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Honorable Merchants

Ethics in the workplace:
The honorable organization

Think about the traditional roadside stand selling sweet corn. Traditionally, these un-manned booths feature items for passers-by to purchase. Shoppers select their items and leave payment in a closed container. The farmer trusts shoppers to pay accordingly. In return, the shoppers have freedom from surveillance, an accessible location and a quick sale. The roadside stand is a simplistic example, but the honor system at work can be powerful. Just think about it … what if we all lived by the honor system? What if each and every one of us was so committed to the honor system that we always thought about how our actions would impact others? We wouldn't need lawyers because everyone would be using their good judgment to do right by others.

Honor codes still exist, especially for our youth, and are guidelines for ethical behavior. For example, The Girl Scout Law reads: I will do my best to be honest and fair, and friendly and helpful, considerate and caring, courageous and strong, and responsible for what I say and do, and to respect myself and others, respect authority, use resources wisely, make the world a better place, and be a sister to every Girl Scout.[1] Honor codes articulate how members of a specific organization should act and treat others. If schools and clubs are instilling the honor code concept, why does honor code usage seem to be diminishing in our work environments?

The truth is that honorable and ethical practices aren't just for the greater good; they are good for business and the bottom line, too. Researchers discovered that company culture is the strongest predictor of ethical workplace conduct because positive workplace culture cultivates superior value creation. This predictor was revealed when researchers looked at stock market returns of publicly traded companies, and found that returns among the strongest cultures outperformed the overall stock market. From 1998 to 2011, the stock price growth of the top 100 most ethical companies outperformed stock market and peer indices by almost 300 percent.[2]

So with that motivation, why do we so often hear that many workplace environments are struggling with internal ethics and honor? That exact question is motivating people to re-evaluate and support an ethical rejuvenation of sorts. From the Harvard Business School MBA Oath to Lockheed Martin® and Walt
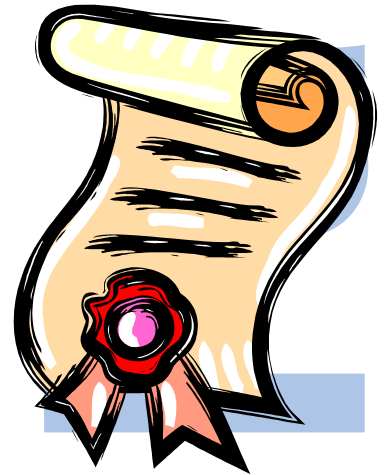
1 "Girl Scout Promise and Law." Girl Scout Promise and Law. Girl Scouts of America, 2014. Web. 13 Nov. 2014. <http://www.girlscouts.org/program/basics/promise_law/>.
2 "The ROI on Workplace Culture." Benefits of Great Workplace Culture. Great Place to Work Institute, n.d. Web. 13 Nov. 2014. <http://www.greatplacetowork.com/our-approach/what-are-the-benefits-great-workplaces>.

Disney® World, there's been a push to remedy unethical business practices in recent years. In fact, even a centuries-old German tradition, referred to as the honorable merchants, is making a comeback.

Let's gain a better understanding of honor in the workplace by exploring the essence of trust and ethical behavior. We'll travel along the trust timeline to dig into the honorable merchant tradition and historical honor codes in several cultures. And once back in present day, we'll discuss efforts to rejuvenate ethical business practices and their economic impact. Then we will make ethical decisions actionable by providing a how-to guide that outlines developing and adopting an honor code and ethical culture handbook.

Trust timeline: Honor codes in historical context

Honor is at the very root of this discussion, but what exactly is it? While there are multiple definitions, honor is generally considered high respect for one's self and others. Honor encompasses your word and your reputation. Feelings surrounding your honor can be deeply personal and the loss of face that accompanies dishonorable acts can create intense feelings of shame. Real commitment to distinguished behavior, honoring yourself and others, is liberating because you don't need threat of legal action or even disapproval from your peers to make ethical decisions.[3] At the same time, the need to maintain your honor and protect your reputation can protect you from making unethical choices.
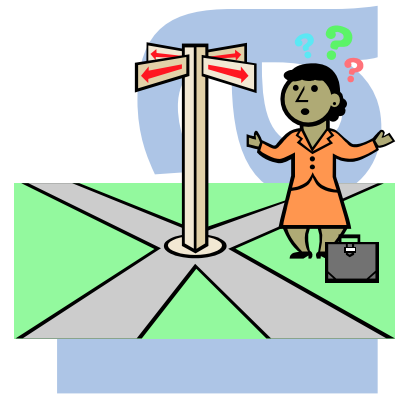
Business people are generally an educated group. Educated people can make good, ethical decisions, right? Not necessarily. We've seen time and time again that education alone is not enough. Educated people do not always make the ethical choice. Ralph Waldo Emerson said, "Character is higher than intellect." And that sentiment applies here. Character counts; and character is ethics in action. As educated professionals, it is not enough to know what is good and what is true. We have to act on it.

Enter the maxim of reciprocity; what some refer to as the Golden Rule. By definition this ethical truth means that every individual has the right to just treatment and a reciprocal responsibility to help ensure justice for others.[4] The responsibility for reciprocal treatment is at the very root of honor and trust. If we do right by others, it helps instill trust that they will also do right by us. The honor system is built on the maxim of reciprocity. This is a philosophical manner for

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3 Hoefle, Manfred, and Armin Sorg. *"The Honorable Merchant — A Role Model for Today." Managerism*, 8 Apr. 2011. Web. 20 Oct. 2014. *<http://managerism.org/topics/governance-compliance/insights-no-5>.*
4 *Ibid.*

facilitating a variety of different endeavors by relying solely on trust, honor and honesty. All endeavors using the honor system provide a freedom to participants in that there are no set regulations. However, participants are bound by their honor to observe the expectations.

Let's travel back on our trust timeline for a look at the honor system and honor codes throughout history before focusing on honorable practices with specific relevance to today's business ethics.

While Thomas Jefferson penned the first academic honor system in America on behalf of his alma mater, William & Mary, the global use of honor codes goes back much further than the 1700's.[5] Our timeline extends all the way back to Ancient Babylon around 1754 B.C. and the Code of the Hammurabi which included the well-known adage "an eye for an eye, a tooth for a tooth."[6] In Ancient Greece, an honor code was established in multiple written works. Plato encapsulates Socrates' contributions to the cultural honor code in his book Republic when he writes, "It has been shown that to injure anyone is never just anywhere."[7]

Japanese culture has a strong history of honor as well—in a way, it is their societal glue. By focusing on honorable action and "saving face," the Japanese people have curated a deeply rooted sense of honor and how to act accordingly. If individuals commit dishonorable acts, they are required to bow in humility to the party they have wronged.[8] This is a voluntary act of admission. Maintaining this code is required for the guilty party to participate in general society once again.[9]

In the 13th century, German and Italian merchants developed their own honor code system. The Honorable Merchant tradition was established as a method for protecting and strengthening business culture. In 1282, merchants gained power in Florence, and organized guilds to regulate commerce, fight corruption and restore honor in business. Guilds used their own regulatory abilities to foster merchants committed to ethical business practices.[10] New apprentices were taught honesty, justice, prudence, moderation and foresight.[11] This commitment to an honor code is where we see the first utterance of the "truthful and honest

5 "History & Traditions." William & Mary University. N.p., 2014. Web. 13 Nov. 2014. <http://www.wm.edu/about/history/>.
6 "8 Things You May Not Know About Hammurabi's Code." History.com. A&E Television Networks, 17 Dec. 2013. Web. 12 Nov. 2014. <http://www.history.com/news/history-lists/8-things-you-may-not-know-about-hammurabis-code>.
7 "Plato: The Republic." Internet Encyclopedia of Philosophy. N.p., n.d. Web. 14 Nov. 2014. <http://www.iep.utm.edu/republic/>.
8 Hoefle, Manfred, and Armin Sorg. "The Honorable Merchant — A Role Model for Today." Managerism, 8 Apr. 2011. Web. 20 Oct. 2014. <http://managerism.org/topics/governance-compliance/insights-no-5>.
9 Ibid.
10 "Economic Changes Medieval." Dallas Baptist University, n.d. Web. 28 Oct. 2014. <http://www3.dbu.edu/mitchell/economicchangesmedieval.htm>.
11 Hoefle, Manfred, and Armin Sorg. "The Honorable Merchant — A Role Model for Today." Managerism, 8 Apr. 2011. Web. 20 Oct. 2014. <http://managerism.org/topics/governance-compliance/insights-no-5>.
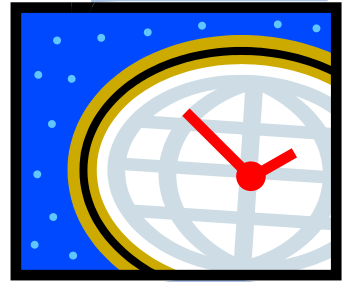
merchant."[12] Individuals who violated guild bylaws and citizens who committed crimes were punished harshly. Punishment could range from fines and exile for the rich to corporeal punishment and death for the poor.[13]

As the merchant class grew in importance across Western Europe, so did the emergence of trade associations. These trade associations worked to protect merchants from inflation by nobles and trade infringements. Organization of the official Honorable Merchant teachings begins within the Hanse. From the 13th to 15th centuries, the Hanse controlled trade throughout most of Europe. Towns in Northern Germany and German merchant communities located abroad formed the league to protect their mutual trading interests.

In 1282 German merchants felt that their trading partnership with Norway was subject to severe injustices.[14] After hearing a German ship was attacked, the Hanse stepped in and established an economic blockade against Norway.[15] All exports to Norway were prohibited under penalty of fines and confiscation of goods. The Hanse gained such a wide network of trade that the Norwegians were unable to access grain and other goods. To end the embargo, Norway paid for the losses they caused and was forced to grant the Hanse exclusive trading privileges.[16]

Using moral code enforced by the Hanse, Hamburg merchants committed to ethical business took the name Versammlung Eines Ehrbaren Kaufmanns zu Hamburg e.V., or VEEK.[17] The English translation means Assembly of Honorable Merchants of Hamburg. The rules prepared merchants on how to conduct business with other international parties and soon became ingrained into their regular proceedings. Some of the adopted commandments included:

- "The honorable merchant respects the interests of the owners."[18]
- "The honorable merchant supports common welfare in the society."[19]
- "The honorable merchant aims his actions to virtues that create confidence."[20]

12 "2014 AMA Global Marketing SIG Conference." Global Marketing SIG. American Marketing Association, n.d. Web. 28 Oct. 2014. <http://www.lehigh.edu/~inamasig/events_2014globalsigconference.htm>.
13 Czinkota, Michael. "Building Global 'Trust Bridges'" Building Global 'Trust Bridges' American Marketing Association, July 2014. Web. 27 Oct. 2014.
14 Ibid.
15 Ibid.
16 Ibid.
17 "Principles of Business Ethics." Honourable Society of Hamburg Merchants. N.p., 2011. Web. 17 Nov. 2014. <http://www.veek-hamburg.de/wp-content/uploads/2011/07/VEEK_Leitbild_Englisch.pdf>.
18 Czinkota, Michael. "Ten Commandments Of The Honorable Merchant." Professor Michael Czinkota. N.p., 6 Feb. 2014. Web. 04 Nov. 2014. <http://michaelczinkota.com/2014/02/ten-commandments-of-the-honorable-merchant/>.
19 Ibid.
20 Ibid.

The tradition was prevalent through most of Europe until the fall of the Hanseatic League and the end of the Thirty Years War (1618-1648). While the honorable merchant system lost importance with the crippling of Germany's economy in 1648, the tradition did not die. Honorable merchant principles lived on in some German merchants.

The guiding principals of honorable merchants inspired by the original tradition and published by today's Nuremberg Chamber of Commerce and Industry outlines the essence of the honorable merchant tradition. These guidelines explain that true honorable merchants have obligations to three parties: themselves, their company and society at large:[21]

The Honorable Merchant as a Person: Commitment to value compliance

- The honorable merchant has a tolerant and liberal attitude
- The honorable merchant keeps his/her word with the handshake as a binding act
- The honorable merchant develops commercial judgment capabilities

The Honorable Merchant in His/Her Company: Creating the conditions for honorable behavior

- The honorable merchant acts as a role model through all actions
- The honorable merchant promotes honorable behavior in his business
- The honorable merchant aims at long-term and sustainable business objectives

The Honorable Merchant in Society and the Economy: Comprehending and creating the framework for honorable behavior

- The honorable merchant heeds the principle of equity and good faith
- The honorable merchant recognizes and takes responsibility for the economic and social order
- The honorable merchant always advocates his values both in domestic and foreign trade[22]

The honorable merchants are just one example of honor in the workplace. While uses of the honor system varied in complexity and application, each historical use of the honor system includes a distinct form or method of punishment for those who committed a dishonorable act to make things right and re-enter a group, organization or even society at large.

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21 "The Honorable Merchant." Nuremberg Chamber of Commerce and Industry, 26 Oct. 2012. Web. 4 Nov. 2014. <http://www.ihk-nuernberg.de/de/media/PDF/Zentrale-Dienste/ekaufmann_a3_e_blanko.pdf>.
22 Ibid.

# Rejuvenation efforts: The honor code in the workplace

Move the trust timeline to modern day. To say that a lot has changed since the Hanse had control of trade, and the honorable merchants were major players on the world economic stage, is an understatement. Business ethics and the honorable merchant model are transforming because of increasing technology, deteriorating social relationships and changing ethical values. Figure 1 below provides a brief overview of how social relationships and business structures have radically changed from the days of honorable merchants.[23]

Figure 1. Comparison between past and present/future social relationships and business structures.

	Past	Present and future
Actors	Small, regional or national enterprises, trade guilds and professional associations	Major international corporations and global professional corporations
Relationships	Personal relationships	Sometimes anonymous, complex markets
Enterprise structures	Family businesses, personally liable partners, main shareholders, trusts	Major publicly owned corporations, large state-owned companies
Socialization	Homogenous groups	Heterogeneous groups (e.g. business schools, international careers)
Rules	Informal rules including comments on personal behavior	Formal, detailed supervision, compliance, controlling and reporting
Perspective	Long-term, cross-generation	Short- and medium-term
Representatives	Ownership, enterprises	Associations, lobbying
Liability and penalties	Unlimited liability of ownership, penalization by social ostracism	No or limited liability judicial prosecution, covered by D&O, opportunities for avoidance
Prime motives	Problem-solving, embedded in the real economy	Profit-oriented mainly via transaction in the nominal economy, services for the real economy

Despite these dramatic changes and a world full of headlines screaming about acts of corporate bribery, illegal contract practices, deceptive advertising and financial fraud; we still see honorable merchant principles/ethics at work in today's business world. In fact there are a number of efforts to rejuvenate the honor system and honor codes in the modern day workplace.

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23 Hoefle, Manfred, and Armin Sorg. "The Honorable Merchant — A Role Model for Today." *Managerism*, 8 Apr. 2011. Web. 20 Oct. 2014. <http://managerism.org/topics/governance-compliance/insights-no-5>.
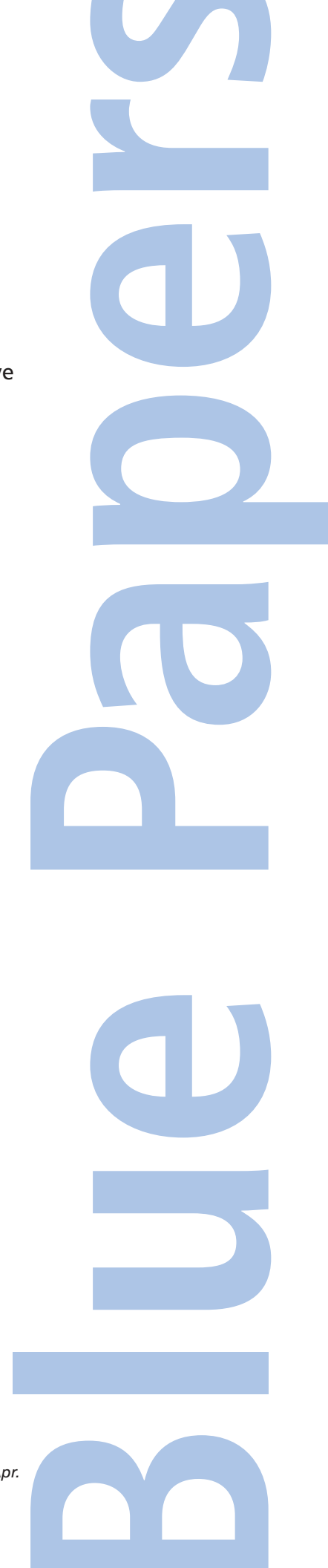
If you search the Internet for Versammlung Eines Ehrbaren Kaufmanns zu Hamburg e.V. (VEEK) or Honorable Merchants of Hamburg, you'll stumble upon a number of Hamburg businesses proclaiming commitment to VEEK principles and strong business ethics on their websites. The Hamburg Honorable Merchant Society is now focused on developing young honorable leaders and fighting corruption. The Hamburg School of Business Administration is also committed to the VEEK tradition. The school roots all programs in the history of the honorable merchants; to instill the honorable merchant values in young professionals, members of the present day VEEK mentor doctoral candidates.[24]

In the United States, a number of business schools are also trying to cultivate honorable leaders through similar efforts. The Harvard MBA Oath is one example. A group of student leaders in the 2009 MBA class committed themselves to ethical leadership. They felt appalled by unethical activity in the business world especially before, during and after the recession.[25] They set out to rehab the reputation of business professionals, and to create value responsibly and ethically.[26] This voluntary oath was derived from the existing foundations including the: Hippocratic Oath, the Thunderbirds Oath of Honor and the Columbia Business School's Honor Code.[27] What started as a small group of student leaders has now become an international movement. Now students from over 250 schools around the world are using the oath. To gain broader relevance and make greater impact inside workplaces, the MBA oath has now partnered with the Aspen Institute and World Economic Forum.[28] The overall goal is that each professional signing the oath does so with a firm commitment to take the oath into their workplace, and live out the oath's meaning each and every day.

How-to Handbook: Creating a meaningful culture

"Just as character matters in people, it matters in organizations," says corporate psychologist, Justin Shultz. This is an excellent reminder that our organizations also have a responsibility to create and uphold ethical behavior. Remember cultivating an ethical environment requires more work and commitment than simply drafting a statement of core values. How do you bring a working honor code to your office? Here's your four-step guide to creating an ethical environment that sustains your organization.

24 "Mentoring Program (VEEK)." HSBA Hamburg School of Business Administration. N.p., n.d. Web. 14 Nov. 2014. <http://www.hsba.de/en/study/master/mentoring/>.
25 Ryssdal, Kai. "An Oath for MBAs to Be Better Leaders." Market Place. N.p., 8 June 2010. Web. 15 Nov. 2014. <http%3A%2F%2Fwww.marketplace.org%2Ftopics%2Flife%2Fbig-book%2Foath-mbas-be-better-leaders>.
26 "About the Oath." The MBA Oath. N.p., n.d. Web. 14 Nov. 2014. <http://mbaoath.org/about/>.
27 "Welcome." The MBA Oath. N.p., n.d. Web. 14 Nov. 2014. <http://mbaoath.org/>.
28 Ibid.

Step 1: Envision

First, we must ask ourselves what a meaningful environment looks like.[29] Host visioning sessions, and bring together high-level leaders and managers from across the organization to collaborate on how your meaningful culture should look and feel. Your own people know best how respect for the organization and one another can make a difference. During your visioning sessions, discuss how your employees will be empowered to do the right thing, and make the right decisions.

Coca-Cola® is a great example of collaborative leadership visioning making a dramatic and positive impact. Neville Isdell became CEO in 2004 and he started his tenure by returning the company to its mission: "Inspiring moments of optimism and happiness."[30] Isdell felt the people at Coca-Cola knew what should be done to right what was wrong with the culture and the business at-large. With this in mind, Coke's human resource (HR) staff asked employees for their views on what was right, what was wrong and the trust level within the organization. The information revealed that the Coke team lacked a common purpose. To remedy the problem, Neville brought 400 top managers together to create a cultural vision and strategy that would reflect the entire Coke team's highest ethical aspirations. The approach worked. Six months later the managers launched the Coca-Cola "Manifesto for Growth." Because the people had created the vision, they were committed to the plan and buy-in was automatic.

Step 2: Lay the foundation

Regardless of what your meaningful environment vision is there are four factors that can make a huge impact on its cultivation: compliance, fairness, trust and ethical working self-concept.[31] These four factors act as building blocks for your meaningful culture. Figure 2 shown below, demonstrates how the four factors build upon one another to help create a culture everyone in your organization can believe in.

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29 "Creating an Ethical Workplace Culture." Business Ethics and Leadership. Josephson Institute, 16 Nov. 2010. Web. 17 Nov. 2014. <http://josephsoninstitute.org/business/blog/2010/11/creating-an-ethical-workplace-culture/>.
30 Olson, Steven D. "Shaping an Ethical Workplace Culture." (n.d.): n. pag. SHRM Foundation, 2013. Web. 13 Nov. 2014. <http://www.shrm.org/about/foundation/products/Documents/9-13%20Ethics%20EPG%20FINAL.pdf>.
31 Olson, Steven D. "Shaping an Ethical Workplace Culture." (n.d.): n. pag. SHRM Foundation, 2013. Web. 13 Nov. 2014. <http://www.shrm.org/about/foundation/products/Documents/9-13%20Ethics%20EPG%20FINAL.pdf>.

Figure 2. Building blocks for an ethical culture

The Four
building blocks
of ethical culture

**Ethical Working
Self-Concept**

**Motive-Based
Trust**

Fairness

Compliance

Compliance is the first building block and the foundation of an ethical organization. None of the other blocks will have long-term success in helping create a meaningful environment without compliance. This foundational form of ethics is where norms, values and ethical expectations are established through management practices. Essentially, you are setting the stage for how employees act out the values. By clearly communicating what compliance looks like in concrete terms, and at every level of the organization, employees can understand how their work tasks relate to the ethical values.[32] If employees don't see how the values fit into the bigger picture, compliance will not be viewed as part of their core responsibility. Instead it will look like an inconvenient add-on.[33] Do not rely on law and other regulation alone to build an effective level of compliance.[34]

Fairness is the second building block, and it involves employees' perceptions of justice surrounding policies and practices. Leaders build trust within an organization by demonstrating to employees that they have selected a fair and just organization to work for. Distrust can cripple performance, and employees determine fairness based on how management treats fellow employees. Employees consider the following factors while making judgments regarding an organizations' fairness: decision-making, personal interactions, pay and promotions, and resources allocated.[35] By leading through fair and respectful treatment of employees, managers can foster an environment of trust.

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32 Olson, Steven D. "Shaping an Ethical Workplace Culture." (n.d.): n. pag. SHRM Foundation, 2013. Web. 13 Nov. 2014. <http://www.shrm.org/about/foundation/products/Documents/9-13%20Ethics%20EPG%20FINAL.pdf>.
33 Ibid.
34 Ibid.
35 Ibid.

Consider two examples that demonstrate how weaving care and respect into every aspect of company fiber can result in large company gains. At both Southwest® Airlines and Four Seasons® Hotels, leaders and managers alike go to great lengths to show care and respect. Southwest CEO, Gary Kelly, says that the company has embedded respect into the organization by treating all employees like family, and customers as guests in their own home.[36] Managers empower their employees to provide higher and higher levels of customer service by decentralizing decision-making to promote employee participation.[37] The Four Season approach is more about getting employees to learn their jobs from their hearts. During the interview phase, HR personnel learn about applicants' hobbies.[38] Once hired, new employees are trained to take that passion from their personal pursuits and use it to learn their jobs. Managers focus on helping employees develop a "hunger" for doing their jobs well.[39] And as a result, both organizations maintain double-digit margins in competitive environments of single-digit margins.[40] Leaders respect their employees' time, dignity and service. This model of care and respect demonstrates for employees how they are to treat their customers.

The third building block is known as motive-based trust, or the assessment employees make of their managers' and co-workers' ethical characters. At work we are constantly reassessing the character of our co-workers based on their behaviors, observed traits, and our assumptions of their ethical intentions.[41] When managers model ethical behavior, motive-based trust will be built as the team sees ethics in action. What does this look like in practice? The United States Marine Corps. evaluates officer fitness based on 14 categories; nine of those categories are related to ethical behavior and not physical fitness. This demonstrates to each and every individual in the organization the importance of ethical behavior, and it creates a sense of trust. How? By placing such a high value on ethics, fellow officers and lower-ranking marines do not have to make these judgments on their own. They can rest assured that their fellow officers are of high moral character.

How well do employees internalize organizational values as part of who they are within the organization and what is expected of them as an employee of your organization? This is referred to as ethical working self-concept. Of the four

36 "About Southwest." Southwest Airlines. N.p., n.d. Web. 22 Nov. 2014. <https://www.southwest.com/html/about-southwest/>.
37 Biron, Michal, Liza Castro Christiansen, and Bård Kuvaas. "Chapter 33." Global Human Resource Management Casebook. Ed. James Hayton. N.p.: Taylor & Francis, n.d. N. pag. Print.
38 Gollan, Doug. "The Secrets Of Four Seasons' Super Service." Doug Gollan: Selling to the Super Rich. N.p., 26 Oct. 2014. Web. 24 Nov. 2014. <http://douggollan.com/2014/10/26/the-secrets-of-four-seasons-super-service/>.
39 Ibid.
40 Olson, Steven D. "Shaping an Ethical Workplace Culture." (n.d.): n. pag. SHRM Foundation, 2013. Web. 13 Nov. 2014. <http://www.shrm.org/about/foundation/products/Documents/9-13%20Ethics%20EPG%20FINAL.pdf>.
41 Tyler, T. (2011). "Why people cooperate: The role of social motivations". Princeton, NJ: Princeton University Press, 42-43.

building blocks, this one is the most powerful for shaping employee behavior.[42] However, it will not take root without the other three factors in place. This factor has the most positive power because of its ability to shape how team members view themselves within the organization. If employees at every level of the organization are framing their definition of who they are and what is important based on your organization's values, they will always work to take actions in-line with those values. Let's return to the examples of Southwest Airlines and Four Seasons Hotels. Because the core values of both organizations are so engrained in the culture and continuously modeled by leadership, team members are able to internalize the values and live them out.

The following image, Figure 3, illustrates how each building block contributes to an ethical work environment. The image also shows how using some blocks, but not others, impacts the culture overall.

Figure 3. Types of Ethical Cultures

Types of ethical culture

	Compliance is required with …	Employees are treated fairly according to the standards of …	Management builds motive-based trust by …	Formation of an ethical working self-concept by all employees is …
Virtuous workplace culture	Law & self-transcending ethical values ties to firm's value-creating competencies	Law & self-transcending values tied to firm's value-creating competencies	Evaluating all managers on trust-building behaviors & attributes	Actively fostered and facilitated
Positive workplace culture	Law & self-transcending ethical values	Law & self-transcending ethical values	Encouraging & supporting all managers to model ethics	Encouraged
Compliant workplace culture	Law & social convention	Law & social convention	Chance & ad hoc interactions	Not activated

Step 3: Create your honor code

It's time to solidify the organizational values established during the visioning process to create your organization's honor code. This is the chance to define what "ethics" means in your organization using a strategic and clear values statement and honor code. Here's one example of values that support an organizational mission and set the stage for an organizational honor code from medical and surgical supplier, Owens & Minor. "Values: We believe in our teammates and their well-being. We believe in providing superior customer

42 Olson, Steven D. "Shaping an Ethical Workplace Culture." (n.d.): n. pag. SHRM Foundation, 2013. Web. 13 Nov. 2014. <http://www.shrm.org/about/foundation/products/Documents/9-13%20Ethics%20EPG%20FINAL.pdf>.
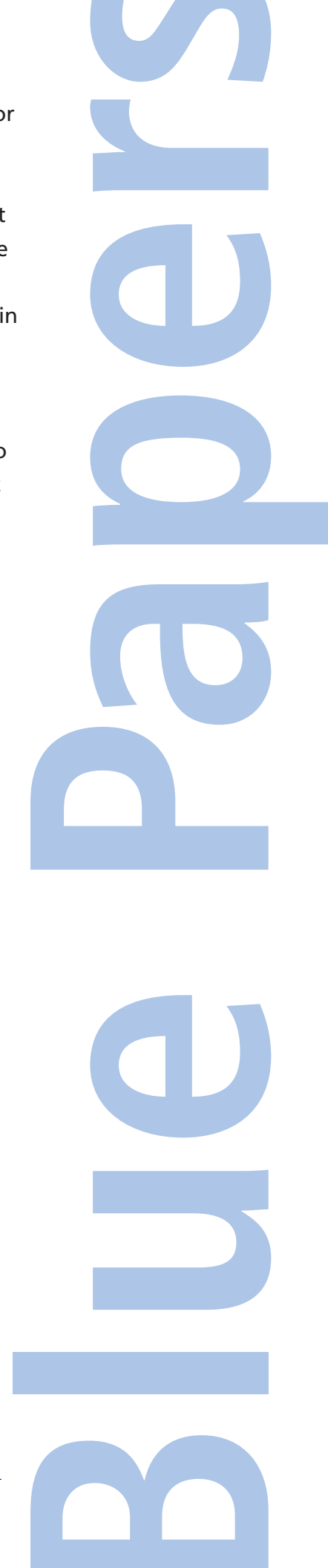
service. We believe in supporting the communities we serve. We believe in delivering long-term value to our shareholders. We believe in high integrity as the guiding principle of doing business."[43]

This code may include your code of conduct, but it is much more than a standard code of conduct. The honor code addresses organizational values, ethical expectations and how to conduct business at your organization. A few tips for drafting your honor code: You may want to create a document that addresses common questions about the code. And make sure to address why your organization believes in these values. The honor code also presents a chance to address in writing how organizational values align with operational practices such as hiring, purchasing, and vendor and stakeholder relations. Think about how employees and vendors are being recruited and incentivized? Are these practices ethical?

Use the honor code to address potential questions from employees like:

- Who follows the code?
- Who administers the code?[44]
- Where do I go if I have questions about how the code is interpreted?
- How do I handle a suspected violation of the code?
- What happens following a reported suspected code violation?[45]
- Are there consequences for violating the code?

Translating the vision to reality also means creating a dialog about what ethical expectations look like in your organization. Your honor code is the place to start that dialog. Use your honor code to continually have the conversation about what an ethical environment means to your organization. Not only does the dialog have to be infused in all facets of your organization, leadership has to stand behind it.[46] That means when someone does not model ethical behavior, there have to be consequences. Just as the honorable merchants imposed fines and embargoes on those who violated their code; your organization also has to communicate consequences for code violations. Remember that being competent in ethical behavior does not guarantee success.[47] High ethical standards must be a minimum requirement for each and every person involved with your organization.

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43 "Code of Honor | Leading with Integrity." (n.d.): n. pag. Owens & Minor. Web. 17 Dec. 2014. <iles.shareholder. com/downloads/ABEA-4T5Q5A/0x0x551884/E78DDEE3-196C-4AB0-9F82-95FA782551F0/omi_code_of_honor. pdf>.
44 "Code of Honor | Leading with Integrity." (n.d.): n. pag. Owens & Minor. Web. 17 Dec. 2014. <iles.shareholder. com/downloads/ABEA-4T5Q5A/0x0x551884/E78DDEE3-196C-4AB0-9F82-95FA782551F0/omi_code_of_honor. pdf>.
45 Ibid.
46 "Creating an Ethical Workplace Culture." Business Ethics and Leadership. Josephson Institute, 16 Nov. 2010. Web. 17 Nov. 2014. <http://josephsoninstitute.org/business/blog/2010/11/creating-an-ethical-workplace-culture/>.
47 Ibid.

Step 4: Live it

Your organization may or may not choose to adopt an honor code. And whatever decision you choose, there are ways to put the ethical environment building blocks to work. Foster a meaningful environment using the following four-part method: teach, enforce, advocate and model.

Teach

Communicate your organization's values, and make sure all managers and leaders are tasked with the duty of educating employees on what it means to "live" out ethical expectations. Managers and leaders at all levels will be critical to teaching what it looks like to "live" your values and/or honor code. Be certain that in training, performance reviews, mentoring and discipline processes that leaders are reinforcing desired behavior. Some people want to do the right thing, but they want to succeed so badly that they leave ethics at the door. Make sure that at every step of the way, all leaders are communicating what ethical action looks like and that ethical behavior equals success.[48]

In addition to teaching the values, it can be helpful to teach everyone in your organization the OODA loop (observe, orient, decide and act).[49] Use this method to help everyone see what is happening in a given situation, interpret the meaning, determine ethical course of action and act on it.[50]

Enforce

It is not enough for your honor code to simply discuss ethics enforcement. Ethics enforcement has to happen. Not only do you need consequences, as previously discussed, there also needs to be praise proportional to positive ethical behavior.[51] You want to encourage ethical behavior. That helps keep the dialog about ethics flowing, and it demonstrates that corporate values are more about living in a positive workplace culture than about what not to do.

Advocate

Reflect the values your organization wishes to establish everywhere … on the walls, within performance reviews, in mentoring meetings, on marketing

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48 Ibid.
49 Olson, Steven D. "Shaping an Ethical Workplace Culture." (n.d.): n. pag. SHRM Foundation, 2013. Web. 13 Nov. 2014. <http://www.shrm.org/about/foundation/products/Documents/9-13%20Ethics%20EPG%20FINAL.pdf>.
50 Ibid.
51 "Creating an Ethical Workplace Culture." Business Ethics and Leadership. Josephson Institute, 16 Nov. 2010. Web. 17 Nov. 2014. <http://josephsoninstitute.org/business/blog/2010/11/creating-an-ethical-workplace-culture/>.

materials and in annual reports[52]. Give your employees tools and language they can use to become values advocates, too. The more values advocates, the better, because believing in the values helps root them into company culture.

Model

Make sure that your conduct, and that the conduct of all managers and leaders, emulates what you would expect from employees and vendors.[53] When managers model the honor system and its surrounding values, others in the organization will notice. Modeling the values speaks to your direct reports and everyone in the organization.[54]

While it might take time to build the meaningful organizational environment your leadership team dreams of, it is possible. Spend time laying the foundation for an ethical workplace, and creating a thorough values statement and/or honor code. And encourage those around you to live those values. For more tips and resources to help develop a meaningful workplace, check out Emotive Brand's [The Meaningful Workplace](#).

Moving full circle

There's a different way to work. One that is separate from unethical practices and financial scandals. A way to work that focuses on honor, care and respect for your teammates and stakeholders. And the crazy thing is … it isn't a new way to work. In fact each and every one of us was taught this form of ethical interaction in our earliest days of school. It's the honor system, and the Honorable Merchants of Hamburg saw how it could be incorporated into business way back in the 1200's. These merchants were committed to doing what was right in the workplace. This Blue Paper explored honor in the workplace by digging into the honor system and its historical significance. After moving the trust timeline back to present day, we looked at efforts to bring honor back to the workplace. And finally we set your organization on the path to creating even more meaningful workplace culture, by providing a four-step guide to building an honorable workplace. Good luck!

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52 Ibid.
53 Ibid.
54 Ibid.