

# Evaluate an organizations ethics

[Business](#), [Organization](#)



This paper has chosen Priceline. com Inc with its ethics/compliance program to evaluate using whatever learned from readings made by this researcher. This paper will determine whether the company has Code of Ethics, whether training is part of the program and how it is conducted and who conduct the same. This will further determine whether there is an internal or external hotline, how the culture affects the program and the relationship of the company's structure to the program, if any.

## 2. Analysis and Discussion

### 2. 1 Does the company have a Code of Ethics?

Priceline. com does have a Code of Ethics, which it calls Code of Business Conduct and Ethics as way to implement its compliance program. The said Code is made known to every stakeholder as it is published and appearing in its website. The persons who are covered by the Code of Ethics are all directors, all officers and employees of the company wherever they are located are required to be familiar with the said code and they are expected to adhere and comply as to the principles and procedures set there in as far what applies to them (Priceline.

Com Inc. , 2008b). 2. 2 Is training a part of the program? If so, how was it conducted and by whom? The question is answered in the positive. There is training program to keep the compliance program better known and understood as to its meanings to make the same more effective for those covered in the company. It is primarily conducted by management (Priceline. Com Inc. , 2008a) as represented by all the directors from the Board since they are most interested and in the best position to have this program made a success.

Success in its ethics or compliance program will help the company in attaining its vision, goals and objectives since the program is considered as a guide to behavior and actions by the persons who have to make a decision for or against the company. Directors of whom the management of the business is entrusted by the stockholders are expected to behave in manner that is consistent with the company's compliance program. New directors are oriented and there is continuing education of directors. The orientation is provided by management while working with the Board.

It normally includes telling these new directors background material of the company, the business plan, risks profile and meetings with senior management (Priceline. Com Inc. , 2008a). Stockholders feel the need for these directors to be well versed in corporate governance including its modern principles as well as other matters that are of importance to the board service (Priceline. Com Inc. , 2008a). These directors must know and understand fully well the role and responsibilities of an effective board as they perform oversight and management of Priceline.

com. There are education or training programs given by management from time to time which are believed to be appropriate by considering the different backgrounds of these directors so that they can stay side by side with the development in corporate governance (Priceline. Com Inc. , 2008a). They are to be aware too of the best practices which are very important to their contribution to the Board and to their responsibilities as far as their specific committee assignments and other roles are concerned (Priceline. Com Inc. , 2008a). 2.

3 Is there an internal or external hotline? There is no express statement among its written policies that questions relating to compliance could be or could not be answered via a hotline whether internal or external. However, there is a written policy that stockholders may communicate with the company's Incorporated Board of Directors, a committee of the Board of Directors or the Board of Directors' non-employee directors as group by sending a written correspondence to its Incorporated Board of Directors, c/o the Office of the General Counsel (Priceline. Com Inc. , 2008c).

As to the communication to employees and management, it is believed to pass through the procedures as defined in various policies including the company's Code of Business Conduct and Ethics. 2. 4 How do you see the culture affecting the How does the company's structure relate to its program? This researcher sees the culture of the organization to have an influence to the ethics or compliance program since the collective sentiments of all the employees, officers and directors are indicative of their support to the program as evidenced by their staying with the company.

Anybody not happy with the program will either leave or gets out of the company in order not to be covered by its Code of Business Conduct and Ethics. The structure of the company also affects the compliance program by the manner the functions of each director, officer or employee is spelled out and defined so that they may check the abuses of another while making it sure that they will work harmoniously to attain corporate goals and objectives leading to attainment of vision and mission of the organization.

The company has it Audit Committee to assist the Board in its oversight function for quality and integrity of its accounting and financial reporting

practices of the company (Priceline. Com Inc. , 2008d). The company has its Nominating and Corporate Governance Committee to function in the review of each director's education activities every past 12-month period and makes appropriate recommendation as to whether these directors could qualify to continue to quality as directors (Priceline. Com Inc.

, 2008a). The composition of the Board of Directors clearly displays the importance of each structure in the accomplishment of its compliance program. Since the Board of Directors is the policy making body of the corporation, an examination of how it is composed for purposes of seeing the relationship of powers and functions is important. The company is concerned with the right size of the board for each of them to participate meaningfully in substantial discussions (Priceline. Com Inc. , 2008a).

The company makes it sure that the board should take in a broad range of skills, expertise, knowledge about the industry that the company is in, as well as diversity of opinion and relevant contacts to ensure the effective oversight of the company's business. To provide the needed checks and balances of powers, the company makes it as policy to have no majority of the board to consist of officers or employees of Priceline. com or its subsidiaries. Or if they were officers or employees of the past, the three year period must have lapsed upon inclusion in the board (Priceline. Com Inc.

, 2008a). It is also required that majority of the board should not have a relationship, which would interfere in the exercise of independent judgment in their carrying out the responsibilities of a director (Priceline. Com Inc. , 2008a). Several important criteria and personal characteristics are needed before one becomes a director. Although they can be elected by the

stockholders, these directors would be would have to passed through the Nominating and Corporate Governance Committee who makes the recommendation as to the qualified candidates to the board using these criteria.

First is the need to have the highest and professional ethics and integrity. Second and is the relevant managerial skill and experience (Priceline. Com Inc. , 2008a). From these two criteria, it could be judged how stringent the requirements would be for a director to become one. The would-be director must have a demonstrated skill having been involved in business, professional or civic affairs. Moreover, the would-be director is required also to be able and willing to commit adequate time in the fulfillment of his or her duties to the board.

He or she must be able and willing to exercise independent judgment, ask inquisitive questions and express hard-hitting opinions (Priceline. Com Inc. , 2008a). His or her expertise, skills, knowledge, experience and personality must also fit with the other directors and potential directors so as to have an effective, collegial and responsive board to the needs of the company (Priceline. Com Inc. , 2008a). 3. Conclusion To conclude, it was found that Priceline. com Inc has a Code of Ethics to implement its ethics/compliance program.

The compliance program is part of its corporate governance and its directors especially the new ones are required to undergo training on the said compliance program. The presence of the internal or external hotline is not evident but there is an open communication between the stockholders and the Incorporated Board of Directors, a committee of the Board of Directors, <https://assignbuster.com/evaluate-an-organizations-ethics/>

the Board of Director's non-employee directors as a group through the office of the Corporate Council.

This researcher sees the culture affecting the program as one which helps to attain the same since there is no evidence among the present directors, officers and employees that they do not want to be covered by the program. The structure of the organization is also related to the program in that organization is structured in way that the members of the organization will follow the principles of checks and balances by the delineation of the functions of each (Meinert and Tonascia, 1986).

This could be very evident in having non-employee directors who normally will have an oversight over the employee-directors. This is a way to put in the structure the way to exercise independent judgment by said directors which is on the criteria to become a director.

#### References:

Meinert and Tonascia (1986), *Clinical Trials: Design, Conduct, and Analysis*; Oxford University Press US Priceline. Com Inc. (2008a), *Corporate Governance Principles*, {www document} URL [http://media.corporate-ir.net/media\\_files/irol/72/72780/GovernancePrinciples.pdf](http://media.corporate-ir.net/media_files/irol/72/72780/GovernancePrinciples.pdf), Accessed December 13, 2008 Priceline. Com Inc. (2008b), *Code Business Conduct and Ethics*, {www document} URL [http://media.corporate-ir.net/media\\_files/irol/72/72780/CodeofBusinessConduct4.pdf](http://media.corporate-ir.net/media_files/irol/72/72780/CodeofBusinessConduct4.pdf), Accessed December 13, 2008 Priceline. Com Inc. (2008c), *Stockholder Communication*, {www document} URL [http://media.corporate-ir.net/media\\_files/nsd/pcln/corpgov/communications.pdf](http://media.corporate-ir.net/media_files/nsd/pcln/corpgov/communications.pdf), Accessed December

13, 2008 Priceline. Com Inc. (2008d) Audit Committee, {www document}  
URL [http://media.corporate-ir.net/media\\_files/nsd/pcln/corpgov/audit2.pdf](http://media.corporate-ir.net/media_files/nsd/pcln/corpgov/audit2.pdf),  
Accessed December