INTEGRATING ETHICS AND COMPLIANCE PROGRAMS: Next Steps for Successful Implementation and Change

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Background

- Objective: To better understand how organizations integrate their ethics programs within the workplace
- Dates: September 1998 - March 1999
- Survey Design: Conducted in-depth interviews with 26 ethics officers at Fortune 1000 companies, government offices, and non-profit organizations
- ERC Fellows Program membership: 2/3 of companies surveyed

Results

- Profiles of Participating Organizations
  - Represent a broad sample of industries
  - Concentrated in for-profit sector
  - Large workforces concentrated in US
  - Well-established traditions and norms, but lack cultural unity
  - High merger and acquisition activity
- Ethics Program Origins, Priorities, and Justifications
  - Program Origins
    - Spurred by US Federal Sentencing Guidelines for Organizations
    - Created following an ethics crisis
  - Program Priorities
    - Initial focus on compliance, then broaden over time
    - Main ethics driver: good business sense
    - Judges of program success
      - How well company stays out of ethical trouble
      - Employee awareness of company ethics standards
      - Employee comfort level about raising ethics issues
  - Program Justification
    - Compliance with legal and industry regulations
    - Benefits of ethics to both organization and employees
    - Organization's traditions and values
- Structuring an Ethics Program
  - Reporting Relationship of Ethics Function
    - Most report to SVP who in turn reports to CEO
    - Overseen by ethics advisory board consisting of senior executives
    - Direct access to CEO is critical for effectiveness
  - Organizing a Program
    - Key elements include: code of conduct, mission, vision & values statement, data analysis, ethics training, consistency monitoring
- Most offices located in corporate headquarters
- Level of program oversight by ethics office varies
  - Tight control advantage: precision in compliance audits
  - Loose control advantage: employee program ownership
- Ethics Officer Roles and Responsibilities
  - Interact with other organizational functions
  - Oversee ethics function, collect & analyze data, develop policy, train, investigate, discipline
  - Be ethics officer, not police officer
  - Audit regional or business units to ensure compliance with ethics procedures
- Role of Leadership
  - Program benefits from CEO's active participation in discussions, committee membership, model behavior
- Staffing a Program
  - 5 - 15 members
  - Mix of part- and full-time participants
- Ethics Communications
  - Communicating with Employees about Ethics
    - Code of conduct, ethics training, ethics help line
    - Multiple vehicles of communication: e-mail, newsletters, discussions
    - Solicit employee input: surveys, focus groups, advice lines
    - Assuage employee skepticism about program
  - Developing a Code of Ethics
    - Guide but don't intimidate
    - Soliciting employee input is a good idea, but rarely utilized
  - Ethics Education and Training
    - General awareness or job-specific focus
    - Keep it fresh
    - Delivery methods: partner with HR, external trainers, managers, videos, company intranet
  - Seeking Help and Reporting Misconduct
    - Ethics help line is key, but not a substitute for face to face discussion with managers

Conclusion

Ethics program effectiveness depends on context. The challenge is to maintain effectiveness as organizational priorities shift. Recently, there has been a general shift from strict compliance to comprehensive ethics programs. Ethics officers constantly need to revise and update ethics programs with input from leaders, employees, and managers in other functional areas.