A robust compliance program is not cosmetic: Enhance your corporate DNA

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Posters with inspiring quotes, a toll-free hotline, and a sleek website hosting a code of ethics don't mean much when the company is a toxic workplace, bullying is ignored, work–life balance is a fantasy, and "ethics" is viewed as a time and innovation impediment. If your company performs like this, it is time for a surgical makeover, as the compliance program is merely cosmetic.

The problem with cosmetic compliance programs

Cosmetic compliance programs tick many boxes in that they appear robust, but as with all cosmetics, underneath is the reality that shows its face eventually. Sometimes, cracks in the cosmetics appear during an audit, when cases are found to have been received but not followed up on or disregarded without due analysis, poorly investigated in the setting of conflict of interest, or meaningful corrective action was sidelined. Cracks also appear when whistleblowers immediately take their cases to lawyers or the media. In the short term, cosmetic compliance programs are low cost and simple to implement and operate, yet personal and corporate damage are festering underneath the camouflage.

Take the pulse and do surgery

CEOs and senior executive teams need to look at their patient (i.e., their employees *and* their company); in medicine it is called the "eyeball test." A collective opening of eyes toward their workforce is a must: mingle and observe. The COVID-19 pandemic limits traditional, large in-person gatherings, so mingling and observing must be modified to align with physical distancing requirements. Lack of visual presence could give the appearance of disconnection, which cannot be replaced by sending email. Consider interactive gender- and diversity-balanced town hall meetings that blend the C-suite with a few general staff together as panel discussion members. The CEO and wellness team could create online wellness events for staff in which the CEO and other C-suite members actively participate with general staff, such as creative arts sessions like drawing or painting, fitness classes, etc. Also, conduct a needs assessment via an anonymous survey that takes the "ethical pulse" of the workforce and company culture. What kind of "air" are the employees breathing? Is it a toxic workplace that is killing morale and productivity?

As senior leaders, we are in charge of the "ventilation system" at our facilities. *What does the air look like that circulates at your corporation?* Is it uplifting and clean? When senior executives speak, are their words merely fake platitudes, while at their desk they are fabricating, falsifying, stealing, deceiving, intimidating, bullying, or retaliating? The compliance system created and installed must be threaded amid an *operational system* that truly aligns with the values, mission, and vision declared on the corporate website.

This threading can mean doing "surgery" to edit the corporate DNA. Flawed DNA is evident when companies operate in a manner that permits a toxic workplace to flourish, that fails to mitigate risks to staff, that disregards

the humane and cultural contexts of the business. It's not enough to have legal behavior; companies must also have ethical behavior.

Ethics is our business

If someone tells you that the human aspects of work are someone else's business, the reply should be that ethics *is* our business. Separating collegiality, compassion, honesty, and integrity from ethics creates a flawed ethics construct that needs corporate-level fixing. This cannot be "Band-Aided" with a poster or a motto, but there are solutions.

Organizational ethics is a structure with many parts (human and nonhuman). Organizational ethics starts with the helm of the operation: senior leadership who are people of integrity (i.e., honest, reflective, trustworthy, committed to ethical values).[1] According to Mayer, Kuenzi, and Greenbaum, "ethical leaders signal to employees that doing the right thing is expected, encouraged, and valued."[2] This is vital because the pressures of business (time lines, financials, competition) will never cease, yet responses to these pressures must always be ethically appropriate.

In addition to ethical policies and procedures, including the ability for anonymous reporting and thorough investigations without conflict of interest, *meaningful* corrective action is needed when gaps and nonconformities are identified (rather than simply filing away the report). An internal integrity coaching program is also suggested. These involve on-site, trained staff who are local go-to champions for ethics and integrity. Integrity coaches do not replace direct supervisors or the compliance staff; rather, they are adjunct and at-the-ready peers who can give both advice and moral encouragement on the path toward integrity. This coaching program should be additional to onboarding education and continuing education programs that instill both knowledge and skills.

Final thoughts

The combination of ethical leadership, coaching, and training facilitate an ethical climate that promotes moral courage and ethical decision-making—a proactive rather than reactive approach to compliance. However, an ethical corporate climate should also include mechanisms to address the fallout of misconduct cases. This equates to skills in apologies, reparation, and disclosure (respecting privacy regulations). Bouncing back applies to both the company and the implicated staff, whether found guilty or not guilty. Leadership will need to make difficult decisions about their company and workforce and not tire of doing the right thing.

1 Mitchell J. Neubert et al., "The Virtuous Influence of Ethical Leadership Behavior: Evidence from the Field," *Journal of Business Ethics* 90 (2009), 157–170.
2 David M. Mayer, Maribeth Kuenzi, and Rebecca L. Greenbaum, "Examining the Link Between Ethical Leadership and Employee Misconduct: The Mediating Role of Ethical Climate," *Journal of Business Ethics* 95 (2010), 7–16.

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