

Code words

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An ethical culture in which all employees feel secure to report suspicions or knowledge of fraud is the goal of all principled organisations but how to make it a reality? Luis Ramos, CEO of The Network, Inc has some practical suggestions.

The Kroll Global Fraud Report 2008/9 found in a survey of some 900 senior international executives that the average company lost US\$8.2 million to fraud over the past three years. This statistic alone is compelling, but that it represents a 22% increase over the previous year's US\$6.7 million is even more disturbing. [1] It is no secret that organisations face unprecedented levels of fraud, what is elusive is the formula for reversing the trend.

Companies that embrace an ethical culture seem to be moving in the right direction. Research by the US-based Ethics Resource Center finds that the strength of an organisation's ethical culture offers the greatest reduction in ethics risk. In fact, its data reveals that an effective focus on ethical culture reduces misconduct to roughly one-third to one-half the rates experienced by companies with weak ethical cultures. [2]

The truth is that most employees want to work for a company that observes a set of ethical values. They want to work for leaders who have a vision and managers whom they respect. And they want clear standards against which they can gauge their own behaviour and that of others. A good code of conduct can serve as the backbone of an ethical culture. When well written, well designed and well disseminated, it offers a valuable resource that employees can use to define acceptable business practices and practise ethical decision-making.

The write stuff

Codes address tough topics – conflicts of interest, insider trading, fair dealing. A legal review is a critical piece of the code-writing process; but the use of legalese is not. Readability is one of the most important considerations in crafting a code. Too complex, too long, too much policy-speak and readers are likely to tune out. The best approach is to use language that will be easily understood by employees at all levels of the organisation. Consideration should also be given to using active, rather than passive, voice, and including company-relevant examples or stories to reinforce key concepts. Making the code “personal” helps to make it believable.

The tone at the top is another important aspect of a code's content. A letter to employees from an organisation's leader at the beginning of the code sends the message that ethical behaviour is valued, and it sets the tone for the remainder of the document. If working with integrity is important to the boss, it will be important to all who work under him or her. Typically, a good leader will not only welcome the opportunity to speak to employees through the code, but will also capitalise on opportunities to promote the code and ethical decision-making throughout the year, instilling it into everyday work life.

In addition to an easy-to-read writing style, coverage of relevant issues and endorsement from top management, effective codes also include clear information about the resources available to employees for reporting misconduct. They provide information about the investigation and disposition of reports and the company policy on retaliation (taking into account the different legal and regulatory whistleblower requirements as they apply to the countries in which an organisation operates).

In its survey, the Ethics Resource Center found that 54% of people who did not report the misconduct they witnessed were sceptical that their report would make a difference, and more than a third (36%) of non-reporters feared retaliation from at least one source. By outlining what happens once a report is made, organisations may not only encourage employees to come forward, but also help to dispel their fears about reprisals. [3]

An engaging design

A code's design is as important as its content. Does the design of the code invite readership? Is it well organised and easy to follow? Does it have a table of contents? Does it include learning aids (eg, Q&A, pull-quotes or boxes to reinforce points, checklists, do's/don'ts, etc.) to help in the understanding of key concepts? Does it incorporate imagery to break up the content and a font style that is easy on the eyes? Answers to these kinds of questions should guide the design process.

Branding the code with a theme is another good idea, and then tying that theme – along with a highly recognisable logo and consistent colour – to other ethics-related communication pieces will help to promote awareness, stimulate recognition and synchronise any individual programme elements moving forward.

Make it easily available

Translations can represent a daunting task but a necessary one in order to reach every employee in every location. During the translation process, another best practice is to review the language to address any cultural nuances related to the workplace norms of employees in different locations. This kind of sensitivity, again, drives home the idea of a “personal” code.

In terms of distribution, a desk-side copy for every employee speaks to the importance an organisation places on the code as a ready reference, but the cost and the environmental impact of printing multiple copies in a multitude of languages may be prohibitive, especially for large companies. A PDF version on an organisation's website or posted on its corporate intranet offers an easily

accessible, downloadable and printable option for employees with computer access. An online version also allows for the inclusion of hyperlinks in the document so employees can do a quick search to locate information or link to more detailed policy information where applicable.

Some organisations make copies of the code available in HR, the reception area, the corporate cafeteria, break rooms and other high-traffic areas to invite review by employees. If the goal is to make the code part of the fabric of the organisation, it should be easy for employees to put their hands on, at any time.

Special consideration should be given to how new employees will be made aware of the code and the means for accessing it. Copies made available at orientation or displayed in new hire presentations offer one option. Some organisations go one step further. A quick-start guide, for example, can provide new hires with a broad overview of the code, a ready reference to its ethics and compliance office and hotline reporting information. Incentive items like key chains and magnets distributed to new hires and branded with an organisation's ethics and compliance logo and reporting information can serve as an everyday reminder to promote an ethical culture.

Infuse the ethics message

The best codes are living documents that leaders and senior management refer to, and employees rely on, on a regular basis. High-impact communications can help highlight code topics and keep the ethics message top of mind.

If all employees are tech-savvy, organisations may reach out with compelling Web copy, email messages or online learning modules. If a large contingent of employees congregates in the break room in the morning, organisations may use eye-catching posters, table tent cards or a high-impact visual feed on the corporate television network. A workplace with a high cubicle quotient? Organisations might consider desk drops, payroll stuffers or an online newsletter. Monthly manager meetings also provide great forums for discussing complicated issues such as conflicts of interest, proprietary information or the corporate gift policy.

Ultimately, a mix of traditional communication vehicles and customised, interactive components – translated into every language that the employees speak – helps to disperse and reinforce the message about ethics throughout an organisation.

Annual training and certification strengthen an ethical culture

A poster on the wall tells employees that ethical behaviour is important. A certification programme tells employees that ethical behaviour is mandatory. Whether an organisation meets with employees in a traditional classroom setting or delivers computer-based training at an employee workstation, training exercises offer an opportunity to address specific code issues, explore ethical questions and encourage reporting of misconduct.

No two organisations are the same – their training shouldn't be either. Ideally, courses should be customised to fit an organisation's culture, its employee demographics and its corporate brand, and they should focus on the kinds of business situations its employees face, because messaging that is more relevant is more likely to be retained.

Interactive elements can significantly elevate employee interest and transform training from boring to brilliant. Organisations might consider, for example, challenging employees to figure out the difference between a bribe and a facilitation payment (in jurisdictions where the latter is acceptable) or let them address a hypothetical situation involving discrimination, harassment or workplace safety. The goal should be to generate a high level of interest and involvement and fully immerse them in the training experience. In doing so, the training will speak to them and their everyday work experience and give them the tools they need to make ethical decisions when they return to their job.

A certification process offers an added layer of due diligence. Highly advanced, user-friendly learning management systems now offer organisations the ability to track course completion for each employee and ensure 100% compliance. These systems also allow organisations to analyse course data and verify that employees have not only completed the training, but understand key code concepts. They even offer benchmarking capabilities to help organisations identify trends and areas of vulnerability.

Leveraging the code

Organisations with a code written strictly to meet legal and regulatory demands (or in response to previous infractions) deprive themselves of a powerful tool for mitigating fraud and other unethical acts. In its Integrity Survey, Ernst & Young asked employees if they thought a code of conduct was effective in preventing and detecting fraud. Between 60 and 70% of them answered affirmatively. [4] Employees want to do the right thing. Organisations have much to gain by providing the tools that will empower their employees to do so.

Notes

1. Global Fraud Report, Annual Edition 2008/2009, Kroll
 2. Ethics Resource Center's National Business Ethics Survey: An Inside View of Private Sector Ethics, Ethics Resource Center, 2007
 3. Ethics Resource Center, p. 6
 4. A Survey into Fraud Risk Mitigation in European Countries, Ernst & Young Fraud Investigation and Dispute Services, 2007
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