Employee Code of Conduct

Corporate Governance for Micro, Small and Medium Sized Enterprises (MSMEs)

Part of the Pearl Initiative's
Corporate Governance Fundamentals

A Code of Conduct is a set of rules outlining the norms, rules and responsibilities of, or proper practices for, an individual, party or organisation. A professional Code of Conduct usually addresses concepts that include (but are not limited to) ethics, moral codes, stakeholder management, integrity, corruption and confidentiality.

How to Use this Document

This guide is part of Pearl Initiative's Corporate Governance in MSMEs programme. The goal of the programme is to provide the Micro, Small and Medium Sized Enterprises (MSME) community with tools and references that will help them implement practical and effective corporate governance capabilities commensurate with their specific internal requirements. Structured and cost-effective internal corporate governance capabilities will often enhance the efficiency, productivity, and resilience of any business, and allow leadership to maintain control yet focus on key business requirements such as strategy and growth.

We recommend that each business adopting this template independently evaluates and adjusts specific details in line with their business, operational, strategic and industry needs.

For more information on this programme please visit: www.pearlinitiative.org.

The Code of Conduct Template

An Employee Code of Conduct clearly defines and outlines the expectations of all employees within an organisation. It helps business leadership define what they expect from their staff while employed within the business. It also helps foster good company culture, sets business values, defines how all individuals must behave, and can improve performance.

Scan, tap or click on the QR Code to the right to download a free copy of the Pearl Initiative Business Procedure Template.
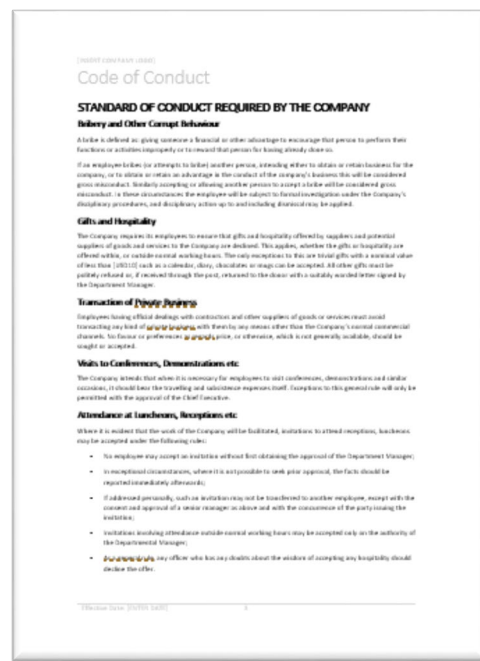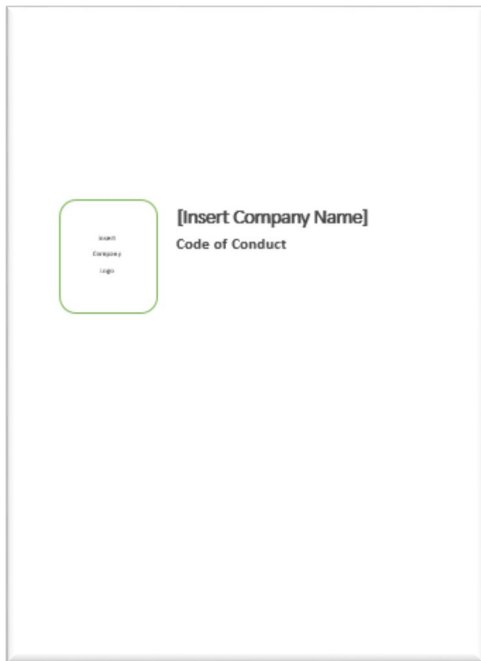
Employee Code of Conduct Guide

Instructions

The following tips are intended to provide guidance on proven methods of establishing an effective Employee Code of Conduct within a business.

- **Establish a team of drafters and identify the person who will oversee compliance**

  A Code of Conduct should be drafted with input from a multi-disciplinary team that includes senior management and representatives from relevant departments (i.e. Human Resources, Legal, Finance, Operations, etc.) from the business.

- **Write for your reader**

  A Code of Conduct will only make an impact if the standards of behaviour are effectively communicated to a and are understandable to every employee, at every level.

- **Be specific**

  Rather than simply including conceptual ethical principles, the Code of Conduct should identify and address specific situations that employees are likely to encounter in their daily work.

- **Include avenues to report violations and seek guidance**

  An avenue to report violations of the code is an important ingredient to its success. Include information in the code about how to report suspected violations and seek additional guidance on the application of the code.

- **Make the code available to everyone**

  The Code of Conduct should be distributed to all members of the business. It can be disseminated as a printed document or in an electronic format, such as an online posting.

- **Establish a commitment to ethics at the highest level of the organisation**

  When the code is complete, an announcement regarding its existence should be made across the organisation. This announcement should clearly state that the code applies to everyone within the business and that all individuals (irrespective of hierarchy or tenure) will be held accountable to the same standards.

- **Adopt a training programme**

  Simply asking employees to acknowledge receiving and reading the code is not enough to ensure that they understand it and will remember/apply its contents. A cost-effective training programme is a valuable tool to help explain its contents while emphasising its importance.

- **Enforce consistently**

  The enforcement of a code is essential to its credibility as members of your business are less likely to pay attention to the code if no disciplinary action is taken when it is violated.

- **Check to see if it is working**

  A business should monitor and audit the implementation of the Code of Conduct to determine whether it is having its intended effect. These tools help find out if employees are complying with the code.

- **Revise and update**

  A code must be updated to address changing laws and regulations, as well as business and industry changes. A code that becomes outdated will quickly lose its importance and relevance, so revisions and updates should be made on a regular basis.