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Codes of conduct: Why they matter and how to best implement them

By Maria D'Avanzo

Codes of conduct may be top of mind for many business leaders today. Earlier this year, questions of ethics within the Supreme Court brought to light that it is the only branch of government operating without one.^[1] Several senators have even called for a bill to change this, stating, “Americans deserve to have confidence that every part of their government—especially the highest court in the land—is acting in an ethical manner.”

This realization was surprising to most. It also more than likely struck a chord with anyone in a leadership position who has experienced the fallout from unethical behavior and considered whether they had the appropriate policies in place to take action. It is understood that all leaders and employees should be operating under codes of ethics, but without a formalized governing document, many businesses can find themselves in a gray area.

Organizations in the private sector—whether legally mandated to have a code of conduct or not—may now be contemplating the need for one. While there is no black-and-white answer, creating a set of expectations for the benefit of the organization and its stakeholders will never have a negative impact on the business. I recently drafted a code of business conduct for Traliant because we want our employees to fully understand our principles, values, and mission, as well as the guidelines they should be following when doing business on our behalf. Having this one source of truth avoids inconsistent and knee-jerk reactions to unethical behavior and implements a process where standardized rules and expectations are implemented across the organization regardless of rank, role, or position.

For organizations that have already implemented a code of conduct, it is also important to review and update these documents regularly. An outdated code of conduct suggests that a company's compliance program is just a check-the-box exercise and leadership does not value the function. It is, therefore, essential to develop an appropriate cadence at which the code of conduct is reviewed and updated, especially as companies expand their business lines and/or geographic operations.

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