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The ethics challenge: establishing an ethics ambassador network to help embed an ethical culture

Judith Irwin and Katherine Bradshaw

Judith Irwin is Senior Researcher and Katherine Bradshaw is a Project Assistant, both at the Institute of Business Ethics, London, UK.

Abstract

Purpose – *Creating and maintaining a consistent ethics program is a challenge for multinational organizations and establishing a network of ethics ambassadors is one way to help meet this challenge. This paper aims to summarize the role of HR in encouraging an ethical culture; looks at how to recruit ambassadors and establish a network; and examines some of the challenges.*

Design/methodology/approach – *The report upon which this paper is based draws on the experience of one of the authors as an ethics practitioner in a large multinational company, and an Institute of Business Ethics (IBE) survey of large companies taken in 2010, compiled from 12 responses from companies across different sectors, of which six are headquartered in the UK, four are headquartered in continental Europe, one in the USA and one unknown.*

Findings – *An ethics ambassador network is a cost-effective way of ensuring that ethical values are embedded throughout an organization. An effective network can help mitigate integrity risks and encourage a culture that is supportive of high ethical standards and legal requirements.*

Originality/value – *This paper provides HR practitioners within multinational organizations with an insight into how they can facilitate the use of ethics ambassadors. A more in-depth examination of the subject is published in the IBE's good practice guide,* Ethics Ambassadors, *available from www.ibe.org. uk*

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Establishing an ethical culture continues to be a challenge for all global organizations, and is one in which HR professionals have a central role. Given high-profile misconduct cases involving companies which, in spite of having an ethics policy or code, experienced near disastrous reputation hits, it is clear that it is not enough to have a code of ethics and hope that employees read it, understand it, and apply it throughout their day-to-day working lives.

Evidence suggests that a strong ethical culture may provide financial benefits. In its research for *Does Business Ethics Pay?* (Webley and More, 2003), the Institute of Business Ethics (IBE) found that companies with codes of ethics are consistently recorded as being more admired by their peer group in the Most Admired Companies list published by *Management Today* than those with no code. In addition, an index of the World's Most Ethical Companies showed that these organizations outperformed the Standard & Poor 500 and FTSE 100 every year from 2005 to 2010 (Ethisphere, 2010). This suggests that where there is a culture of doing business ethically there is a consequent improvement in overall reputation and subsequent improvement in financial performance; and companies with ethics policies and codes are more effective in engaging with their employees, provide a beneficial working environment and have a culture that enables unethical behavior to be identified and dealt with early. As staff prefer working for such organizations, there are also recruitment and retention benefits. Consequently, companies would have fewer costs associated with labor turnover, union disputes and employment litigation.

> **"Organizations can have difficulties when trying to embed a set of ethical values consistently throughout the company – and around the globe."**

HR departments are a point of contact for all staff within an organization. As such they have unique access to staff throughout their career, from induction training to exit interviews, and can be key in supporting a unified workplace culture across all functions. Establishing high standards of business based on ethical principles requires organizations to put in place ethics or corporate responsibility programs – policies, codes, training and support etc – and actively nurture an ethical culture. One way for multinational organizations to ensure both relevancy and consistency of their ethics programs is to establish a network of ethics ambassadors to help promote the company's ethical values, policies and programs.

Supporting staff on a global scale

Employers need to provide relevant support to staff to help them recognize, understand and respond to the ethical challenges they may face. In the IBE's 2008 *Ethics at Work Survey* around a quarter of employees (23 percent) said they were aware of conduct they thought violated the law or their organization's ethical standards, but only just over half of those reported it to a manager.

The global nature of today's business means that organizations can have difficulties when trying to embed a set of ethical values consistently throughout the company – and around the globe. Just as it is not enough to merely publish a code of ethics and hope that it will "stick," simply translating a code of ethics is not enough to ensure that the ethical values of HQ are communicated effectively and meaningfully to staff in other territories. While business may be global, some values are not universal – different countries and cultures may have different interpretations of what is considered "ethical."

An ethics program requires various components – including, for example, training, a communications strategy and a speak-up procedure. Embedding ethical principles for business conduct throughout an organization so that they actually influence culture, decision making and behavior can be a challenging and lengthy process requiring sensitivity, patience and resources. An excellent way to implement the various elements of such a program throughout a global organization is by using ethics ambassadors.

Ethics ambassadors

Ethics ambassadors are employees selected to formally assist in promoting and embedding the ethics policies, codes of conduct and other related policies. The post of ethics ambassador may be full-time or may be taken on in addition to an employee's day-to-day job. Ethics ambassadors will normally be positioned throughout the company – across business units, geographical locations, and/or the hierarchy of an organization – and form an informal "network" of diverse employees with similar responsibilities.

Because they are positioned throughout the organization, ethics ambassadors can provide local knowledge, language and case studies to help make the ethics program relevant to the needs of the local operating environment. This encourages buy-in from employees and decreases the likelihood of misconceptions, which can arise from faulty translation or clumsy choice of wording. Poor translation can create inadvertent resistance, while historical context can be important to the perceived meaning of a word. Taking such factors into consideration is best done by someone familiar with the local culture and company history.

Ethics ambassadors can also act as a local point of contact so if an employee has a query or an ethical dilemma they can talk to a local person rather than a telephone helpline or a more formal contact at head office. Ambassadors may also deliver training, record and report issues, and occasionally help conduct investigations into unethical behavior. However, as their name suggests, it is as advocates for the ethics program that ambassadors are most valuable.

Setting up an effective ambassador network

For ethics ambassadors to be effective, it is important to have the right people in the role. Establishing key attributes will help to identify people with the best fit. Following are some common attributes and skills that are desirable in all potential ethics ambassadors:

- Working knowledge of the organization, its structure and culture.
- Industry/sector knowledge.
- Basic knowledge of relevant legislation underpinning specific aspects of the ethics program (e.g. anti-bribery).
- Effective communication skills, including presentation, facilitation and listening skills.
- High ''emotional intelligence,'' approachable and able to deal effectively with people.
- Enthusiasm and passion for ethics.
- Good judgment, ethical sensitivity and character.
- Gravitas and credibility, respected in the organization, accessible and well-networked.
- Positive and persuasive personality.
- Language skills (where relevant).

Candidates who have had a reasonable tenure in the organization and a diverse range of experience would be ideal. Where the ambassador role involves compliance-related activities, lawyers and internal auditors are good candidates, as their professional training will have acquainted them with the types of issues likely to arise. However, a mix of professions and backgrounds is valuable.

Some employees will be attracted by the experience that they can gain and advantages that taking on such a role will bring them. Others will be attracted to the role by a desire to ''make a difference'' and their enthusiasm can be valuable in raising the profile and visibility of the position. A keen interest in or even passion for ethics should be given as much weight as the business function of the candidate.

In a quarter of companies surveyed by the IBE, the role of ethics ambassador is taken up voluntarily on top of the employee's day-to-day job, a quarter of companies had recruited full-time ethics ambassadors, and the remaining half had a mixture. A combination of both full-time and part-time may produce the best results as they will bring different and complementary perspectives to the role. Recruiting part-time ethics ambassadors can be challenging when the role is a voluntary one and not compensated as such. Employees, particularly those in higher level positions, may be reluctant to take on extra work. For this reason, the position needs to be established as a respected role, integral to career progression.

Why have ethics ambassadors?

Ethics ambassadors contribute to the embedding of ethical values and strengthen the ethics program in the following ways:

- Acting as local ''eyes and ears.''
- Bringing local knowledge to the design and functioning of the program.

- Developing locally relevant case studies to be used for training purposes.

- Enhancing employee knowledge, acceptance and implementation of the ethics policy.

- Offering on-the-ground support to employees.

- Achieving greater consistency in implementation and execution.

- Reminding and cajoling leaders into discharging their accountabilities, so that ethics programs remain ''top of mind.''

- Advocacy of the importance of ethics in decision making.

Ethics ambassadors help to ensure consistency in the implementation of the program across the business units of large companies. This is particularly true for companies operating in highly regulated industries, a range of jurisdictions, or those required to comply with rules of a stock exchange. Consistency is important as companies must be seen to be applying similar standards wherever they operate.

The challenges involved

Recruiting and supporting ethics ambassadors can be challenging. Some of the potential issues that companies using ethics ambassadors face include:

- Getting the right people in the role.

- Competing for resources (e.g. time and money).

- Delivering effective training to each ethics ambassador.

- Motivating the ethics ambassadors.

- Staff turnover.

- Implementation across an international company.

- Funding.

Many of the challenges listed above are overcome by support and commitment of resources from senior management. Without senior management support, it is unlikely that an ethics ambassador's mission will succeed. Managers need to be aware of who the ethics ambassadors are and how they can contribute to their department's objectives. Recruiting some senior management in the role of ethics ambassador demonstrates a positive ''tone from the top'' and reinforces the credibility of the position to lower level employees.

Sufficient resources need to be allocated to provide effective training and support for the ambassadors and a forum to network. Formal or informal, a network provides the opportunity to communicate with others in different parts of the business. It is an ideal way to share ideas and good practice and to promote knowledge sharing and creates a feeling of inclusivity among the ethics ambassadors. A section on the company's intranet is one way to enhance knowledge sharing, which can also be provided through newsletters, annual conferences (with different themes each year), webcasts, or regular teleconferences with the ethics office (or other point of contact for the ethics ambassador). This is important both to keep the ethics ambassadors updated on good practice and recent developments as well as to ensure continued motivation.

The role of HR

In recent years, greater regulation and pressure from the media and investors, has seen ethics, integrity management and compliance departments become larger and more influential within companies. While the IBE applauds ethics being taken seriously, there can be a danger of ethics becoming a silo – just another department – rather than ethical values being part of everybody's job.

HR departments are uniquely placed within organizations to communicate this. Through HR, ethics can be given credibility and aligned with how businesses run. HR is responsible for key systems and processes that can underpin effective delivery of messages the organization wishes to convey about ethics. With their expertise in change management and internal communications, and by working in partnership with those responsible for ethical performance within their organization, HR professionals can help to integrate ethics into processes such as the employer brand, recruitment, induction, appraisal, retention, motivation, reward, diversity, coaching and training.

Establishing a network of ethics ambassadors which is distributed across the organization, geographically, departmentally and hierarchically, is one way to ensure ethical values are part of ''the way business is done around here.'' It is vital that HR works closely with those with responsibility for ethics within the organization to ensure that such a network can run efficiently with the right candidates for the job. Creating a culture of openness, where ethical dilemmas are disclosed and discussed will go some way to mitigate against integrity risks but also financial, technological or reputational risks. With the support of the HR department, ethics ambassadors may help mitigate that risk.

Case study: embedding ethical values at Airbus

Airbus is one of the world's leading manufacturers of commercial jetliners and military airlifters. Based in Toulouse in France, the company employs around 52,000 people at 16 sites across Europe and has subsidiaries in the USA, Japan, China, India, the Middle East and Russia. Over the past 40 years, Airbus has played a key role in the international air transport industry's evolution through improving manufacturing techniques, developing global cooperation and reducing aviation's environmental impact. Today, the company produces around half of the world's jet airliners.

Embedding ethical values across a globally diverse company is always challenging. Airbus's corporate ethics and compliance team is small (five persons), so the challenge was to create a network through which to project the ethics and compliance program worldwide.

This led to the creation of a network of business compliance representatives (BCRs) and business compliance officers (BCOs) across the organization. Their role is to support Airbus in promoting high standards of individual and corporate integrity through a strong ethical culture and compliance with all applicable laws, regulations and internal processes. The chief compliance officer, working with the compliance program office (CPO), leads the program and emphasizes that ''integrity is everyone's responsibility.''

Development of the network

There are 70 BCRs across the company, organized by manufacturing site and subsidiary (the basic principle is one per site). The BCR is a person working in the local business environment, below senior management level, accessible to all employees at the site or subsidiary and having the available capacity to perform the role. They should be a model of trustworthiness and a good communicator. They are not, however, expected to be ethics and compliance experts themselves – rather they serve as ambassadors supported by the CPO and other ethics and compliance network members.

The network of BCRs helps the CPO reach out to employees at the local sites and subsidiaries to communicate Airbus's expectations on business ethics and compliance. This

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includes employees who may not have PC access (e.g. shop floor operators). Having local people at each operating unit also helps with ''buy-in'' to the ethics program. The BCR is well known among colleagues locally, speaks the language of that country, and understands the issues specific to that unit or department.

There are currently 13 BCOs in place. These are senior individuals who work closely with the head of function. BCOs are accountable for the implementation of the Airbus ethics and compliance program within their function and are the primary adviser to the head of function on all ethics and compliance topics.

Managing the network

Both the BCR and BCO roles are voluntary, part-time positions and are taken on top of the individual's full-time business role. The CPO is considering additional ways to recognize, incentivize and motivate managers for these roles, as they represent around 5 percent of the time allocation and may not always be considered sufficiently important by the individual's line manager.

HR has been involved in the development of the network since the outset in 2008, assisting the chief compliance officer and the CPO team, facilitating communication and training development and helping identify candidates to take on BCR roles.

The CPO performed over 25 ethics and compliance site visits in 2010, reaching out to the local locations in person and having one day of meetings with local management, HR and managers and employees on ethics and compliance subjects, tailored to the local environment. All BCRs and BCOs are expected to attend an annual two-day conference held at Airbus's Toulouse base.

Some challenges to overcome

The network of BCRs and BCOs has now been in place for over two and a half years. The number of BCRs increased significantly last year as the network expanded and the CPO's challenge now is to provide ''newcomers' induction'' training as well as to respond to the growing demand this generates for answers to enquiries across the organization. One of the biggest challenges Airbus encountered was finding the right people for the role. This was addressed by liaising with the HR department and conducting site visits to engage with employees and business unit managers.

Another challenge is ensuring that BCRs and BCOs continue to be engaged and their approach is consistent with the key ethics and compliance message. In response, the ethics and compliance office holds quarterly conference calls for BCRs in each region, undertakes the ethics and compliance site visits, surveys the BCRs and BCOs and ensures continual and open dialogue across the network.

Consistent ethics across the organization worldwide

The creation of the BCR and BCO network has been effective in raising the visibility of the ethics and compliance function in the company. Safety and integrity have always been paramount for Airbus as a leading aircraft manufacturer. The ethics and compliance network builds on these existing corporate values to embed a culture of consistent business ethics and compliance across the organization worldwide.

Part of the success of the network has been down to choosing the right people for the role – ensuring that the person is at the right level in the company, is accessible and approachable by colleagues and enthusiastic and engaged in the role.

As a new department, ethics and compliance has had to build bridges and work together with – and through – colleagues in all functions of the company, including HR. Indeed the HR relationship is seen as key. On ethics and compliance site visits, the CPO team and the local BCR always meet with the local HR representatives to ensure that they are aligned and working consistently with the wider HR initiatives and processes.

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About the authors

Judith Irwin is the Senior Researcher at the Institute of Business Ethics where she researches and writes on a range of business ethics issues and good practice.

Katherine Bradshaw is a Project Assistant at the Institute of Business Ethics where she contributes to the research and publication of good practice. She is the corresponding author and can be contacted at: k.bradshaw@ibe.org.uk

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