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# DEVELOPING AN ANTI-CORRUPTION LIVING CODE OF CONDUCT: A POSITIVE ORGANIZATIONAL BEHAVIOR APPROACH

**Summary.** In response morally-complex, modern environments imposing significant ethical demands and challenges on organizational actors, many organizations are pursuing the development of the moral capacity of their employees. However, many organizational researchers have paid greater attention to the negative end of the organizational spectrum. This negative focus creates a gap in our understanding of organizational ethics above and beyond industry norms, practice norms, or societal expectations of general business principles. Therefore, a positive organizational behavior (POB) approach to ethics may provide a new and affirmative way to conceptualize and ethical organization. The proposed anti-corruption living code of conduct emphasizes positive deviance, a living code of conduct represents an internally coherent and central system of beliefs, values and norms that may serve as a firm's moral compass, guiding it through a gamut of competitive environments and business cycles.

**Keywords:** anti-corruption living code of conduct; positive organizational behavior (POB); moral capacity; moral identity; moral courage; morally resiliency

# OPRACOWANIE KODEKSU POSTAW ANTYKORUPCYJNYCH: PODEJŚCIE TEORII POZYTYWNYCH ZACHOWAŃ ORGANIZACYJNYCH

Streszczenie. Prezentowany artykuł jest próbą odpowiedzi na zagadnienie współczesnych, moralnie złożonych środowisk, które stanowią wyzwania i nakładają znaczące wymagania etyczne na członków organizacji. Wiele jednostek rozwija obecnie zdolności moralne pracowników. Jednak znaczna część badaczy organizacji zwraca większą uwagę na negatywne aspekty działań organizacyjnych. Koncentracja na negatywnych stronach organizacji tworzy lukę w naszej wiedzy na temat etyki organizacyjnej wykraczającej poza normy branżowe, normy praktyki czy oczekiwań

społecznych co do ogólnych zasad biznesowych. Dlatego podejście do etyki zgodne z teorią pozytywnych zachowań organizacyjnych (PZO) może stanowić nowe i pozytywne postrzeganie organizacji etycznej. Proponowany kodeks postaw antykorupcyjnych podkreśla pozytywne dewiacje, reprezentuje wewnętrznie spójny i centralny system wierzeń, wartości i norm, które mogą służyć jako kompas moralny przedsiębiorstwa, prowadząc je przez pełen zestaw konkurencyjnych środowisk i cykli biznesowych.

**Słowa kluczowe:** kodeks postaw antykorupcyjnych, teoria pozytywnych zachowań organizacyjnych, zdolności moralne, tożsamość moralna, odwaga moralna, odporność moralna

## 1. Introduction

"Modern organizations have been characterized as morally complex environments that impose significant ethical demands and challenges on organizational actors. Researchers have suggested that to meet these demands individuals require high levels of character in order to promote ethical behavior". In response to these trends, a growing number of organizations are developing the moral capacity of employees<sup>2</sup>. Moral capacity is composed of how the person constructs his/her role, his/her perspective-taking ability, and his/her experience with previous moral dilemmas. However, the normative theoretical perspectives proposed to explain corporate ethical principles include stakeholder theory, social contract theory, and post-conventional corporate moral responsibility<sup>3</sup>. These perspectives offer diverse theoretical perspectives without concluding that there is an agreed set of ethical and moral principles or one category of leaders and organizations that should represent and defend them. For instance, stakeholder theory agrees that exogenous forces bearing on a firm's ethics reside in its dependence on powerful stakeholders and interest groups<sup>4</sup>. Social contract theory suggests that ethical standards a manager should practice depend on the type of norm identified as applying to a given situation<sup>5</sup>. Ethical and moral perspectives also exist that differ from those of Western industrialized cultures<sup>6</sup>.

Moreover, many organizational researchers have paid greater attention to the negative end of the organizational spectrum, they have provided significant insight into incongruence, misconduct and unethical behavior in areas such as leadership, reward systems, decision processes, formal and informal structures to constrain unethical behavior, organizational culture, climate regarding ethics, and moral development of the organization<sup>7</sup>. This negative focus creates a gap in our understanding of organizational ethics above and beyond industry norms, practice norms, or societal expectations of general business principles<sup>8</sup>.

The inability to develop an anti-corruption foundation makes it impossible to establish a positive ethical organization in which members internalize ethics through cognitions,

feelings, and behavior. Therefore, a positive organizational behavior (POB) approach to ethics may provide a new and affirmative way to conceptualize an ethical organization regardless of the ethical or moral tradition that shapes it.

Based on the above, we should provide an alternative approach to organizational phenomena from a POB approach by emphasizing positive deviance<sup>9</sup>. The proposed approach enables us to envision an affirmative model of internal enactment of the ethical identity of an organization. To do so, the positive ethics organization can be identified with the processes and outcomes associated with "positive deviance" – "intentional behaviors that depart from the norms of the referent group in honorable ways" <sup>10</sup>. Positive deviance in ethical matters may be used to distinguish organizations, making POB an appropriate theoretical lens to explicate a model of a positive ethical organization and its ethical organizational identity<sup>11</sup>.

As anticipated, members of positive ethical organizations can consistently exceed industry norms, practice norms, or social expectations of general business principles in ethics through their cognitions, feelings and behavior, enacting what we call an anti-corruption living code of conduct<sup>12</sup>. Within a positive ethical organization, ethical practices are (1) modeled and promoted by authentic leaders; (2) infused through a positive organizational context in which ethical practices are aligned with anti-corruption living code of conducts; and in turn (3) a heightened moral capacity, moral identity, moral courage and moral resiliency among members shape a strong positive organization identity.

The proposed anti-corruption living code of conduct emphasizes positive deviance, a living code of conduct "represents an internally coherent and central system of beliefs, values and norms that may serve as a firm's moral compass, guiding it through a gamut of competitive environments and business cycles"<sup>13</sup>.

# 2. Positive organizational behavior approach

The goal of this chapter is to focus on positive ethical virtues and principles that can be fostered in leaders, employees, departments, and entire organizations. Positive organizational behavior is defined "as the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" "14". "The key conceptual differentiation from positive psychology per se and even most of the more macro level positive organizational scholarship is that POB as defined here focuses more on the micro level and focuses on the statelike, open to development psychological capacities" 15.

The positive organizational behavior approach explores the person's moral capacity, moral identity, moral courage, and moral resiliency from a positive moral perspective. Moral

capacity is composed of how the person constructs his/her role, his/her perspective-taking ability, and his/her experience with previous moral dilemmas<sup>16</sup>. Moral identity is defined as a self-schema organized around a set of moral trait associations<sup>17</sup>. Moral identity influences moral behavior by acting as a self-regulatory mechanism rooted in people's internalized notions of right and wrong. The motivational power of moral identity arises from peoples' desire for self-consistency<sup>18</sup>. Moral courage is the person's fortitude to convert moral intensions into actions despite pressures from either inside or outside of the organization to do otherwise. A morally resilient person is one who is able to positively adapt in the face of significant adversity or risk<sup>19</sup>.

# 3. The anti-corruption living code of conduct

An anti-corruption living code of conduct is an ethical practice within a positive ethical organization. It encompasses "the cognitions of members about the ethicality within their organizational roles, a profound feeling that ethical action is not only right, but the only way to act within the organization, and [encompasses] members' ethical behavior within the organizational context"<sup>20</sup>. It is the result of multiplicative interaction of authentic leadership and positive moral development through heightened moral capacity, moral identity, moral courage, and moral resiliency.

The anti-corruption living code of conduct is based on Bandura's triadic social cognitive theory (SCT) model<sup>21</sup>. Bandura's triadic SCT model can be used to examine the reciprocal causation between the person, their behavior, and their environment in terms of explaining actions taken<sup>22</sup>. SCT serves to explain individuals' capacity to control the nature and quality of their life through exercising individual agency, such that they are not just a product of, but also a producer of their environment. According to Bandura's triadic SCT model, moral cognitions is a personal factor and influencing the actor's engagement with, and impacts on, his or her environment<sup>23</sup>. Through observing their behaviors and the perceived positive effects made on the environment, actors can then develop moral cognitions over time. SCT suggests that personal factors such as moral cognitions influence the extent to which individuals exercise control and influence over their behaviors in ways to be an active producer as opposed to only a product of their environment<sup>24</sup>.

As key shapers of social environments, leaders can influence by means of two processes. First, accumulated research has shown that leaders have a powerful influence on followers' self-systems, with one primary avenue of influence being through social learning<sup>25</sup>. It has been argued that social learning through observing moral examples will enhance observers' moral cognitions. Second, leaders can influence the level of collective support of morality

observed in the environment. Based on Bandura's<sup>26</sup> triadic SCT model, such an environment can directly influence the moral cognitions of the follower, and then mediated through moral cognitions, influence his or her ethical behavior<sup>26</sup>. A leader, for example, can create an open, transparent and safe culture where discussing and reporting ethical issues is rewarded or even demanded, thereby bolstering followers' moral cognitions, which in turn, positively influences the likelihood of the follower behaving ethically<sup>27</sup>.

## 4. Authentic leadership

Authentic leadership in organizations is defined "as a process that draws from both positive psychological capacities and a highly developed organizational context, which results in both greater self-awareness and self-regulated positive behaviors on the part of leaders and associates, fostering positive self-development"<sup>28</sup>. Authentic leadership in all organizations (business, government, education, health, religious, or military), must rise to the challenge to address unprecedented changes. "Instead of a negative, gloom-and-doom perspective of today's situation, authentic leaders must exhibit resiliency and be transparent and beyond reproach in their moral/ethical conduct and decision making"<sup>29</sup>. They must be confident, helpful, and optimistic about the future, and give priority not only to modeling self-behavior, but also to developing in their associates and organizations the capacity to do the same.

Further, through social learning, as followers observe the leader, an exemplification effect can occur whereby the leader inspires certain values, beliefs, and other moral cognitive structures in followers through their demonstration and through transparent discussions about ethics<sup>30</sup>. When leaders inspire such values, it creates motivation for followers to reduce discrepancies between their own values and actions and those of the role model<sup>31</sup>. Indeed, prior research on self-concordance and self-verification motives has demonstrated that when cognitive structures related to specific values or ideals are salient, their salience creates a strong impetus to act in line with those values in order to establish coherence within the self and thereby maintain a positive self-evaluation. When followers are exposed to an authentic leader and these structures are activated, motivation to act in line with moral values and perspectives will promote moral cognitions to face challenge and manifest beliefs into prosocial and ethical action<sup>32</sup>.

Authentic leaders' effects on the environment will promote moral agency in followers, the central component of SCT<sup>33</sup>. Authentic leaders will create a context where followers' are more likely to perceive that they can openly espouse their beliefs and manifest their beliefs in behaviors, expecting that those behaviors will be met with a positive reaction from the leader

and others in the environment. Through establishing such a context, authentic leaders will promote higher levels of personal agency in their followers<sup>34</sup>.

In sum, based on the SCT, authentic leaders serve a key role in followers' environments, influencing their moral cognitions directly, through social learning and role modeling effects. Further, through the authentic contexts they create, authentic leaders both directly influence follower moral cognitions through normative and informational influences and the activation of values and other moral structures in followers; but such contexts also facilitate agentic moral cognitions in followers through transparency and engaging followers in open ethical dialog and sponsoring their self-determined behavior. Finally, through their various effects on follower moral cognition, the effects of authentic leadership on follower behaviors is mediated<sup>35</sup>.

# 5. Positive moral development: moral capacity, moral identity, moral courage, and moral resiliency

### **Moral capacity**

Leaders are more likely to recognize moral dilemmas in the workplace if they have a heightened level of moral capacity<sup>36</sup>. The moral capacity of the leader will influence the relationship between the characteristics of the moral issue in the organization's environment and whether or not a leader recognizes the issue as being a moral dilemma.

"A leader's moral capacity is composed of how the leader constructs his/her leadership role, his/her perspective-taking ability, and his/her experience with previous moral dilemmas" Authentic leaders realize their ethical behavior sends a strong message to their followers affecting "what they attend to, what they think, how they construct their own roles, and ultimately how they behave" Authentic leaders not only see their role as encompassing ethical responsibilities, they are also effective at being able to take several different perspectives on a moral dilemma. "Authentic leaders are able to reflect on the appropriateness and paradoxes present in their own goals and values" By reflecting on their own selves and others, such leaders think with greater depth about moral issues. "Authentic leaders also possess the cognitive capacity to recognize particular moral dilemmas that they may face in their leadership position" <sup>40</sup>.

As organizations strive to develop the moral capacity of employees, there is a need for a new and expanded theory of moral development that better explains how individuals consider and act on moral dilemmas and temptations. Some may believe the "gold standard" already exists in the well-known cognitive development models of Jean Piaget, Lawrence Kohlberg, and James Rest and colleagues<sup>41</sup>. A new theoretical moral capacity framework that

can be used to examine how individuals process and respond to moral problems, as well as by focusing on how those capacities can be developed<sup>42</sup>.

Rest et al. have defined four components as psychological processes which are moral sensitivity, moral judgment, moral motivation, and moral action related to sequencing or addressing a moral dilemma. Indeed, the four components were first developed to categorize ethics theories and serve as a "heuristic tool in conceptualizing the psychology of morality as a whole"<sup>43</sup>. Moral sensitivity "includes processes related to being aware of a moral problem, interpreting the situation, and identifying various options to address the problem"; moral judgment "concerns process taken to determine what action is the most proper to pursue"; moral motivation "entails processes geared toward gaining commitment to a given action and the weight assigned to specific moral values over other values"; and moral action "involves persistence in a moral task, overcoming fatigue and various temptations and challenges to take the appropriate action"<sup>44</sup>.

Hannah et al. seek to advance Rest's work by articulating the moral capacities<sup>45</sup>. To organize a model, they group Rest et al.'s components of moral sensitivity and moral judgment into moral cognition processes since they both entail the awareness and processing of information pertaining to moral issues. Further, they group the moral motivation and moral action components into what they term moral conation processes since they both entail the tendency for and the practice of moral behavior. They defined "moral conation as the capacity to generate responsibility and motivation to take moral action in the face of adversity and persevere through challenges"<sup>46</sup>.

## Moral identity

Moral identity is critical to moral processing and behavior<sup>47</sup>. For example, Reynolds and Ceranic demonstrated that moral identity is an important construct in helping to explain the link between moral judgments and behavior<sup>48</sup>. Mayer, Aquino, Greenbaum, & Kuenzi adopt a social cognitive conception of moral identity to explain the relationship between moral identity and ethical leadership<sup>49</sup>. Moral identity is defined as a self-schema organized around a set of moral trait associations (e.g., honest, caring, compassionate)<sup>50</sup>. Theorists have argued that people differ in the degree to which they experience moral identity as central to their overall self-definition<sup>51</sup>. From a social cognitive perspective, this difference implies that the moral self-schema is more cognitively accessible for some people than others. A person who has a moral identity is "one for whom moral schemas are chronically available, readily primed, and easily activated for information processing"<sup>52</sup>. Similarly, Aquino and Reed suggested that moral identity has higher self-importance for some people than others, meaning that this particular knowledge structure is central to a person's overall self-

conception, making it more readily available for processing information and regulating conduct<sup>53</sup>.

Moral identity influences moral behavior by acting as a self-regulatory mechanism rooted in people's internalized notions of right and wrong<sup>54</sup>. The motivational power of moral identity arises from peoples' desire for self-consistency<sup>55</sup>. In other words, people whose moral identity is self-important should be motivated to act in ways that are consistent with their understanding of what it means to be a moral person (i.e., to demonstrate some responsiveness to the needs and interests of others), because acting otherwise can produce dissonance and self-condemnation<sup>56</sup>. Leaders whose moral identity has high self-importance should act in ways that are consistent with common understandings of what it means to be a moral person, which in turn should result in their being perceived as ethical leaders<sup>57</sup>.

Hannah et al. approached moral identity as composed of more than self-descriptive moral traits<sup>58</sup>. Aquino and Reed's construct of moral identity, for example, includes nine Kantian-like moral traits, including caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind<sup>59</sup>. Identity, however, is thought to include not only traits but other dynamic structures, including roles, goals and motivation, affect, and autobiographical narratives, along with other components<sup>60</sup>. Therefore, conceptualizing moral identity as a more complex structure.

One's overall self-identity is thus elaborate and differentiated, actually being more of an assemblage of selves rather than a unified whole<sup>61</sup>. For example, one can see oneself as highly truthful in one's role as a team leader, but less so in one's secondary role as a company media spokesperson. Together, Hannah et al. suggested that a self-complexity approach will offer a more refined understanding of the multifaceted moral identity, and thereby explain variance in moral thought and behavior across situations and social roles<sup>62</sup>.

#### Moral courage

Moral courage in the workplace is defined as:

- 1. a malleable character strength, that
- 2. provides the requisite conation needed to commit to personal moral principles,
- 3. under conditions where the actor is aware of the objective danger involved in supporting those principles,
- 4. that enables the willing endurance of that danger,
- 5. in order to act ethically or resist pressure to act unethically as required to maintain those principles<sup>63</sup>.

Moral courage has been proposed as a critical factor in promoting ethical behavior in organization members, and in an initial field test describing moral courage, Sekerka, Bagozzi, and Charnigo state that "strength of will is needed to face and resolve ethical challenges and

to confront barriers that may inhibit the ability to proceed toward right action"<sup>64</sup>. And, therefore, moral courage is a quality or attribute necessary for ethical behavior in organizational settings. Three components of moral conation are mutually supporting<sup>65</sup>. Individuals may feel responsibility to act (i.e., have moral ownership) and believe that they have the capacity to do so (i.e., have moral efficacy), yet still have insufficient courage to overcome the threat they face and to act. Moral ownership, efficacy, and courage, thus, are each necessary yet not sufficient.

Moral courage is the leader's fortitude to convert moral intentions into actions despite pressures from either inside or outside of the organization to do otherwise. Many authors have long noted how factors such as short-term financial considerations and the views of important stakeholders can influence an individual's behavior. Moral courage helps leaders stand up to strong situational pressures and maintain their commitment to do the right thing<sup>66</sup>.

The basis of moral courage is whether a leader believes he/she has the skills, abilities, and ultimately the motivation to justify a given moral action (i.e., moral efficacy). A leader will be more likely to have the courage to engage in an authentic moral act if he/she is confident that he/she can justify the act and deal with opposition to it. Hence, moral efficacy helps build moral courage in leaders to do the right thing, regardless of the surrounding circumstances.

#### Moral resiliency

The moral resiliency of the leader is likely to influence the relationship between authentic moral acts and sustainable moral behavior. Drawing from work in positive organizational behavior and psychology, a morally resilient leader is defined "as one who is able to positively adapt in the face of significant adversity or risk" Maintaining a positive internal focus and core belief system enables authentic leaders to sustain their efforts over time. Being in contact with oneself and knowing why one takes a stand provides even greater positive energy to adapt to new circumstances when others may fail. Indeed, leaders discover great personal meaning when they act consistently with their own beliefs in adverse situations. Thus, while the morally courageous leader has the fortitude to initially act authentically with regard to their moral principles, the morally resilient leader is able to continually adapt and cope with situations that may threaten his/her principled action. In this sense, the moral resiliency of the leader influences whether authentic actions are sustained over time in the organization<sup>68</sup>.

Resiliency in leaders can be fostered in a number of different process-oriented methods:

- 1. moral efficacy can be built through graduated mastery experiences,
- 2. leaders' coping strategies for morally threatening situations in organizations can be enhanced by adopting healthy coping techniques,

3. mentoring relations can be established with leaders of high moral courage and resiliency. Participation in leadership development programs designed to incorporate each of these components can raise the leader's ability to cope with the challenges of authentic leadership. Yet it is important for organizations to realize that a supportive, ethical climate must also exist in order for sustainable authentic moral leadership to flourish at all levels in the organization<sup>69</sup>.

## **Case Example: Anti-Corruption Living Code of Conduct**

Appendices are an example of anti-corruption living code of conduct in WowPrime Group, a Taiwanese food chain restaurant group. The anti-corruption living code of conduct encompasses (1) The Constitution of WowPrime (18 clauses) and (2) The Picky 29 Commandment (29 clauses). This group is a positive ethical organization where ethical practices are (1) modeled by authentic leaders; (2) ethical practices are aligned with anti-corruption living code of conducts; and the (3) heightened moral capacity among its members shape a strong positive organization identity<sup>70</sup>.

## 6. Practical implications

This chapter offers some practical implications. First, many organizational researchers indicated that authentic leadership may be an important factor in enhancing follower moral actions, through the mechanisms of SCT. Based on SCT, organizational leaders do so through role modeling and the positive contexts they establish for followers that promote their moral actions. Through social learning where successful moral performance is achieved, individuals will not only build greater moral complexity but also the confidence to enact similar approaches to address future ethical challenges<sup>71</sup>. Ethical role models can also reinforce observers' efficacy, as well as the collective efficacy of the group, to act morally over time<sup>72</sup>. This may be one mechanism explaining how authentic leadership can diffuse to others throughout an organization<sup>73</sup>. Moral exemplars can have a contagion effect on others such that observers come to believe that they, too, have the courage to successfully meet similar threats<sup>74</sup>.

Second, the moral capacity of members can be enhanced through teaching techniques to process moral dilemmas through deeper self-reflection and practicing executive control over moral processing<sup>75</sup>. Further, teaching skills to methodically review moral issues through multiple perspectives – for example, deontological (rules, duties, or norms), teleological (utilitarian, consequence, or goal-based), or values-based reasoning – would force individuals

to access and "exercise" various moral schemata, enhancing their level of moral complexity and moral processing ability<sup>76</sup>.

Third, organizational reward and control systems may also enhance moral capacity<sup>77</sup>. These systems can signal what is valued in organizations, and research has shown that although individuals may initially comply with norms for strategic self-presentation, over time, such norms can cause identity changes that can impact the individual's sense of responsibility to take moral action. If not properly aligned with moral action, however, such reward systems may create a negative pressure to comply with unethical actions<sup>78</sup>.

Finally, moral identity can be particularly developed through exposure to moral role models that provide an ideal to strive for, and it serves to motivate and guide others' development<sup>79</sup>. Research has also shown that dialogue with others at higher levels of cognitive moral development (CMD) promotes moral development by offering the individual new perspectives with which to think about ethical issues<sup>80</sup>.

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#### **Appendices**

#### A. The Constitution of WowPrime

1. No one can accept gifts of over \$100 (NTD) from vendors. Those who violate this commandment will be dismissed.

- 2. Prohibit the close relatives of colleagues to be employed by the company.
- 3. The company cannot trade with or have business dealings with the close relatives of colleagues.
- 4. Any record in finance, personnel, and purchase are thoroughly open, all colleagues can check on them at any time.
- 5. The company cannot incur debt that is higher than 30% of the company's asset.
- 6. Neither the company nor the director of the board can become an endorser or guarantor for outside businesses.
- 7. The company is forbidden to invest in or run business other than in our core industry.
- 8. Any investment must follow the 151 equation\*.
  - \* The 151 equation indicates that the first "one" is the capital you invest when you open a store; the "five" is the gross sales amount you receive from that particular store every year; and the last "one" is the net profit you receive from that store every year. If the company invests \$10 million of capital to open up the store, it is expect to generate sales of 50 million every year and create profits of 10 million every year. The 151 equation is the index for evaluating return on investment per branch for every WowPrime's brand.
- 9. Abide by the criteria of "customers first, colleagues second, and shareholders third" to make a judgment for anything.
- 10. Any disciplinary action must be based on following four requirements before a verdict can be determined.
  - A. A written confession of the person(s) involved;
  - B. Involved party must be present personally in meetings with Central Committee Board;
  - C. Held a debate openly; and
  - D. Held a secret ballot.
- 11. In terms of the performance of colleagues, reserve 15% for "authorized person" and "decision person" to make flexible adjustment.
- 12. Abnormal marriage is not allowed in our enterprise.
- 13. To chew a betel nut is not allowed in our enterprise.
- 14. Smoking in kitchen is not allowed.
- 15. Forbid gambling.
- 16. The chief or director of any unit needs to take extra care of their pregnant colleagues. Their safety and health are the primary consideration in all situations.

- 17. All the senior executives will become shareholders without exception.
- 18. Central Committee Board holds regular meeting every Friday to decide on company direction.

#### **B. Picky Family 29 Commandment**

- 1. Latecomers are fined at the rate of \$100 NTD (New Taiwan Dollars) per-minute.
- 2. Company has no allowance for socializing. (an advanced request is needed in special situations).
- 3. Superiors do not listen to gossips. Let the culture of gossip go extinct in the company.
- 4. Senior colleagues (level 6 or higher) who were recruited from other firms are forbidden to recruit other talents from the last company where they worked.
- 5. The "Widening Vision: objective for the senior colleagues: Dine at 100 restaurants around the world every year.
- 6. The members of the Central Committee Board and 2<sup>nd</sup> generation elites are required to walk more than 10,000 paces every day.
- 7. Six superstitious 'No's: no releasing a captured animal, no donation to printing of books on "good deeds", no seeking advice from god, no relying on fortune-telling, no relying to feng-shui (positions and location), and no selecting day based on astrology.
- 8. Reducing the burning of paper money for the deceased, do not spend over \$100 NTD for every worship event (*baibai*).
- 9. Everyone is only allowed the maximum of 2 public speeches per month outside of the company settings.
- 10. The compensation of a lecture or forum has to be donated to the Child Welfare League Foundation, R. O. C. on the spot.
- 11. Any souvenir (memento) or a gift that is received due to the company related activities belongs to the company and not for personal use.
- 12. You may attend an association or club but you cannot serve as a director in charge of this association or club.
- 13. When celebrating the Chinese New Year, you do not need to call or visit your superiors with a present.
- 14. The superiors can not accept the activities of birthday celebration put together by subordinates. (The superior can accept a birthday's card, a call, or offer a compliment in person in lieu of birthday).
- 15. The superiors cannot accept any monetary gifts or other presents from subordinates. (When the superiors get married, the cash gift or gift offered by subordinates cannot be more than \$1,000 NTD).

16. The superiors cannot borrow money from subordinates or invite them to "*hue*", a kind of Chinese folk way's mutual saving fund.

- 17. No one from the company can become a candidate in political elections.
- 18. The superiors are prohibited to promote a specific candidate to subordinates.
- 19. The president of WowPrime can not vote when elections are held.
- 20. The amount of money used to purchase a car cannot be more than \$1,500,000 NTD.
- 21. Do not advocate luxury brands.
- 22. Do not use counterfeit product.
- 23. The setup of office focuses on practicality; not for the wow factor or making an impression.
- 24. Forbid to trade stocks based on speculation. Investing in stocks is allowed, but the time between buying and selling of stock must be more than one year.
- 25. Individual employees must avoid as much as possible making private dealings with businesses that our company deals with.
- 26. All executives (general manager or higher level) are forced to retire completely before 70 years old without any exception and cannot continue to use any means to control or influence the company.
- 27. Unless the talents are very outstanding, do not recommend someone for your subordinates to hire.
- 28. Unless the vendors are very outstanding, do not recommend them for your subordinates to deal with.
- 29. It is reasonable for major shareholders to give one tenth of the bonuses received back to the company or our colleagues.