![Brotherhood of St Laurence — Working for an Australia free of poverty](logo)

Turning values into action

Developing a
Code of Ethical Behaviour

Sonya Holm and Serena Lillywhite

November 2003

Contents

Acknowledgments

The process of developing a Code of Ethical Behaviour provides a unique opportunity to discuss ethics and values and how they influence the activities, behaviour and decision-making mechanisms within an organisation. The authors would like to thank staff, volunteers and clients who participated in the consultation process to develop the code. We are grateful to everyone who attended (or provided time release for others) focus groups, completed questionnaires and provided feedback on numerous drafts. Their contribution of time, energy and advice was essential to ensure the Code is relevant to everyone.

We would also like to acknowledge the Executive Team and the Board of the Brotherhood of St Laurence who embraced the Code of Ethical Behaviour and the process of consultation in its development. This requires courage and a commitment to ensuring an organisational culture that is aligned with its stated values.

The Code of Ethical Behaviour Working Group did a great job in pulling the Code together and managing a challenging project. We thank them for their perseverance, commitment and willingness to seek outcomes that would benefit the entire organisation.

All staff involved in the editing, design and publication of the Code were outstanding in ensuring the language used was accessible and easily understood; and the final product—a bright yellow poster featuring the code—is both eye-catching and user-friendly.

Ensuring ethical behaviour in all our actions, activities and decision making is an important part of working effectively together and of achieving our vision of an Australia free of poverty.

1. Introduction

In the latter part of 2002, the Executive Team of the Brotherhood of St Laurence (BSL) decided to develop its own Code of Ethical Behaviour (Code). This report describes the process undertaken to develop the Code.

The development of a Code for the BSL was seen as an important part of building on previous work. In particular, the Code strengthens the BSL's ongoing commitment to ethical business practices both externally and internally. Developing a Code was necessary not because the organisation was highly unethical, but because like all organisations it had room for improvement.

Work to develop the Code was undertaken by staff from Ethical Business, Human Resources and Organisational Development in the first half of 2003.

Why have a Code?

A Code is a mechanism to assist in ensuring that organisational values are incorporated into day-to-day activities and decision making.

Why the BSL has a Code

The BSL has a vision of working for an Australia free of poverty and its work focuses on innovative and sustainable service delivery, advocacy and research. For the BSL, having a Code encourages self-evaluation and taking responsibility for behaviour and actions—how we treat each other as individuals, how we treat our clients, our relationships with external groups, and organisational policies and procedures. The Code provides an avenue for shared understanding of how we achieve our goals.

Having a Code also assists with decision making processes in service delivery, tendering processes and corporate engagement, to ensure there is alignment between the BSL's values and our actions.

Other reasons for having a Code

After some recent prominent corporate collapses (of HIH and One-Tel, for example), there is greater public scrutiny on the corporate sector and increased pressure on companies to be more accountable for their business practices. In 2001, Australia led the world in corporate collapses (ABC 7.30 Report 2001). However, the pressure to be ethical is being applied not to the business sector alone, but also to the community sector (Nahan 2003, p.50).

Increasingly, representatives of community groups and non-government organisations (NGOs) are being invited to participate in corporate assessment processes such as the *RepuTex* Rating, as independent research groups assessing categories such as the environment, social impact, ethics and corporate governance. In addition, there is a growing trend in the corporate sector to undertake formal stakeholder engagement and dialogue with NGOs to help identify appropriate indicators for triple bottom line and sustainability reports or to comment on business activities that promote corporate social responsibility and community partnerships.

NGOs, trade unions, academics and community groups have a significant role to play in monitoring and advising the business sector and national and international policy makers in corporate social responsibility. This may involve an assessment of the internal, external and global processes that the organisation has developed. The BSL's research confirms that no single organisation or group can bring about corporate social responsibility; rather, global collaboration between enterprises, NGOs, trade unions, industry associations, academics and governments is most likely to achieve incremental progress (Lillywhite 2003).

Overall, having clear and well-documented processes to promote ethical behaviour is important for the reputations of organisations in all sectors. A Code is helpful in achieving that.

Types of Codes

There are many different names for documents guiding and regulating an organisation's behaviour. The most common are Codes of Ethics and Codes of Conduct. Others include Business Conduct Guidelines, Business Principles, Code of Business and Codes of Corporate Conduct.

While these documents are similar, there is a significant difference in approach between a Code of Conduct and a Code of Ethics (Lagan 2000, St James Ethics 2003). Most Codes, regardless of the name, will fall broadly into one of these categories. A Code of Conduct is a compliance-focused regulatory document that usually defines unacceptable behaviour (for example, no employee shall consume alcohol during the hours of employment). It also often stipulates the legal requirements of employees.

A Code of Ethics, on the other hand, provides a decision-making framework by establishing the principles and values which guide actions and decisions. The aim is to promote a culture that enables people to think through, and be accountable for, their decisions. It is also an acknowledgment that it is impossible to 'write all the rules' and that a shared understanding and commitment to activities and problem solving is more appropriate for many workplaces.

The BSL's Code of Ethical Behaviour (like a Code of Ethics) goes beyond legal and regulatory requirements, not only expressing the spirit of the law and culture of the organisation, but also identifying the key principles and values that will guide day-to-day activities and decision making in the organisation.

The BSL's Code is in addition to policy and procedures manuals. It is also designed to be applied in conjunction with legal requirements such as equal opportunity legislation and the Occupational Health and Safety Act 1985.

Who is a Code for?

Ultimately a Code is for *everyone* in an organisation. In the BSL's case, it is distributed and applies to managers, staff, volunteers, students, board members and the executive team. It is also being sent to regular service delivery partners, suppliers and contractors, and to clients on request. This wide distribution ensures that everyone knows what the Code 'looks' like, what it says, the behaviours it covers—and most importantly understands their own responsibility in helping to implement it.

How should it be used?

The Code should be used as a *process* to guide decision making, actions and activities. It is not about providing rules of behaviour for every situation. It aims to get individuals thinking about the broad range of issues in the workplace, and develop an understanding of what constitutes acceptable behaviour at work. It should encourage consideration of options and opinions, contribute to a culture where staff feel free to disagree, and promote transparency of actions and decisions.

Purpose of this report

The process of developing a Code can be just as more important as the resulting document. The process also substantially impacts on the likely success or otherwise of having it embedded into the culture of the organisation (Lagan 2000, p.111).

As Lagan states, 'the least effective approach to developing a Code of Ethics is to copy another company's code' (Lagan 2000, p.112). In that spirit, the purpose of this report is not to provide a template for other organisations, but to offer an example of the process of development. While primarily focused on how the BSL developed its own Code, this report also includes suggestions

and ideas for implementing and monitoring a Code, information on undertaking a 'values survey' and possible strategies for communication and education.

For a copy of the final Code adopted by the BSL, see Appendix A. Tools for undertaking the consultation process are included as Appendices B and C. Appendix D is a sample 'values survey', which is one way of assessing how the practical implementation of a company's values (as expressed through a commitment to corporate social responsibility) are aligned with employees' values, interests and concerns.

2.   Early steps

This chapter could also be called *Background work*, as in the Brotherhood's case a number of projects that contributed to the development of the Code had already been undertaken. Previous work consisted of a consultation process to develop a new vision statement for the organisation, work undertaken by Human Resources on a Code of Conduct and work completed in the Ethical Business unit.

Vision consultation

Two years prior to the Code, the BSL undertook an extensive consultation process within the organisation to develop a new Vision Statement. Approximately 330 paid staff members (out of 600) participated in discussion groups. Volunteers were also invited to participate, with special arrangements made to include those working in the BSL's auxiliary[1] stores. Written comments (and verbal comments via the telephone) on the draft Vision Statement were also sought from everyone in the organisation.

The process of developing a new Vision Statement also included identifying the values for the organisation. This provided a strong starting point for the development of the Code and many of the key values were incorporated directly into the Code.

An alternative way to identify organisational values would be to undertake a 'values survey'. This concept is discussed briefly below.

Draft Code of Conduct

The process of developing a Code often initially focuses on the legal and regulatory requirements, driven by risk management considerations. At the BSL, the Human Resources department produced a draft Code of Conduct between mid and late 2002. This early work was used to inform the development of the Code of Ethical Behaviour, especially in relation to the 'example behaviours' used in the Code.

Ethical business

The BSL has a focus on doing business ethically. This means ensuring social and environmental issues, as well as economic ones, are taken into consideration in decision making. It includes promoting labour rights and advocating on behalf of low-income and vulnerable members of the community. Such issues are important in order to plan for, and contribute to, a sustainable and equitable society.

The BSL strives to operate within a framework of social responsibility. This involves the development, implementation and promotion of ethical business practices throughout the organisation and with our suppliers and contractors. In particular, the Ethical Business Unit of the BSL had undertaken projects that assisted the development of the Code.

Good Reputation Index

The BSL was involved in the Good Reputation Index (GRI) in 2002 (now called *RepuTex Rating*). The GRI involved the scoring and ranking of the top 100 companies; the BSL's focus for the project was on ethical practices and governance. Research was undertaken and a survey designed to assess companies' demonstrated commitment to ethical practices (Holm and Lillywhite 2002). While building on existing knowledge and experience, work on the GRI informed the development of the BSL's own Code.

---

[1] Auxiliary stores are BSL retail stores that sell quality recycled clothing and household items that have been donated by the public and are run solely by volunteers.

'Ethical business framework for social responsibility' report

This document (Lillywhite 2002a) informed and recommended the development of the Code and was designed as a mechanism to assist BSL staff, the organisation overall and BSL suppliers to contribute to an Australia free of poverty through socially responsible operation and service delivery. It sets out the organisation's commitment to ethical business practices and global responsibility.

Supply chain management

The BSL has developed expertise in the global dimensions of corporate social responsibility particularly the complex issue of supply chain management in developing countries, especially China (Lillywhite 2002b & 2002c). This work, particularly with regard to the OECD Guidelines for Multinational Enterprises (OECD 2000), has been recognised at an international level.

This work recommended the BSL Code of Ethical Behaviour apply to all contractual relationships and to the ongoing providers of goods and services.

An example of the BSL's applying ethical business principles is in its involvement with the garment industry, through its retail outlet, Hunter Gatherer, which sells retro style clothing including garments with its own label. Hunter Gatherer has been accredited as a NoSweatShop manufacturer and retailer, indicating that all workers (including home-based outworkers and subcontractors) are employed under fair and decent conditions.

Values survey

Having a clear understanding of and commitment to an organisation's stated values, is central to implementing a successful Code. According to the St James Ethics Centre, a Code 'should be a document that expresses an organisation's underlying values' (St James Ethics Centre 2003, p.5). A values survey is included in Appendix 4 as a practical example of the initial steps an organisation can take to formulate an understanding of organisational values that might be reflected in a commitment to corporate social responsibility. Please note that this process was not undertaken by the Brotherhood of St Laurence as part of the process to develop our Code.

Many companies are committed to corporate social responsibility, and regularly donate money and resources to community projects. Many are also reviewing their philanthropic, volunteering and community involvement, to ensure a 'fit' with the organisation and its employees. The purpose of a 'values survey' is to assess the extent to which a company's values, as expressed through actions, are aligned with the interests, ideas and concerns of employees.

3. The consultation process

When developing a Code, it is vital that everyone in the organisation is aware of the organisation's commitment, so that as many people as possible can provide input and feedback to improve the Code. This not only increases ownership of the Code, but also ensures that the Code is as relevant as possible for *everyone*—a critical component of success within a diverse organisation. At the BSL, from the outset there was high level support from the executive team for the idea of developing Code. The Ethical Business Unit was asked to coordinate the project to ensure responsibility and accountability for the process. A seven-month timeline was set.

The decision to develop a Code was presented to the BSL Staff Consultative Committee (a cross-functional team of representatives nominated to discuss workplace issues) and there was discussion and analysis of the different focus and application of Codes of Conduct and Codes of Ethics. Following this, a Code of Ethics Working Group was established to complete the task.

At the BSL, a communication strategy was designed to inform staff; and a two-stage consultation process was undertaken to obtain feedback and input.

Code of Ethics Working Group

This group was convened by the Manager, Ethical Business, and had representation from the Human Resources, Organisational Development and Research and Policy areas of the organisation. This ensured that the Code of Ethical Behaviour was considerate of, and consistent with, existing policies and procedures, and current thinking around the existing and aspirational organisational culture and governance structures. There was not always consensus among the working group and compromises had to be reached. The group met on eight occasions and there was considerable communication via e-mail.

Communication and consultation

Communication strategy

The BSL offers a diverse range of programs and services, along with research and advocacy, and has a geographical spread across Melbourne, with concentrations of activity in Fitzroy and Frankston. The BSL has both paid staff (around 600) and volunteers (some 1200). The communication strategy involved multiple approaches to reach all staff (paid employees at all levels within the organisation, and volunteers), including e-mails, hard copies of information sent to various locations, phone calls, use of the intranet (internal web site), information attached to pay-slips and pinned to notice boards.

At each stage, staff received information and were invited to respond. Reminders encouraged staff to feel their input was valued and resulted in increased responses and a sense of ownership.

First stage of the consultation process

For the BSL, a draft Code developed by the working group was distributed to all staff. The first stage of the consultation process involved running 11 discussion/focus groups within the organisation. For those unable to attend, a small survey was distributed in order to allow for written feedback. Comments received were then used to develop the second draft of the Code.

Participation in discussion groups and the option to provide written feedback was open to all staff and volunteers. Eleven discussion groups were held with 69 people, with another 37 people providing written feedback. Thus, 106 people—mostly paid staff—participated in the first stage of developing the BSL's Code of Ethical behaviour. With the permission of the participants, all focus group discussions were taped and transcribed to ensure comments were considered.

A deliberate effort was made to speak to a broad cross-section of the organisation, by planning meetings at diverse times and locations. Those participating in the process were from Aged Care, Family and Community Services, Employment Services, Retail, Donated Goods, Furniture Works, Mod-Style, Shared Services, Organisational Development, Research and Policy and the Executive team. The project team sought to speak to as many volunteers as possible; a discussion group was also run with four clients of a BSL service. Board members and the BSL Human Research Ethics Committee were invited to participate.

Staff in different locations in Melbourne were involved. In addition to Fitzroy and Brunswick, discussion groups were held in Frankston, Thomastown and Craigieburn. However, despite our best efforts, there is some bias towards those located in Fitzroy, with 61 people participating from this area.

Participation in the consultation process was voluntary; however, some people were asked to participate because of their position, or as a representative of their work area.

As well as gathering feedback on the draft Code, the first-round consultation sessions also involved broader discussion on ethics within the organisation. Questions included how well participants felt the organisation put its values (as identified in the Vision statement) into practice, how the BSL could really make the Code work and how easy it is currently to raise ethical issues or concerns.

Second stage of the consultation process

The second stage of the consultation process involved circulating and seeking feedback on the second draft of the Code, incorporating comments from both the focus groups and completed questionnaires. Feedback was sought via email and telephone. At this stage, formal presentations of the second draft were made to both the Board and the BSL's Human Research Ethics Committee which includes external members). Both groups provided practical advice and suggestions to improve the Code.

Discussion and comments were used (with the participants' consent) to develop a *Feedback Report*, which was distributed to everyone in the organisation as part of the second stage of consultation. To ensure confidentiality, no names or identifying remarks were used in this report. Specific work areas were also not listed, but attempts were made to use quotes from a variety of programs and services. The *Feedback Report* was presented to the Executive Team and discussion of the common themes and concerns raised by participants encouraged. Issues raised in the feedback report will contribute to the ongoing work of the Organisational Development and Human Resources departments.

Organisational support

The final stage of developing the Code of Ethical Behaviour involved agreement by the Working Group that the Code was appropriate and representative of the organisation. In addition, the Executive Director agreed to support the Code and sign its foreword; and the Board of the BSL committed to launch the Code and help monitor its implementation, through a representative on the Ethics Committee.

The process of confirming support from the highest levels of the organisation is vital. The BSL experience showed that the final sign-off may take longer than expected. While consensus on every detail may not be achievable, plenty of time should be allowed to reach the wide general agreement that is essential for an effective Code.

4.   The design of the Code

The BSL Code of Ethical Behaviour (see Appendix A) consists of key words, followed by values, both as identified in the existing BSL Vision Statement. It continues with 10 principles and provides example behaviours for each principle.

Also included are 'ethical dilemmas', which are designed to promote discussion and to get people thinking about the complexities of ethical issues (see example below). When ethical issues arise there is not always a right and wrong response or solution. What is required is careful consideration of the options and opinions, and broad consideration of differing needs. It is suggested that ethical dilemmas be used as a part of the delivery of internal workshops to assist with the implementation, understanding and ownership of the Code

---

Ethical dilemma

A new person has just started working at the BSL. You soon discover that they have a lot to contribute to the organisation. However, it becomes apparent that the proper HR procedures were not followed and the job was not advertised. This has caused some ill-feeling amongst colleagues in your work area. In addition you then find out that the new person is a relative of another staff member. What do you do?

In the BSL's case, the example behaviours may express any or all of the key values or principles we seek to uphold, and for this reason the code needs to be read as a collection of attitudes and behaviours which together contribute to the desired type of organisation. It is also important to understand that our values and principles do not always co-exist harmoniously. Frequently they are to some extent in opposition to each other, and this is the essence of an ethical dilemma. For example, we may value *justice* but we may also value *compassion* and in a particular situation these two values will compete in their influence over our actions.

The Code is designed to emphasise the importance of how staff relate to each other, how they relate to the organisation and how they relate to clients, external partners and service providers.

5. Implementation and monitoring

Implementation and monitoring plan

Developing an ethical infrastructure for an organisation involves five key components:
1. Developing a Code of Ethics through a broad process of consultation that has support from the highest level of the organisation
2. Establishing an Ethics Committee
3. Establishing reporting, monitoring and evaluation mechanisms
4. Delivering workshops for staff on an ongoing basis
5. Integrating the Code of Ethics and implementation strategies with existing policies and procedures.

Implementing and monitoring of the Code is the most important aspect in ensuring its success. At the BSL, the Human Resources and Organisation Development teams have primary responsibility for coordinating the implementation and monitoring stage, as well as providing means for individuals and groups to address ethical conflicts. Processes have been established that build people's capacity to explore, examine and improve ethical behaviour through reflection and discussion. It is important to recognise that this is not always easy.

Various mechanisms can be used to implement the Code and monitor its effectiveness. At the BSL this will include workshops for all staff, inclusion in induction and orientation processes, inclusion in position descriptions, integration in performance appraisal processes, and introducing a standing item on all staff meeting agendas. In addition, a 'user friendly' version of the code has been developed to provide a visual reminder. Most importantly, an independent mechanism (the Ethics Committee) that allows staff to raise ethical issues for discussion and resolution has been established.

Risk assessment

Two key risks to the success of a Code have been identified:

Implementation does not occur

The greatest risk to the Code of Ethical Behaviour is that it is not implemented promptly and monitored regularly. Ongoing training and workshops are crucial in ensuring the Code meets its objectives. The establishment of a confidential mechanism to address issues is required—an Ethics Committee to ensure carriage of the Code.

The Code is not adopted throughout the organisation

It is essential that the Code is adopted and supported throughout the organisation. This necessitates leading by example from the Board and Executive staff. Without such leadership, staff will become disillusioned about the organisation's genuine commitment to foster identified values and to effectively implement outcomes of consultation.

Ethics Committee

Purpose

An ethics committee is a mechanism to help solve particular ethical dilemmas raised by staff. The committee may be approached if a conflict of interest arises. Consideration must be given to the relationship of the committee with other grievance and disciplinary procedures. Another function of the ethics committee is to ensure the Code remains relevant to the organisation and to modify it as necessary.

Membership

It is essential that the Ethics Committee be a mechanism that allows staff to raise issues in a non-threatening environment. It may be inappropriate to have representatives of the Executive or Human Resources on the Committee. At the BSL, it was recommended that membership include:

- a member of the Board
- a member of staff with expertise in ethics, to act as secretary and convenor
- a management representative
- a staff representative (possibly two, to represent union and non-union staff)
- a volunteers' representative
- a person external to the organisation, who can offer advice as a critical friend.

Nominations were sought, with consideration given to geographic and gender representation of the organisation.

Governance

All ethics committees need a charter or terms of reference, to clearly identify and document their powers and responsibilities, their reach and scope.

For example, the BSL charter will include:
- how the committee is constituted (membership and the process of appointment)
- how long each member serves, and how they are replaced
- to whom the committee reports
- guidelines on the appropriate training, skills and experience for committee members
- guidelines for the conduct of meetings, including their frequency and secretariat responsibilities (this could include mechanisms such as a checklist which confirms that other processes have been pursued, or an indication that the issue is outside of existing grievance and disciplinary procedures)
- guidelines for the conduct of hearing particular cases
- guidelines regarding resolution expectations and outcomes if a dilemma cannot be resolved
- guidelines on confidentiality
- how this committee fits with existing grievance and disciplinary procedures and other internal committees and processes
- compensation and/or payment of external members.

The terms of reference, governance structures and procedures for taking an issue to the committee need to be communicated throughout the organisation.

Reporting

In addition to developing a Code and establishing an ethics committee, consideration must be given to accountability. When reporting on the committee's activities, an organisation may present statistics on the cases—how many cases, the broad areas and how each was resolved (e.g. by negotiation, official warning). This has been effective in the area of occupational health and safety, where incident reports have prompted organisational training and awareness that resulted in changed behaviour. It is recommended that the Ethics Committee report regularly to staff and volunteers to ensure that the organisation is well informed of the Committee's activities and of its insights which can contribute to organisational development.

The aim of reporting is to raise the status of the committee to one that is trusted and used appropriately within the organisation, while ensuring accountability and transparency.

Monitoring

Monitoring and evaluating the Code of Ethics, implementation strategies and the operation of the Ethics Committee is essential if the Code is to be embraced by the organisation. It is recommended that this evaluation occur within the first 12 months after implementation of the Code, then biannually. External peer evaluation is highly desirable.

Ethics guides

As an internal resource for their peers, a number of staff will be trained as 'ethics guides' to provide support in working with ethical dilemmas and taking action where appropriate. The role of an ethics guide is to:
- provide guidance to staff about where to seek advice or share concerns
- clarify how issues are expected to resolved in the organisation
- clarify guidelines and options for resolving issues
- help staff explore their dilemma in a confidential context.

Providing ethics guide recognises the importance of having someone who is somewhat removed from the context and who can discuss ethical dilemmas and supply information about available expertise and organisational resolution processes.

Workshops

The delivery of regular workshops for all staff is critical to make sure the Code of Ethics is well understood and to build the capacity of the organisation to work within its Code. In addition, workshops support the Ethics Committee's work and the reporting and monitoring process. Every effort must be made to ensure that workshops are accessible to all staff in terms of location, time and support from managers.

Workshops provide not only increased awareness of ethical issues, but also practical ways of helping individuals resolve dilemmas or issues facing them or their colleagues. Learning by working with hypothetical and actual ethical dilemmas is important. This encourages discussion amongst participants, recognition of diversity and an understanding that there is not necessarily one correct response or outcome.

Within the BSL, the Organisational Development and Human Resources teams are developing an educational program to support the Ethics Committee in increasing the ethical awareness and 'intelligence' of the organisation. The aim is to enable staff to bring to life the Code of Ethical Behaviour in the way they carry out their work and manage relationships with all stakeholders. The program, with suggested time allowances, includes:

- training for the Ethics Committee (2 days)
- training for Ethics Guides (5½ days spread over 2–3 months)
- training for senior managers and key staff responsible for contractual relationships(2 days)
- training for trainers in ethical intelligence/awareness (5–6 days)
- introduction to the Code and basic principles (within exiting induction/orientation processes)
- workshops for staff (1–2 days)

The workshops will be designed and delivered by the St James Ethics Centre. Details of timing and delivery are still under consideration.

Consequences of breaches

Speaking up about a breach of the Code can be difficult. The BSL has set up several avenues to ensure that staff have the opportunity to raise the issue in a non-threatening environment. If there is an ethical concern in the workplace, a staff member can choose to:

- discuss the issue with the person concerned
- discuss the issue with a manager or supervisor
- raise the issue at a staff or team meeting
- speak to a senior staff member
- contact Human Resources regarding grievance and or disciplinary procedures
- contact Organisational Development
- contact an Ethics Guide
- take the matter to the BSL Ethics Committee.

6.   Overview

The experience in developing a Code of Ethical Behaviour has provided an excellent opportunity for the Brotherhood of St Laurence to think innovatively about the practical application of its vision and organisational values.

The document itself has been well received by staff, volunteers, managers and Board members. The process of development—especially the extensive consultation and feedback—has helped ensure a strong level of commitment to the Code. In particular, the design and incorporation of principles, example behaviours and ethical dilemmas have contributed to a Code that is easy to understand. It has been written to ensure all staff, with varying levels of literacy, can incorporate the Code into their daily behaviour and decision making.

The Code has been widely distributed to staff and regular suppliers and contractors. In addition, it is influencing the process of tendering for new contractual services when the opportunity arises. There has been considerable interest from external organisations in the BSL's Code.

The commitment to training and the provision of workshops to all staff is essential to ensure the Code is part of the organisational culture. This has required support from the executive staff and the allocation of considerable resources. External consultants will be appointed initially to deliver the training, with an emphasis on 'train the trainer' programs to build capacity within the organisation for future workshops.

The establishment of an Ethics Committee is also a critical component of the organisation's ethical framework and is one of several important mechanisms to assist staff resolve ethical dilemmas.

The key components for developing a successful Code are summarised below:

Key components for developing a successful Code

- Incorporate the values in the organisation
- Undertake consultation process
- Involve all levels of the organisation
- Ensure support from top management and the Board
- Communication and education about Code
- Develop and deliver workshops on the Code and its purpose for all staff
- Develop a monitoring and evaluation mechanism
- Report on how the Code is being implemented
- Report on issues that go before the Ethics Committee

BSL Code development and consultation checklist

The steps taken at the BSL to develop its Code of Ethical Behaviour are shown in the table on the next page as an aid to organisations considering a similar undertaking. The timeframes for each step are indicative only, since the actual time required to develop an effective Code is likely to vary according to factors such as an organisation's size and complexity, the resources allocated to the task and the extent to which common values are already shared.

BSL Code development and consultation checklist

Steps in developing a Code of Ethics	Approximate time required
Commitment from senior management to develop a Code of Ethics Resources and time allocated to develop a Code Staff identified to take responsibility for the work Timelines and objectives set	4 weeks
Draft Code developed by working group Questionnaire and focus group running sheet developed Draft Code distributed to all staff, with invitation to attend focus group and/or fill in questionnaire	3 weeks
Focus groups conducted Data transcribed and analysed	5–6 weeks
Second draft Code developed by Working Group based on feedback from the focus groups and surveys Themes and concerns raised by staff in the consultation process compiled and documented in a *Feedback Report* *Feedback Report* distributed throughout the organisation and presented to the Executive Team Second draft of the Code distributed throughout the organisation and presented to the Board of the BSL	5–6 weeks
Final version of the Code developed by the working group Executive Director and Board support for the Code confirmed	3 weeks
Code implementation and monitoring strategy developed Code printed as a booklet and a poster with an emphasis on ensuring it is clear, concise and easily understood Code distributed to all staff (including those on long leave), volunteers, Board members, Charter Members, Life Members and ongoing providers of goods and services. The Code is available to all clients.	3 weeks
BSL Ethics Committee established with Board and external representation	2 weeks
Code incorporated into all position descriptions Code incorporated into all internal policies and procedures, including orientation programs for new staff	initially 2 weeks, then ongoing
Workshops and training for staff Appointment of Ethics Guides within the organisation Establishment of mechanisms for staff to seek external advice.	initially 3 months, then ongoing

Continuing work

The BSL's Ethical Business Unit is keen to work collaboratively with other organisations seeking to develop a Code of Ethics and other corporate social responsibility initiatives.

Please contact Serena Lillywhite by phone (03) 9483 1379 or e-mail <slillywhite@bsl.org.au>.

Appendix A   Brotherhood of St Laurence Code of Ethical Behaviour

Foreword

I am pleased to present you with the Brotherhood of St Laurence's (BSL) Code of Ethical Behaviour.

This Code of Ethical Behaviour (Code) is an important document for *everyone* in this organisation. It applies to all relationships—between managers and non-managers, staff and clients, volunteers and students, board members and the executive team, service delivery partners, suppliers and contractors.

Please distribute this Code to all existing staff and new staff members. We ask that you provide copies to contractors and suppliers who provide a service on an ongoing basis, and notify clients that a copy is available on request.

The process of developing a Code is as important as the Code itself. That is why in 2003 an extensive consultation process was undertaken to give everyone in the organisation an opportunity to offer advice, have their say and contribute to its development. This feedback has helped strengthen our Code and make it relevant for our diverse organisation.

This Code supports the organisation's legal requirements such as the Privacy Amendment (Private Sector) Act 2000, Equal Opportunity Legislation and Occupational Health and Safety Act 1985. Many areas of the BSL also have their own Codes, such as the Australian Early Childhood Association Code of Ethics. There are also policy and procedures manuals for individual work areas, and the BSL Human Resources Policy and Procedures manual for the organisation as a whole. Although Victoria does not have specific whistleblower protection legislation, the BSL is committed to ensuring all staff are able to express their opinions in an open and supportive environment. For information on legal expectations and policy and procedures that apply to your daily work, please see your manager or contact Human Resources.

The purpose of the Code

This Code goes beyond legal and regulatory requirements. It not only illustrates the spirit of the law and culture of the organisation, but it also identifies the key principles and values that will guide our day-to-day activities and decision making. It attempts to provide a framework for examining our behaviours through private reflections and in discussions with others. The structure emphasises key principles and values that are to be honoured by the individual and the organisation as a community. The Code encourages self-evaluation and taking responsibility for our own behaviours, how we treat each other as individuals, how we treat our clients, our relationship with external groups and the policies and procedures we develop as an organisation.

Why it is necessary

In an organisation committed to an Australia free of poverty, achieved through innovative and creative service delivery, advocacy and research, the Code provides an avenue for shared understanding of how we achieve our goals.

The Code also strengthens our ongoing commitment to ethical business practices (both externally and internally) and activities that take a 'whole of society' approach, such as Triple Bottom Line reporting. It will assist with decision-making processes around service delivery, tendering processes and corporate engagement.

How to use the Code

The Code is designed to be used as a *process* to guide decision making, actions and activities. It does not provide rules on how to behave in every situation. It aims to get us thinking about the broad range of issues in our workplace, and develop an understanding of what constitutes acceptable behaviour at work. It encourages consideration of all options and opinions. We hope it contributes to a culture where staff feel free to disagree, and promotes transparency of actions and decisions. We regard every staff member's experience as a valuable contribution to the ongoing review and design of our organisational structures.

The example behaviours may express any or all of the key values or principles we seek to uphold. The Code can be read as a collection of behaviours that demonstrate a range of values and principles. It may help to recognise that our values and principles do not always exist harmoniously. They are often experienced as being in opposition to each other, and this is the essence of an ethical dilemma. For example, we may value *justice* but we may also value *compassion*, and in a particular situation these two values may compete in their influence over our actions.

Implementing the Code

Implementing the Code will be the most important aspect in ensuring its success. The Human Resources and Organisational Development teams will support the organisation in this, as well as providing means for individuals and groups to work with ethical conflicts. Processes will be established that build people's capacity to explore, examine and improve the ethical nature of behaviour through reflection and discussion. This will take courage, a willingness to ask difficult questions, and recognition that cultivating wisdom in our choices is a lifelong journey.

Various mechanisms will be used to implement and monitor the Code's effectiveness. These will include workshops for all staff, inclusion in induction and orientation processes, inclusion in position descriptions, integration in performance appraisal processes, and by becoming a standing item on all staff meeting agendas. A 'user friendly' and workplace appropriate version will be developed to contribute to the visual day-to-day awareness of the Code. Most importantly, an independent mechanism to allow staff to raise ethical issues for discussion and resolution will be established. This document will be evaluated and amended as necessary one year after its implementation, and then biannually.

What will happen if there is a 'breach' of the Code?

Identifying a breach of the Code can be difficult. Various steps and avenues have been established to ensure that you have the opportunity to raise concerns in a non-threatening environment. If you have an issue you would like to raise, I urge you to try to resolve it initially through discussion with the person concerned. If that is unsatisfactory then talk to your manager and raise it at a staff meeting. There will be times when this is difficult and it may be necessary to contact Human Resources for additional support. Finally, an Ethics Committee has been established as an independent forum to contact when all other avenues have been exhausted.

I thank you all for your hard work and commitment to the Brotherhood of St Laurence. Ensuring ethical behaviour in all our actions, activities and decision making is an important part of working effectively together, and for achieving our vision of an Australia free of poverty.

Father Nic Frances
Executive Director

BE INCLUSIVE
Integrity ✠ Honesty ✠ Dignity ✠ Respect

Principle 1

Treat each other, and all BSL clients, with integrity, honesty, dignity and respect.

Example behaviours
- Respect each other's customs and differences—for example, language, religion, ethnicity, sexual orientation, preferred music and foods.
- Respect each other's feelings, work needs and privacy.
- Treat others as you would like to be treated.
- Demonstrate integrity in all communication and action by avoiding malicious gossip and undermining behaviour, and by raising any concerns through the appropriate channels.

Principle 2

Treat the organisation in a way that encompasses integrity, honesty, dignity and respect.

Example behaviours
- Treat organisational property and equipment in a way that maintains its usefulness to others.
- Be professional and fair in any conversations and actions (internal and external) when representing the BSL.
- Do not use any information or your position or connection with the BSL for improper advantage or private gain.
- Apply yourself diligently during the hours of work (e.g. keep personal phone calls, correspondence and conversations to a minimum).

Principle 3

Ensure that all BSL clients and individuals are treated by the organisation with integrity, honesty, dignity and respect.

Example behaviours
- Share information and resources to ensure that staff have equal opportunity to participate.
- Ensure that policies and procedures are designed not only in accordance with legislative requirements, but also to capture the culture and values of the organisation (e.g. the Vision statement and this Code of Ethical Behaviour).

Ethical dilemma

You notice your colleague has taken a dislike to one of the BSL's clients. They treat this client differently from others, often being abrupt, at times quite hostile and generally unhelpful. It has reached the stage where you feel uncomfortable to be around them at the same time. However, you have a good personal relationship with your colleague and do not want to jeopardise it. What do you do?

ACT COMPASSIONATELY
Justice ✠ Equity ✠ Fairness ✠ Empathy

Principle 4

Treat each other and all BSL clients with justice, equity, fairness and empathy.

Example behaviours
- Value and acknowledge each other's contribution, provide positive feedback and encouragement.
- When expressing constructive criticism of others, focus on the behaviour and not the individual.
- Ensure that many perspectives are considered in decision making, in order to develop a balanced and non-judgmental view.
- Show understanding, empathy and support in times of personal difficulty.
- Treat all clients fairly and provide all possible and appropriate assistance.

Principle 5

Demonstrate consistent employment practices that embrace justice, equity, fairness and empathy.

Example behaviours
- Follow organisational policies regarding work practices.
- Encourage different and creative ways of approaching work situations to ensure people have the opportunity to balance personal and private needs and work in ways that suit them best.
- Ensure BSL staff at every level are able to participate in organisational activities.
- Ensure that individuals are given the support they need, including training and opportunities to debrief.

Principle 6

Ensure that all suppliers and contractors are treated with justice, equity, fairness and empathy.

Example behaviours
- Ensure existing and potential suppliers and contractors are treated equally and fairly.

Ethical dilemma

A new person has just started working at the BSL. You soon discover that they have a lot to contribute to the organisation. However, it becomes apparent that the proper HR procedures were not followed and the job was not advertised. This has caused some ill-feeling amongst colleagues in your work area. In addition you then find out that the new person is a relative of another staff member. What do you do?

BE CONNECTED
Shared responsibility ✣ Equality ✣ Accountability

Principle 7

Have a shared sense of responsibility and accountability.

Example behaviours

- Take responsibility for ensuring you work in ways that ensure the safety and well-being of yourself and others.
- Recognise that you are part of a broader organisation by working collaboratively with others, sharing information and being accountable.
- Ensure that decision-making processes encourage consultation and shared responsibility.

Principle 8

Develop and maintain relationships with individuals and organisations external to the BSL based on a commitment to a shared responsibility and accountability.

Example behaviours

- Be willing to share information and resources when working with other organisations, but with respect to privacy issues.
- Seek out relationships with other organisations in the spirit of collaboration and cooperation, as opposed to competition.
- Ensure that clients' needs, strengths and interests are acknowledged and used to focus BSL projects.
- Be accountable for the use of funds from private, corporate and government sources.

Principle 9

Seek relationships with ongoing suppliers, contractors and corporate partners who share our understanding of a shared responsibility and accountability.

Example behaviours

- Commit to processes that encourage socially responsible supply chain management (suppliers and contractors), with a focus on the impact on the environment and employment conditions.
- Be aware of who supplies the goods and services in your area, and the labour and environment conditions under which they may be produced or delivered.
- Discuss BSL values with potential ongoing suppliers, contractors and corporate partners in order to ascertain common ground and difference.

Ethical dilemma

The BSL has been invited to join a consortium of other organisations in submitting a combined tender for government funding. You feel that the combined effort of all the groups would mean much greater outcomes for clients. However, you have been informed (by a government employee working on the tender), that the government department involved prefers to work with individual organisations, rather than large complex groups. You realise that the BSL would have a greater chance of winning the tender if they put in a submission alone. What do you do?

WORK SUSTAINABLY
Sustainability ⊕ Harmony

Principle 10

Work in ways that foster sustainability and harmony with the wider environment.

Example behaviours

- Ensure that the environmental and social implications of decisions and activities are considered and acknowledged.
- Ensure the appropriate use of resources and reduce/reuse/recycle when possible.
- Investigate the use of sustainable alternatives, e.g. energy providers who have demonstrated their commitment to 'green' practices.

Ethical dilemma

You discover that the paper your area buys is made by a company that uses trees from rain forests in Indonesia. Although this activity is illegal, the manufacturers manage to maintain their supply through corruption and bribery. You check out other paper suppliers and discover that the environmentally friendly alternative is more expensive. Your area uses a lot of paper, and has an extremely tight budget. What do you do?

This Code of Ethical Behaviour has been developed in consultation with staff, volunteers, clients and Board members, and completed in June 2003.

Appendix B   Questions for discussion groups

These questions represent a guide used during the discussions. Not all questions were always covered.

First half

Broad discussion of ethics in the organisation and what ethics means to you in your everyday work.

Questions to discuss:

Does anyone have an ethical dilemma they wish to discuss (doesn't have to be real, although that is fine)? Or a favourite one that we've already distributed?
Is everyone aware of the Vision statement?
How effectively does our organisation put its values (Vision statement) into practice? (both for individuals and the organisation as a whole)
Where and how can we improve?
Do you feel able to openly discuss any questions or concerns about ethics?
Is leadership (top management) committed to high standards of ethical behaviour? Examples?
Are there examples where you would like to see leadership doing more?

Second half

Purpose:
- Get feedback from draft Code of ethics
- Discuss implementation strategies (communication and education)
- Discuss long term survival of the Code—how to make it real

1. Questions to discuss regarding feedback from the draft Code

What did you think of the draft Code of ethics?
How useful is it for a guide for decision making (including day-to-day activities)?
What extra content would you suggest in order to make the code more useful and relevant?
What do you think about the values and key words, do they link up and make sense?
What about the ethical dilemmas? Are they useful? Which ones are missing?

2. Implementation strategies (communication and education)

How do you feel about:
- Everyone participating in ethics workshops?
- All staff (and the Board) receiving a copy of the Code?
- An ethics component being included in orientation?
We are thinking about producing a user-friendly version of the Code (perhaps a postcard or poster). What do you think about this?
- Other ideas?
- If you had the main Code, and the user-friendly version, would that make the Code easier for you to use?

3. Discuss long-term survival of the Code—how to make it real

How can we ensure that the Code is used in day-to-day activities in the BSL?
What strategies could be used to make the Code 'come alive' and be used by everyone on an ongoing basis?
How can we 'monitor' the Code to ensure that it is being used?

Appendix C   Copy of survey

Thank you for agreeing to provide feedback on the BSL's Code of Ethical Behaviour. Input such as yours is vital for ensuring that the Code becomes everyone's Code.

Please complete the questions below, and return the form to Sonya Holm. *See details at the end of the questionnaire.*

Please note that the information about you will be kept confidential. We are gathering this to ensure we have consulted with a cross-section of the organisation, but your name or other identifying information will not be used in any report.

Name: _____

Where you work (please put area of work as well as suburb, e.g., Employment opportunities – Fitzroy):
_____

Are you: a volunteer / paid staff member / both
(Please circle)

Are you a manager or supervisor of a number of staff? Yes / No

Date: _____

1. What does 'ethics' mean to you in your everyday work with the BSL?
_____
_____
_____
_____

2. Are you aware of the BSL's Vision Statement? Yes / No

3. How effectively does the BSL put its values (Vision statement) into practice?
_____
_____
_____
_____

4. Where and how can we improve?
_____
_____
_____
_____

5. Do you feel able to openly discuss any questions or concerns about ethics?
_____

5a If yes, who do you discuss these with?

_____
_____

5b Do you feel the discussion is likely to lead to action/change?

_____
_____
_____

6. What do you think of the draft Code of Ethical Behaviour? (See attached)

_____
_____
_____
_____

7. How useful would it be as a guide for decision making (including day-to-day activities)?

☐ Very useful   ☐ Not useful

☐ Useful   ☐ Don't know

8. What extra content would you suggest in order to make the Code more useful and relevant?

_____
_____
_____
_____

9. Are there other ethical dilemmas that you would like to see included in our Code? If yes, please describe dilemma.

_____
_____
_____
_____
_____

10. How can we ensure that the Code is used in day-to-day activities in the BSL?

_____
_____
_____
_____

11. How do you feel about everyone in the organisation participating in an ethics workshop?

_____
_____

_____
_____

12. How can the Code be 'monitored' to ensure that it is being used?

_____
_____
_____
_____

13. We are thinking of producing a 'user-friendly' version of the Code—for example it could be a postcard or poster with key terms. What do you think about the idea of having a user-friendly version of the Code?

_____
_____
_____
_____

14. Other comments or issues

_____
_____
_____
_____

Please return completed to Sonya Holm [contact details provided in original survey]

Appendix D   Sample 'values survey'

Please note that this survey was not undertaken by the Brotherhood of St Laurence during the process to develop its Code. It is included as an alternative method for understanding company values.

_____

All staff (or a representative sample) should answer the questions in the first section. This should be assessed against the activities that your company is already involved.

Questions for staff

1. What areas/issues concern you most? **Please number the following list from 1 to 10, in order of concern, 1 being the highest level of concern, 10 being the lowest**.

    ☐ The environment

    ☐ Children and young people

    ☐ Education

    ☐ Health

    ☐ Aboriginal groups

    ☐ Disabled

    ☐ Long-term unemployed

    ☐ Performance arts

    ☐ Addictions (e.g. drugs)

    ☐ Other, please describe: _____

_____

2. Please complete the table below by identifying the type of involvement you are interested in. **For each area/issue, please choose the appropriate types of involvement and tick as many as apply. If you have more suggestions for types of involvement, please write them in the table in the space provided. For other areas/issues, please write down your suggestion/s in the space after the table.**

Area/issue	Type of involvement					
	None	Volunteering in own time	Volunteering in company time	Company donation	Donation of resources (e.g. old computer equipment)	Other (please specify below)
Environment						
Children and young people						
Education						
Health						
Aboriginal groups						
Disabled						
Long-term unemployed						
Performance arts						
Addictions (e.g. drugs)						

Other, please specify _____

_____

2. How much staff time do you believe should be allocated towards activities and projects in these areas (e.g. one hour per week per employee)? _____

3. What percentage of the pre-tax profit of [company name] per annum should be allocated to one, some or all of the areas listed above per year? _____

Questions for company

1. Does [company name] have a policy to provide support for community programs on a regular basis (e.g. annually)? Yes / No

2. Please complete the following table by ticking (or writing as appropriate) which areas/issues [company name] supports, and the type of support offered (the bottom part of the table is blank for you to include issues and areas not listed):

Area/issue	Type of involvement				
	Staff participation in their own time	Staff participation in company time	Company donation	Donation of resources (e.g. old computer equipment)	Other (please specify below)
Environment					
Children and young people					
Education					
Health					
Aboriginal groups					
Disabled					
Long-term unemployed					
Performance arts					
Addictions (e.g. drugs)					

Other, please specify _____

_____

3. How much employee time is currently allocated towards activities and projects in these areas (e.g. one hour per week per employee etc)? _____

4. What percentage of the pre-tax profit of [company name] in the last financial year was allocated in total to the areas listed above? _____

References

Australian Broadcasting Corporation, 7.30 Report 2001, *2001: The year of corporate collapses*, 20 December, transcript, viewed 29 January 2002, <http://www.abc.net.au/7.30/s445523.htm>.

Ethics Resource Center 2001, *Code of Ethics toolkit: A guide to developing your organization's Code of Ethics*, Society for Human Resource Management (SHRM), viewed 23 February 2003, <http://www.shrm.org/ethics/organization-coe.pdf>. Used with permission from the Ethics Resource Center.

Francis, R 2000, *Ethics and corporate governance: An Australian handbook*, 3rd edition, University of New South Wales Press Ltd, Sydney.

Holm S & Lillywhite, S 2002, *Doing business responsibly: Perceptions of ethical practice and governance of Australasia's top 100 companies*, Brotherhood of St Laurence, Fitzroy, Vic.

Lagan, A 2000, *Why ethics matter: Business ethics for business people*, Information Australia, Melbourne.

Lillywhite S 2002a (unpublished), Ethical business: A framework for social responsibility, Brotherhood of St Laurence.

Lillywhite, S 2002b, 'Pursuing corporate responsibility in China—Labour rights and supply chain management' in *Conference proceedings of Academic Meeting on International Labour Standards and Workers' Rights, and Business and Human Rights, China*, pp.177–87.

Lillywhite S 2002c, 'Sustainable foreign direct investment—supply chain management and labour rights in China', in OECD Global forum on International Investment, *Attracting international investment for development*, OECD, Paris, 2003, pp.60–82.

Nahan, M 2003, 'Ethics industry's ethical dilemma', *Ethical Investor*, no.21, April, p.50.

Organization for Economic Cooperation and Development (OECD) 2000, *OECD Guidelines on Multinational Enterprises*, viewed 27 May 2002, <www.oecd.org>.

St James Ethics Centre 2003, *Developing codes: Why codes fail: part one*, viewed 11 June 2003, <http://www.ethics.org.au>.