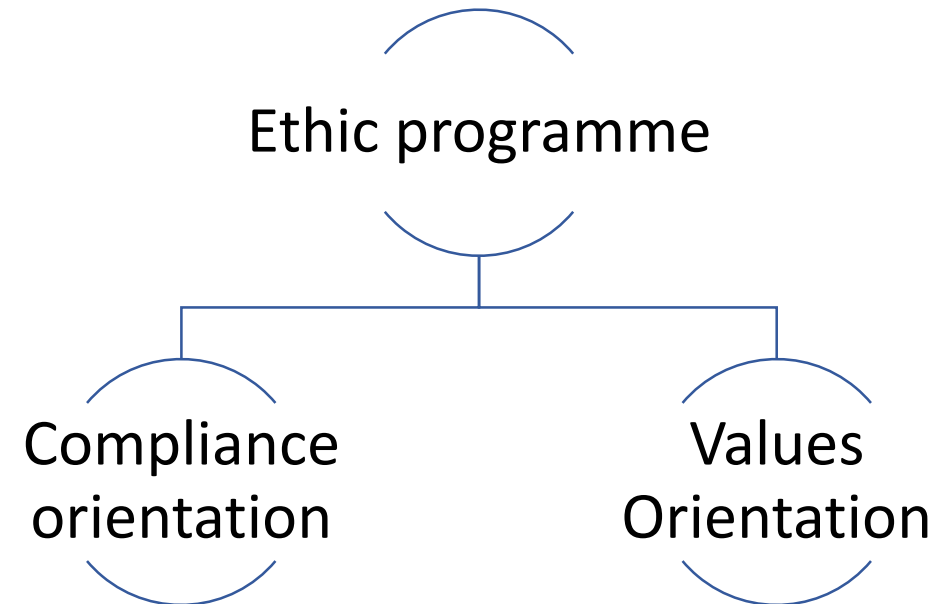ETHICS AND COMPLIANCE PROGRAMME

Ethics Programme

A company must have an effective ethics program to ensure that all employees understand organizational values and comply with the policies and codes of conduct that create its ethical climate. Two types of ethics program can be created. Both can be adopted simultaneously. These are:

Ethic programme

Compliance orientation

Values Orientation

Ethics Programme

Compliance Orientation

- A compliance orientation creates order by requiring that employees comply with and commit to the required conduct. It uses legal terms, statutes, and contracts that teach employees the rules and penalties for non-compliance.

Values Orientation

- Values Orientation strives to develop shared values. Although penalties are attached, the focus is more on an abstract core of ideals, such as respect and responsibility. Instead of relying on coercion, the company's values are seen as something to which people willingly aspire.

FEATURES OF GOOD ETHICS PROGRAMME

1. Leadership meaning that executives and supervisors care about ethics and values as much as they do about the bottom line.

2. Consistency between words and actions refers that the top management "practices what it preaches". This is more important than formal mechanisms, such as hotlines for people to report wrongdoing.

3. Fairness means that the organization operates fairly. To most of the employees, the most important ethical issue is how the organization treats them and their coworkers.

4. Openness means that people can discuss ethics and values with openness and without any fear, and that ethics and values are integrated into business decision-making.

Continued

5. A just reward says that ethical behavior should be fairly rewarded. This would have greater influence on the effectiveness of an ethics programme than the perception that unethical behavior is penalized.

6. Value-driven means that an ethical and compliance programme is based on certain values. This will have the most positive effect on ethics and compliance programme and will results in:

 A) Condemning unethical conduct;

 B) Stronger employee commitment;

 C) A stronger belief that any bad news can be delivered fearlessly to the management.

Best practices in Ethics Programme

- The recommendations of the ethics committee should include staff training, evaluations of compliance systems, appropriate funding and staffing of the corporate ethics office, and effective protections to employees who "blow the whistle" on perceived actions which are contrary to the spirit and/or letter of the code

- Annual training on the code is a good practice. Many corporations establish independent "hot lines" or "help lines" where employees can seek guidance when they are faced with an ethical dilemma, or when they encounter any unethical conduct in the workplace.

Continued : Best practices in ethics programme

- Every publicly listed corporation should consider establishing a regular review system to ensure that the codes are dynamic, and are updated in the light of new developments.

- Every member of the Board of Directors of a publicly listed corporation should be required to sign the Code of Ethics, and pledge that she/he will never support a Board motion to suspend the Code.

- All outside law firms and auditing firms that consult to publicly listed corporations should be required to sign statements noting that they understand and accept the corporation's Code of Ethics.

- Employees basically want to know two things- (a) what is expected or required of them to survive and to be successful (b) "what they did" at that point of time.

Code of Ethics

- A code of ethics should reflect top managements' desire for compliance with the values, rules, and policies that support an ethical climate. The development of a code of ethics should involve the President, Board of Directors, and Chief Executive Officers who should be implementing the code. Legal staff should also ensure that the code has assessed key areas of risk correctly, and that it provides buffers for potential legal problems

- Explanation: For this purpose, the term "Senior Management" involves the personnel of the company, who are members of its core management team, excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

Six core values of Code of ethics

(1) Trustworthiness,

(2) Respect,

(3) Responsibility,

(4) Fairness,

(5) Caring,

(6) Citizenship.

CODE OF CONDUCT

The Code of conduct or what is popularly known as the Code of Business Conduct contains standards of business conduct that must guide actions of the Board of Directors and senior management of the company

- The code of conduct may include the following:

(a) Company Values

(b) Avoidance of conflict of interests

(c) Accurate and timely disclosure in reports and documents that the company files before Government agencies, as well as in the company's other communications

(d) Compliance of applicable laws, rules and regulations including Insider Trading Regulations

(e) Maintaining confidentiality of the company affairs

The following principles have been found to occur in most of the companies:

- Use of company's assets;
- Avoidance of actions involving conflict of interests;
- Avoidance of compromising on commercial relationship;
- Avoidance of unlawful agreements;
- Avoidance of offering or receiving monetary or other inducements;
- Maintaining confidentiality;
- Collection of information from legitimate sources only;
- Safety at workplace;
- Maintaining and Managing Records;
- Free and Fair competition;
- Disciplinary actions against the erring person.

Code of Ethics / Code of Conduct

Code of Ethics

1. It is a written set of guidelines by the organisation .

2. These are general in nature ex:the teacher strive for excellence

3. These are not punishable ex: The civil servant work with compassion to the downtrodden

4. These are based on integrity ,accountability of the individual. ex: charities work for the welfare of the people.

5.These are theoretical guidelines .

Code of Conduct

1. It is a set of rules that must be followed by the officials.

2. These are specific in nature . ex: the teacher must complete the syllabus before the exams .

3. These are punishable . ex: a civil servant must be punished if he worked for his family or self interest

4. These are based on acceptable and non acceptable behaviour . ex: the govt institutions must work according to the rules and regulations .

5. These are practical in nature.

Thankyou

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