

11 reasons why you should review your code of ethics

21 November 2017 by Duncan Minty

Codes of ethics are important documents. Yet that in itself can be a downside. Often launched with a bit of a fanfare, they can then lie unchanged for several years. Codes then acquire a rather fossilised existence, slowly but surely losing their influence on how people go about their work.

This path to irrelevance needs to be addressed. If your code of ethics isn't contributing something to your business, then you need to change it to make sure that it does. I'm going to highlight 11 reasons why your firm needs to take a fresh look at its code of ethics.

1. It's been a long time since anyone has. If your firm hasn't reviewed its code of ethics in the last five years, then it's safe to say it's already starting to become fossilised.
2. No one pays attention to it anymore. Look at how many page views it has been getting on your intranet? What do those numbers, and their trend, tell you? Compare it with page views for say, reporting concerns or for disciplinary issues.
3. Your firm has changed, perhaps through mergers, divestments or new business models. This will have introduced new ethical risks, which need to be reflected in your code of ethics. If your code isn't in sync with your business, it's irrelevant.
4. Your people don't understand it. Sometimes code of ethics can be written in complex language, which floats right over the head of most employees. Your code should be in plain English.
5. Your people find it too vague. Codes of ethics can sometimes be written in highly aspirational terms that people find difficult to connect with the reality of their day to day jobs. It's always good for a code of ethics to have some aspiration in it, but too much can be counter-productive.
6. Your people find it too detailed. Sometimes codes of ethics can feel more like rulebooks, with list after list of instructions. There certainly needs to be some direction in a code of ethics, but not too much.
7. When you ask employees about the code, few of them remember anything about it. Your code has to speak to the people it is addressing and offer them something of value, that they can do something with. For example, if your code of ethics doesn't have something to say about the main ethical risks people are encountering in their work, then they will not pay the code any attention. Even worse, they may downplay those ethical risks because the code is silent on them.
8. There are new people at the top of your firm. A key influence on the ethical culture of your firm will be the 'tone from the top' provided by its senior people. If the leadership on ethics being provided by an incoming chief executive isn't in sync with the firm's code of ethics, then that needs to be addressed in some way.
9. There have been some serious misconduct issues. It is after such incidents that the firm has to be confident that its code is up to scratch. A review of how to avoid a repeat of such misconduct should look at the code of ethics as well.

10. Your code of ethics speaks too much to the individual and doesn't recognise the role of leadership on ethics, or the firm's ethical culture. Such codes may in fact be a compliance hurdle, for regulators could view one sided codes as indicative of an imbalanced ethical culture
11. Insurance is changing, particularly through data. Codes nowadays must address the ethics of data in order to remain relevant. And the issues involved can be quite unique, so it's important not to simply assume that yesterday's code will work in tomorrow's market.

I've seen some great codes of ethics in my time, and to be honest, some not so great ones. And such 'weighing up' needs to take account of both the context within which the code exists, and the purpose for which it is being used. These are not static, and neither should be your code of ethics. Time to hit the 'refresh' button