

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

By Joshua Joseph

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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.