Executive's handbook of model business conduct codes

Manley II, W.W. (1991). Prentice-Hall. Reviewed by William R. Auxier, CEO of   ompson Surgical Instruments, Inc., and doctoral student at Andrews University.

Introduction

If the current state of heart disease were like the current state of business ethics, our nation would be experiencing a heart failure epidemic. Hospitals would be swamped with dying patients. They would barely be able to keep their defibrillators charged and on the ready to tend to the steady stream of individuals in heart failure. Some would die, some barely survive but be debilitated, and others would struggle at various stages on the road to recovery. The irony is that, just like with heart disease, most companies do not even have chest pains, yet they are headed for an ethical crisis.

Enron, WorldCom, Adelphia, and Arthur Anderson are examples of companies that died of ethical heart failure. Tyco, Kmart, and Global Crossing illustrate what happens even if they survive: there is a long road of rehabilitation for many of

things that are old and new. Christian leaders find direction from the eternal moral law provided by the Ten Commandments. By comparison, Manley's work is very contemporary. This is a book that should experience revived interest.

The case for the need of ethics and compliance programs has been made to business leaders for quite some time (Joseph, 2002). To respond 1.1e times a of etanley)]TJcespondat eta(oga frcw pespond l)ramc th

After the method for drafting the code has been decided, the people involved in the process chosen, and the ethical values identified, the code can be created. Manley offers several guidelines to follow based on the experiences of different firms. Most importantly, the firm's CEO must be a leader in the code's development. The CEO (or those under his immediate direction) should identify the firm's key objectives, which can serve as ground rules in the creation of the code. While input from large groups within the organization will be helpful, the code should be drafted by a small group of three to six people, including someone from the legal staff. The code should contain (a) an opening statement asserting the need for the code; (b) expectations of high standards of conduct; (c) an explanation of how to interpret the code; and (d) the firm's position on code enforcement, decision making, and sanctions. The code needs to be more than a summary of existing policies; it should clearly distinguish between ethical and legal requirements. The code should require all employees to comply with all relevant laws and professional standards as well as emphasizing key values of the organization. The written code should contain approximately 25 to 35 relevant sections, covering such areas as compliance with the law, dealing with customers and suppliers, conflict of interest, and employee rights. Each section of the code should be comprehensive and yet concise. Operating principles need to be incorporated so that employees can perform daily operations and activities in compliance with the code. Specific examples should be included to help employees understand the code in real life situations. A code should fully describe the most commonly encountered conflicts of interest and make it clear that the company expects employees to exercise upright behavior in all business dealings. Guidelines should be included to address employee conduct.

Once the first draft of the proposed code of conduct has been created, the CEO should carefully review it and then circulate it within the company for comment. The final draft of the code should consist of the modified draft that incorporates employee comments. Codes of conduct help employees know what is "good" and what is "bad." Not having a formal written code of conduct abdicates the responsibility of ethical decision making.

Model Codes of Business Conduct

After giving these general guidelines, Manley provides examples of codes of conduct developed by different companies. He has neatly organized the examples into 23 chapters with sub-categories.

Examples cited are excerpts from existing codes and credited to the company that created it. The categories are:

- Business Conduct
- Business Dealings and Relationships
- International Business Relationships and Practices
- Management Responsibilities
- Rights and Responsibilities of Employers and Employees
- Fundamental Honesty
- Protecting Proprietary and Confidential Information
- Internal Communications
- Equal Employment and Affirmative Action
- Sexual and Non-Sexual Harassment

Critique

Manley provides a comprehensive collection of codes of conduct used by established companies. Especially helpful are the guidelines necessary for the creation, implementation, and enforcement of a code of conduct. Manley has done a tremendous job reviewing a mountain of work and condensed it into an easily readable format. As the title indicates, the book is a handbook or how-to guide for creating a code of ethics for an organization, which it does very well.

It is well organized, which makes it easy to look up information or examples. The detailed table of contents (15 pages!) outlines the various topics into a logical sequence, making it simple to locate a specific topic or area of interest. In addition, the examples

example, on page 12 he notes that "a study by the Ethics Resource Center found that in 41 percent of the surveyed firms, CEOs had initiated the codes." While he credits the Ethics Resource Center, there is no citation of the source or reference in the bibliography. At times, Manley refers to a study without giving any reference. For example, on page 216 he states, "studies have shown that the most effective employee training sessions for codes of conduct are brief—two to four hours—and interactive." No studies are actually cited or referenced.

While Manley provides excellent examples from many different companies, some categories are better represented than others. For example, while the Employee Responsibilities section lists examples from 13 different companies, in the Union Relations section you will find only one example. I would have liked to see more balance in the categories.

Finally, this work needs to be updated. Chapter 17 is titled, Managing Computer-Based Information Systems. Email and the internet have become prevalent since this work was completed and codes of conduct dealing with these issues are not included. Updating would provide greater relevancy.

Conclusion

Manley provides an excellent handbook for anyone interested in developing or refining an organizational code of ethics. Although a few updates need to be made, this "older" resource reminds leaders, whether they lead a business, a school, a church, or any other organization, why an organization needs a code of business conduct. Manley walks you through guidelines for this process. He provides numerous examples of codes of conduct across a comprehensive list covering several topics. He provides strategies for implementing and enforcing the code. Finally, the questionnaire in Appendix A helps identify areas that need to be addressed within the organization by a code of conduct. Following his suggestions and examples will save an organization a tremendous amount of time. And his real world examples will help leaders find appropriate applications within their own context. In summary, this is a handbook for researchers and practitioners alike.

References list

Johnson, C. E. (2005).