

Engaging ethical standards that can be lived: The importance of communicating ethics and compliance within an organisation



Introduction

In today's complex business landscape, the significance of ethics and compliance within an organisation cannot be overstated. Ethical conduct forms the bedrock of corporate integrity, not only guiding individuals in how they can live the values, but fostering trust amongst stakeholders and mitigating legal and reputational risks.

The effective communication of ethics and compliance policies is crucial in ensuring adherence to ethical standards and regulatory requirements. Recent research and surveys underscore the critical role of transparent and proactive communication in cultivating a culture of ethics and compliance within an organisation.

And those companies that embrace the need for raising the bar on ethics and compliance communications, and in some cases use innovative techniques and out of the box thinking, have a far greater chance of catching employee attention and encouraging positive action.

One such example is Unilever, a multinational organisation that recognised the need for best-in-class communications for their business integrity training. As Farhat Poonawala, former Global Head of Business Integrity Learning and Operations, says, "the development of a completely new way of training within Unilever provided employees with a clear understanding of our Code of Conduct and what it meant to live this day to day. By providing relatable examples and explaining how ethical decisions are made, we gave employees the liberating discipline to be the best version of themselves at work, knowing both they and the business were protected when policies were upheld."

'companies that embrace the need for raising the bar on ethics and compliance communications [...] have a far greater chance of catching employee attention'

Consistency is crucial

Research indicates that the clear and consistent communication of ethical guidelines and compliance protocols is paramount for promoting organisational integrity. According to a study by the Ethics & Compliance Initiative (ECI), 68% of employees are more likely to report misconduct when they perceive a strong commitment to ethics from organisational leadership. Additionally, the ECI found that organisations with strong ethics and compliance programs are 42% less likely to experience misconduct.

When planning the rollout of a refreshed approach to business integrity, Sydney Shoniwa, Global General Counsel and Global Business Integrity Officer for Lipton Teas and Infusions, identified the critical piece was to ensure that communications are led consistently by senior leaders within the company. “The importance this has within the business, seeing leaders talk about these issues and in everyday situations, often provides the reassurance for others that raising concerns and acting with integrity is not only normal, but encouraged and taken seriously.”

Furthermore, effective and consistent communications and initiatives enhance employee engagement and morale. A survey conducted by the Ethics Resource Center (ERC) revealed that 84% of employees who felt their company had a strong ethical culture reported higher job satisfaction. This directly impacts retention too, with 70% of employees in the same survey stating that they were more likely to stay with a company they believed had high ethical standards. And this is a trend that will only grow as younger generations actively look for employers who prioritise these behaviours.

‘68% of employees are more likely to report misconduct when they perceive a strong commitment to ethics from organisational leadership’

The pros outweigh the cons

The benefits of communicating ethics and compliance extend beyond mere regulatory compliance – it has a proven financial upside too. According to a survey conducted by Deloitte, 87% of respondents believe that a strong reputation for ethical conduct can be a competitive advantage in the marketplace. And evidence of this can be seen through a study by the Corporate Executive Board (CEB) that found companies with strong ethical cultures outperform their peers financially by an average of 12.4%.

Whilst financial performance may be an easily measured success factor, the effective communication of a company’s policies can also help mitigate legal and financial risks, and as a result have a huge effect in the avoidance of legal fees and potential fines. Research by the Society for Human Resource Management (SHRM) indicates that organisations with robust ethics and compliance programmes experience 50% fewer lawsuits and 56% fewer regulatory investigations. And with a fine of \$635 million for British American Tobacco or even the removal of Group Chief Executive Alison Rose from NatWest within the last year, the consequences of not getting this right can be significant.

By proactively communicating expectations and providing robust training on ethical decision-making, companies can reduce the likelihood of legal disputes and safeguard their bottom line. From establishing and communicating a Code of Conduct, through to training to create awareness and consistency in how stakeholders respond to situations, as well as building the confidence to speak up and support others, there is a lot that can be achieved. Sharon Gebhard, who has 8 years’ experience as a Global Governance and Business Integrity Director of Africa, states, “getting people to understand your Code of Conduct, and building the confidence in them to speak up when they see something that is wrong, is invaluable to both the individual and business – acting before the issue manifests and grows.”

So what does best practice look like?

To maximise the effectiveness of ethics and compliance communication, organisations should adopt behaviours that promote transparency, engagement, and accountability. These include:

1. Leadership Commitment:

Senior executives should lead by example and actively communicate the importance of ethics and compliance through both words and actions.

2. Clear Policies and Procedures:

Organisations should develop clear and concise ethics and compliance policies that are easily accessible to all employees.

3. Training and Education:

Regular training sessions and educational programs should be provided to employees to raise awareness of ethical issues and reinforce compliance standards.

4. Open Communication Channels:

Employees should be encouraged to raise concerns and report potential violations through multiple channels, such as anonymous hotlines and feedback mechanisms.

5. Regular Communication Updates:

Organisations should provide regular updates on changes to ethics and compliance policies and highlight examples of ethical behaviour through internal communication channels.

6. Accountability Mechanisms:

Clear mechanisms for holding individuals accountable for ethical lapses should be established, demonstrating that unethical behaviour will not be tolerated.

At MGA, we are proud of the results that our work has delivered for our clients in the Ethics and Compliance arena. We have also received multiple industry awards with the ICE, IoIC, Brandon Hall and the International Compliance Association, in categories such as Best Storytelling, Best Training Initiative, Best Innovative L&D Program, Best internal communications from the FMCG sector, Best internal communications campaign across multiple markets and Best Video.

In summary

The effective communication of ethics and compliance is essential for fostering a culture of integrity and accountability within organisations. By prioritising transparent communication and adhering to best practices, companies can enhance their reputation, mitigate risks, and build trust with stakeholders. As research and surveys emphasise, and our experience at MGA demonstrates, investing in communication on this crucial subject matter is not only a moral imperative, but also a strategic advantage in today's competitive business environment.

If you'd like to set up a free discovery session to explore how you can create more engaging ethics and compliance communications click [here](#).

A bit about MGA

The above article draws upon our experience and client opinions to capture what we believe drives engagement, belief and success when communicating ethics and compliance within an organisation.

From our experiences over the years, the team at MGA have compiled a number of learnings and recommendations which we channel into our approach to E&C communications. We're proud of the award-winning work we have delivered in this arena for multiple clients, on a global basis, and the results we've seen from the communication programmes that we have delivered demonstrate real cut through.

We understand that the communication of ethics and compliance can seem very difficult and complex. But it is possible. We've helped many clients take seemingly dry content and challenging subject matters and create beautifully simple, powerfully engaging communications. You can find out more about what we do [here](#).