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Compliance Requires Leadership Engagement; CCOs 'Can Help Them Be in the Best Position'

By Nina Youngstrom

The code of conduct at many organizations includes lofty language about leaders having greater responsibility for sustaining the culture of compliance and resolving integrity concerns, but they may not know exactly how to go about it in practical terms, according to a compliance officer at a large international company.

“If you’re talking to a manager and they say, ‘I know compliance is important, but I don’t know what I should be doing,’ that’s where the problem lies,” said Adam Balfour, vice president and general counsel for corporate compliance and Latin America at Bridgestone Americas Inc. in Nashville at a Jan. 21 webinar sponsored by the Society of Corporate Compliance and Ethics.^[1] “Compliance officers can help them be in the best position.”

He uses a variety of strategies and tools to engage leaders in the compliance program and help them articulate their commitment to ethics and integrity. His definition of “leaders” and “managers” is broad. “I don’t like the term middle managers. I like to frame it as leaders, managers and supervisors,” Balfour said. All should be enlisted in these efforts. “It’s hard to overstate the importance of having leadership engagement in the success or failure of your organization’s compliance program,” Balfour said.

He cites several reasons why. For one thing, there’s a relationship between the behavior of managers and supervisors and the willingness of employees to speak up about compliance issues. According to the 2018 Ethics & Compliance Initiative survey,^[2] “employees who agree that their managers and supervisors talk about the importance of ethics are almost 12X more likely to believe that their organization encourages them to speak up. Conversely, fewer than 7 in 100 employees whose managers and supervisors fail to talk about the importance of ethical conduct believe that their organization encourages them to speak up.”

Related findings came out of an independent report commissioned by Wynn Resorts after the resignation of its longtime CEO, Steve Wynn, amid sex misconduct allegations.^[3] According to the report, “many employees expressed comfort in reporting complaints to their managers in the first instance. 73 out of 87 survey participants from [Encore Boston Harbor] listed their manager as their first and preferred reporting channel. The fact that employees prefer to complain to their managers shows that middle management is generally setting a tone and culture that invites reports, but we note that some employees still expressed discomfort in raising issues to their managers.”

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