities to revisit the code of conduct and emphasize its role in maintaining company culture.

Auditing your code of conduct can include requesting that employees, managers, and other relevant personnel sign off on it regularly, demonstrating an ongoing commitment to doing business ethically.
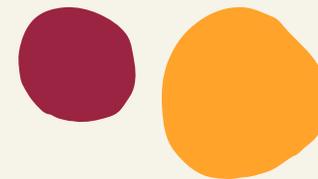
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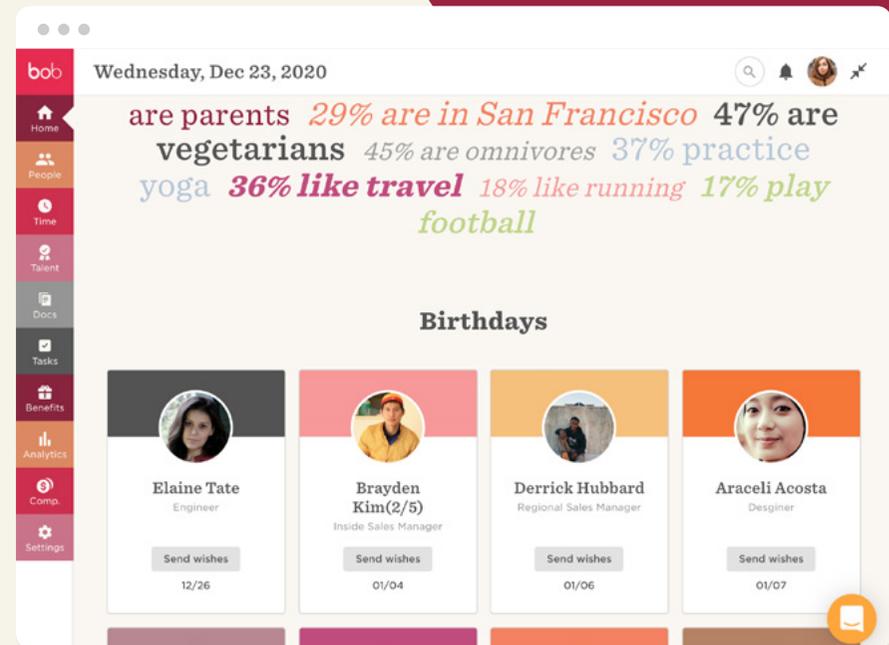
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