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ACCOUNTING MATTERS

Fostering an ethical organization from the bottom up and the outside in

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Abstract Despite the best efforts of corporate compliance officers, boards of governance, auditors, and regulators, corporate misconduct continues to plague our markets. In this thought-provoking installation of Accounting Matters, we argue that efforts to fight fraud and other forms of corporate misconduct have failed, in part, due to the systematic approach employed toward a problem that is irregular, complex, and extends well beyond the boundary of the firm. By drawing upon research from the field of behavioral ethics to suggest a new approach that does more than just stress formal control systems, we illustrate how executives may strengthen organizational ethics through informal practices that work from the 'bottom up' and the 'outside in.' Our review includes practical recommendations regarding how to create shared responsibility for ethical leadership, how to empower employees to achieve both economic and ethical ends, how to enlist the aid of key stakeholders in identifying problems before they grow and spread, and how to redesign compliance practices to address the complex nature of corporate misconduct.

1. New ideas in corporate compliance

It has been more than a decade since the Enron and WorldCom fraud scandals changed the face of accounting and corporate compliance in America. Thanks in part to these failures, businesses must now comply with a whole host of regulatory measures designed to protect shareholders from corporate misconduct. Even with these safeguards in place, however, the headlines continue to profile case after case of unethical behavior in business. Executives who have invested time and money in new control systems, whistleblower hotlines, and ethics training programs have good reason to wonder if there is anything else that can be done to protect firms from the kinds of unethical behavior that destroy value, ruin corporate reputations, and undermine employee morale.

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Recent research from the field of behavioral ethics suggests that efforts to fight fraud and other forms of corporate misconduct have failed, in part, due to the systematic approach employed toward a problem that is irregular, complex, and extends well beyond the boundary of the firm (Senge, 1993; Weatherford, 2002). Few fraudsters have criminal backgrounds, making standard background checks an ineffective measure for screening out bad apples (Association of Certified Fraud Examiners, 2012). Moreover, the most expensive frauds are perpetrated by members of the management team, who have the ability to override control systems and collude to cover their tracks (American Institute of Certified Public Accountants, 2005). Certainly, having strong control systems, careful procedures, and mechanisms in place to detect and deter fraud are important, but these formal systems are only the beginning. New evidence suggests that informal practices, cultural norms, and the active participation of key stakeholders may actually matter more when it comes to fostering ethical business practices and preventing fraud (Tenbrunsel, Smith-Crowe, & Umphress, 2003).

Building on this new understanding of the roots of organizational ethics, scholars have developed a new model of corporate compliance called *ethical infrastructure*: the formal systems, informal norms, and work climate associated with ethical decision making (Tenbrunsel et al., 2003). This model embodies an expansive view of corporate governance in that it includes both the formal aspects of ethics systems, such as codes of conduct, training, and whistleblower programs; and the informal elements, such as open discussion of ethical dilemmas and other ethics-related norms that are visible only to those within the organization's boundaries. Together, these formal and informal systems support the development of the kinds of decision making, learning, and knowledge transfer routines that sustain a positive ethical climate and facilitate effective ethical organizational performance.

Next, we outline six considerations for executives who seek to enhance their compliance efforts by embracing the concept of an ethical infrastructure. These recommendations build upon a foundation of strong formal control systems to address the informal ways that organizations may foster organizational ethics from the bottom up and the outside in.

1.1. Thinking beyond 'tone at the top'

Unquestionably, ethical organizations cannot thrive without the support of the top leadership team. The concept of 'tone at the top' has become an integral part of corporate compliance efforts today, and a key consideration for investigators when weighing penalties for corporate misconduct. Tone at the top matters because leaders shape followers' behaviors and beliefs (Brown, Treviño, & Harrison, 2005). In order for employees to take codes of conduct and other compliance efforts seriously, they need to know that leadership takes these matters seriously, as well. Moreover, organizational compliance efforts may be seriously undermined when executives fail to 'walk the talk,' thereby giving others in the organization implicit permission to also disregard compliance programs when it suits them.

We agree whole-heartedly that strong ethical leadership is the backbone of organizational ethics. What we want to challenge, however, is the common assumption that ethical leadership is the responsibility of those at the top of the organization. When companies emphasize the importance of tone at the top but fail to also stress the importance of ethical leadership throughout the organization, they inadvertently foster the psychological drivers that allow unethical behavior in an organization to go unchecked. Too much emphasis on tone at the top sends the message that leadership alone is responsible for ethics, thus fostering a diffusion of responsibility and a 'not-my-problem' attitude that allows employees to follow their natural tendencies toward non-intervention. Instead, we believe that *every* employee has a responsibility to demonstrate ethical leadership.

We encourage executives to embrace the principles of ethical leadership throughout their organizations by redefining ethics and compliance as a line responsibility as opposed to simply a staff function. This idea of a shared responsibility for organizational ethics is not to suggest that ethics and compliance functions be eliminated, but rather that employees outside of this function can and should be held jointly responsible for implementing and monitoring ethics and compliance-related activities. As Colin Dyer, CEO of Jones Lang LaSalle, once remarked: "If ethics isn't everywhere, it's nowhere." One useful way of thinking beyond tone at the top involves the concept of distributed leadership. *Distributed leadership* conceives of leadership as a set of functions carried out by the group rather than as the exclusive domain of those at the top of the organizational hierarchy (Gibb, 1954). Today, scholars are extending this idea of leadership as a distributed, emergent phenomenon of shared influence to include an ethical component, as well. Distributed ethical leadership exists where all employees share responsibility for demonstrating a commitment to ethics and organizational values.

How do organizations foster organizational ethics from the 'bottom up' using distributed ethical leadership? First and foremost, employees need constant reminders that everyone is responsible for organizational ethics. Executives should take care to point out that this responsibility means that organizational ethics is everyone's job, everyone's right, and everyone's duty. Moreover, this message will be more powerful if it is articulated in everyday business interactions rather than buried in fine print of the employee conduct code. Perhaps most importantly, this message needs to be supported by the formal rewards and recognition offered to employees (MacLean & Behnam, 2010; Weaver, Treviño, & Cochran, 1999). A message regarding the importance of ethical leadership will fall on deaf ears if that message has not also been operationalized and integrated into the performance and reward system. Employees pay attention to which behaviors are rewarded through compensation and advancement, and they also know when rewarded behavior is at variance with the company's espoused values. Executives should realize that these kinds of conflicts between the organization's formal and informal control systems can be even more damaging than having no formal controls at all when it comes to ethics. Scholars theorize that having weak or inconsistent formal controls fosters self-interested behavior and a 'game-the-system' mentality among employees, whereas having very strong formal controls or no controls at all sends a signal to employees that they need to think carefully about the consequences of their choices (Tenbrunsel & Messick, 1999; Tenbrunsel et al., 2003).

Executives may find efforts to instill a sense of responsibility for speaking up about ethical matters especially challenging. Talking openly about ethics at work will be uncomfortable for employees at first, particularly in environments where such topics were rarely if ever raised in the ordinary course of business. One set of scholars observed that conversations about ethics at work can be every bit as awkward and painful as those between parents and a child discussing sex (Treviño, Hartman, & Brown, 2000). However difficult these early attempts at bringing ethics into the conversation, employees should take heart that with practice, they will get better at talking about ethics in ways that are constructive and solutions-oriented. In our experience, most employees need coaching to learn how to channel their moral emotions (e.g., fear, anger, compassion) toward productive ends so that they can articulate their sentiments in ways that move beyond the natural inclination to carp about frustrations and make moral judgments (Bird, 1996). Ultimately, ethics is about having good conversations: sharing, listening, persuading, and collaborating to achieve something greater (Habermas, 1984).

Designed correctly, ethics and compliance training programs can go a long way toward fostering such good conversations. For instance, the innovative Giving Voice to Values[1] curriculum developed by Mary Gentile at Babson College emphasizes practice, script development, and the use of analytical tools to help employees learn to communicate effectively about ethical matters. In our experience, many ethics training programs lack this focus on building employee competency in the area of handling ethical matters; instead, they spend too much time building employee awareness about codes and policy. The problem is not so much that employees do not know what is right, but rather that they are struggling to do what is right in a way that feels safe, authentic, and productive (Gentile, 2010). Good ethics training programs help employees resolve these struggles and find their voice.

Employees can also benefit from role models in learning how to talk about ethics and—just as importantly—how to conduct business in ways that are both profitable and ethical. Middle managers play a particularly important role in demonstrating how to reconcile these two values by designing solutions that support both economic and ethical ends. They serve a vital role as the translators of the organization, interpreting and making sense of the vision handed down by the top management team and transforming that vision into specific activities for those around them (Beck & Plowman, 2009; Isabella, 1990). Research shows that employees view middle managers to be more ethical than top management, and that middle managers hold themselves to higher standards (Ferrell, Weaver, Taylor, & Jones, 1978). Considering these advantages, middle managers may be well suited to embrace the mantle of distributed ethical leadership and role model such behaviors for those above and below them.

We conclude our discussion of thinking beyond tone at the top with one note of caution. Despite all the benefits of distributed ethical leadership elaborated here, it must be acknowledged that this approach needs to be grounded in strong, well-understood, and broadly respected compliance programs/practices. Sharing the mantle of ethical leadership throughout the organization should help employees feel empowered to address ethical problems they might encounter in their work, but this new power must be anchored in knowledge and appreciation for the appropriate steps that should be taken to resolve such issues. Employees still need

[1] http://www.babson.edu/Academics/teaching-research/gvv/Pages/curriculum.aspx

to report observed misconduct so that compliance officers can investigate and address ethical issues in a way that is efficient; ensures procedural justice for all parties involved; and allows management to involve the board of directors, lawyers, law enforcement, and/or regulators as necessary. Empowering employees without also instilling in them an appreciation for their affirmative responsibility to escalate issues could result in 'information traps' that might put the firm at greater risk (Compliance and Ethics Leadership Council, 2011).

1.2. Working from the outside in

Executives may be surprised that among all detection efforts—including surveillance, audits, and IT controls—employee tips remain the single-most effective mechanism for uncovering frauds, and by a wide margin. In 2012, insider tips detected 43.3% of fraud schemes as compared with the next-highest mechanism, management review at 14.6% (Association of Certified Fraud Examiners, 2012). Why do insider tips work so well when more sophisticated mechanisms fail? To answer this question, we must appreciate that fraud is a complex problem that evades systematic detection efforts. Fraud and other forms of corporate misconduct grow and spread by exploiting routines, overriding controls, and—perhaps most perniciously—desensitizing employees to the corrupt nature of these activities (Anand, Ashforth, & Joshi, 2004). Combating fraud and corruption thus requires not only strong formal controls, but also an 'outsider's perspective' to help identify problems before they metastasize.

Before we describe how outsiders play such a vital role in fraud prevention, we want to elaborate the many ways in which insiders can become desensitized to unethical behavior. Good employees sometimes find themselves engaging in bad behavior, because they have rationalized such behavior as acceptable or even preferable to the alternative. For example, an executive might justify 'cooking the books' as a temporary measure necessary to avoid bankruptcy and thus protect the greater good of all staff. Another way that employees rationalize unethical behavior is by claiming the absence of harm or pointing out how others are worse. Such rationalizations neutralize negative feelings or regrets about unethical choices and allow the decision maker to retain a positive self-image (Anand et al., 2004). Employees are also more likely to engage in questionable behavior when the situation is ambiguous, information is incomplete, and pressure to make an immediate decision is high. Unfortunately, small misdeeds committed in the heat of the moment have a tendency to snowball into larger misdeeds as employees continue down the slippery slope of unethical behavior, justifying past choices by showing commitment to similar behavior in the future (Tenbrunsel & Messick, 2004).

Unethical behavior also spreads due to the socialization of corrupt behavior. *Socialization* refers to the process by which newcomers accept prevailing practices as normal and acceptable. Whether through using euphemistic language to make corrupt activities sound benign or offering incentives and rewards to co-opt others into facilitating the practices, good employees may find themselves engaging in bad behavior simply to fit in with the group and fulfill what they see as demands of the role (Anand et al., 2004; Tenbrunsel & Messick, 2004). Any concerns or apprehensions the newcomer might initially feel fade away as he/she engages in further socialization and rationalization. In short, the outsider becomes an insider and loses moral perspective.

Of course, not all employees are vulnerable to socialization tactics. Some insiders retain the ability to look at situations from the 'outside in' and recognize where unethical practices must be stopped. Moreover, they possess the courage and the conviction to sacrifice their own social standing and well-being by bringing such behavior to the attention of management. Unfortunately, such courageous action has historically been quite rare in corporate America. Studies show that as many as 73% of all workers have witnessed misconduct on the job in the past year, and that 23% of employees were willing to look the other way or do nothing about it (KPMG, 2013). Despite these depressing statistics, there are good reasons to remain optimistic about the future. Recent studies from the Ethics Resource Center (2011) suggest that employee reporting is on the rise, and certainly fostering greater responsibility for ethics throughout the organization will help employees speak up when they see misconduct. To complement these efforts, executives may also want to consider thinking outside the boundaries of the organization to enlist the help of true outsiders in their efforts to build a more ethical organization.

An important first step to working from the outside in entails opening the organization's ethics hotline to key stakeholders including temporary workers, suppliers, customers, and shareholders. Executives may be surprised to learn that nearly half of all fraud tips come not from employees, but rather stakeholders outside of the organization (Association of Certified Fraud Examiners, 2012). Customers are an especially important but frequently untapped source of information regarding ongoing problems in the organization. In addition to opening the ethics hotline, the compliance group should also work with customer service and other front-line operations to determine whether stakeholders have raised concerns that might indicate key weaknesses in the company's control systems and risk management plans. These front-line workers frequently have keen insights about potential problems facing the organization, but are often hesitant to report them if there is any ambiguity about the nature of the problem or whom it might affect.

Thinking beyond the traditional boundaries of the firm as regards organizational ethics also reflects the new reality of the virtual organization. Increasingly, work is achieved via complex supplier networks, joint ventures, alliances, and other organizational forms that make it difficult to determine organizational boundaries. According to one analyst, roughly 25%—30% of today's workforce is made up of contingent workers (freelancers; flex- or part-time employees) and that number is expected to grow to 40% by 2020 (Intuit, 2010). This shift toward the virtual organization means that organizations need to pay closer attention to the ethics programs, policies, and cultures of their trading partners. Unfortunately, many companies resist providing ethics training to contingent workers and hesitate to engage in extensive reviews and audits of third-party providers. We recognize that providing ethics training and performing audits are expensive and time-consuming, but executives must find ways of negotiating and managing these competing realities and business necessities. In the public view, an organization can and should be held responsible for the ethical missteps of its suppliers and other external agents (Phillips, 2012).

1.3. Mind the messaging: Metaphor, symbols, and stories about work

Shortly after the Wall Street trading scandals of the 1980s, business ethicist Robert Solomon (1993) called the public's attention to how changes in the ways people talk about business might have facilitated this unethical behavior. He noticed that discussions of business and capitalism were no longer associated with the traditional virtues of responsibility, community, and integrity; rather, business had come to be seen as a game whereby competitive instincts, guts, and an appetite for risk were idealized. Solomon worried that how we talk about business might actually come to change the way we conduct business, and he implored executives to pay attention to the myths and metaphors they were creating and perpetuating about their work.

Ever since Robert Solomon raised these concerns, scholars across a range of disciplines have explored whether how we talk about work actually matters. The results show that Solomon was right: language, symbols, metaphors, and even the physical environment all influence ethical behaviors. For instance, in one study, researchers divided participants into two groups and gave each group the same task: deciding how to allocate scarce resources between their own and another group. Everything about the task—the rules, the payoffs, and composition of the groups—was the same, except for one aspect: the name of the game that they were playing. Surprisingly, a subtle change significantly influenced behavior in that the group playing 'The Wall Street Game' cooperated only one-third of the time, whereas the group playing 'The Community Game' cooperated two-thirds of the time (Liberman, Samuels, & Ross, 2004).

Other studies have connected language cues with a wide range of ethical and unethical behaviors. For example, participants are more likely to engage in socially responsible investing when primed with ethical rather than financial words (Glac, 2009). The effects of language on ethical decision making can also be found even when ethical terms are not used (Parmar, in press). For instance, studies show that when participants are primed to think about losing, they are more likely to lie (Kern & Chugh, 2009) and their trust in the organization declines (Brockner, Wiesenfeld, & Martin, 1995). Executives should think carefully about these findings and consider the kinds of words and metaphors they use in their own workplaces. How often do your employees use sports analogies and competitive terminology to motivate workers as opposed to drawing upon more community-oriented language? How often are financial terms used to describe work as opposed to relying on metaphors and language that emphasize the human dimension of business? Do the stories you tell about work inspire trust and collaboration, or do they reinforce an implicit understanding that what really matters is the individual? The words we choose have the power to shape the choices of those around us, for better or for worse.

Beyond the effects of language on ethical decision making and behavior, new research highlights how the physical environment also affects ethical and unethical choices. One study revealed that students were more likely to cheat in a dark room (Zhong, Bohns, & Gino, 2010), suggesting that simple changes in the amount of light in the workplace could subtly improve employees' ethical behavior. Another study (Gino & Pierce, 2009) found that students were also more likely to cheat after they had been exposed to indicators of wealth (e.g., a pinstriped suit, a leather briefcase, a pile of money), which raises important questions about how working in the presence of luxury might encourage employees to behave unethically. Of course, if you ask an employee if she believes her decision making is subject to the power of language, symbol, or the environment, she will most likely assure you that it is not. The research, however, tells a different story. What makes these findings particularly challenging for executives is that the influence of context on decision making is unconscious and automatic such that the decision maker is unaware of its effects (Kern & Chugh, 2009).

The good news emerging from this line of research is that we can apply this knowledge to create environments that nudge employees toward making better choices (Thaler & Sunstein, 2008). Understanding the influence of language, metaphor, and symbolism gives us the opportunity to structure the context of work in a way that mitigates ethics risk. For example, we can leverage the natural tendency to conform to group norms by sharing information with employees about how the majority of their peers *do* behave ethically at work; statistics regarding expense compliance, ethics training completion rates, and so forth can be useful toward this end. Such information provides a useful counterweight against the tendency for one bad apple to spoil the bunch and for people to pay more attention to failures than successes. We can also embrace practices that help employees put their values front-and-center when making important decisions. Research shows that simple tasks like looking in the mirror, putting one's hand on the Bible, or pledging one's name before engaging in a difficult task reduces the temptation to cheat by reminding employees that character matters (Ariely, 2013). We can minimize the negative impacts of stress, isolation, and time pressure on ethical decision making by encouraging employees to take a little more time and seek out advice and support from others when facing a difficult decision (Bazerman & Tenbrunsel, 2011). Moreover, we can redesign our workplaces so that they are warm, bright, and full of reminders of the best parts of human nature (Gino & Desai, 2012). In short, if we are more mindful of our messaging, we can remove some of the implicit barriers to ethical decision making while also fostering a climate that supports strong organizational ethics.

1.4. Looking backward: The benefits of reflective practices for ethical decision making

When a product is found to be defective, when a train derails, or when a plane crashes, the organization responds. It engages in an extensive, rigorous, and methodical evaluation of the event with an eye toward minimizing the likelihood of similar occurrences in the future. In short, the organization looks at its past mistakes as opportunities to learn how to do better in the future. How often do we apply the same root-cause analysis and analytical rigor to ethics and compliance failures? Too often in times of crisis, organizations seem to operate in fire drill mode; that is, they focus compliance efforts on identifying and dealing with perpetrators and working through the case log, but rarely if ever take time to step back to try and understand why this particular failure occurred, and—more importantly—to discover what changes could be made that would reduce future risk.

There are many potential benefits of adopting a more deliberative and reflective approach to ethics and compliance. When organizations make the time to reevaluate past actions, to explore the connections between past and future events, and to reflect upon what might have been done differently, they build the capability for organizational learning and strategic renewal (Floyd & Lane, 2000). Through these reflective exercises, employees may come to reimagine the organization's future and think creatively about opportunities for growth (Christianson, Farkas, Sutcliffe, & Weick, 2009). Encouraging reflective practices and deliberative decision making also fosters greater levels of ethical decision making and behavior (Gunia, Wang, Huang, Wang, & Murninghan, 2012; Shalvi, Eldar, & Bereby-Meyer, 2012), and it may help combat the tendency toward automatic, scripted responses that ignore potentially harmful consequences (Gioia, 1992).

In addition to these organizational outcomes, more reflective decision making practices may also help build employee leadership competencies. In a series of experiments, researchers found that structured reflection promoted leadership development, especially when participants were conscientious, open to experience, and emotionally stable and had a rich base of prior developmental experiences (DeRue, Nahrgang, Hollenbeck, & Workman, 2012). Structured, post-event discussions also help employees become comfortable giving voice to their concerns since these topics are an explicit, necessary part of the process. Reflection exercises and other mindfulness practices have further been shown to reduce stress, encourage empathy, and foster coping (Tang & Posner, 2008). In these ways, reflective practices may thus enhance efforts to build distributed ethical leadership and strong informal norms for ethical decision making throughout the organization.

1.5. Practicing random acts of compliance

One of the most shocking statistics to emerge from recent studies of corporate misconduct is the amount of time that fraud schemes persist, unnoticed by the organization. The Association of Certified Fraud Examiners (2012) found that most frauds continued undetected for at least 12 months, and some as long as 36 months. Fraud by its very nature involves deceit and subterfuge, so it is perhaps not surprising that these schemes take time to uncover, but certainly such statistics raise questions about the efficacy of control systems designed to detect breaches.

We argue that one of the reasons why fraud schemes often persist, undetected, is that the compliance programs designed to prevent such breaches are too predictable and systematic in nature. While it would be inefficient—and perhaps impossible—to design a perfect system to detect every instance of fraud and misconduct, we think most current compliance programs would benefit by getting messy and embracing spontaneity.

By getting messy, we mean that compliance workers need to get their hands dirty and spend some time in the trenches where the real business of the business is happening. We worry when compliance's view of the organization is constrained by ethics hotlines, exception reports, and internal audit briefs. Compliance personnel should experience the challenges and stresses of workers elsewhere in the organization's value chain such that they may better understand the nuances of the organization's culture and more accurately predict where the organization might be vulnerable. Executives would be well served to embrace rotation programs in their compliance organization and to create an advisory panel that includes front-line workers so that they can better understand what makes their business unique, what makes it valuable, and what makes it enduring. Only then will they be prepared to design control systems that support the unique strengths of the organization and shore up its inevitable weaknesses.

In addition to bringing such first-hand experience to compliance activities, we also encourage organizations to embrace more spontaneity in their programs. All too often we see organizations treating critical compliance activities, such as fraud risk assessments, as routine matters rather than opportunities for unearthing strategic insights and risk management breakthroughs. When a 'check the box' mentality pervades, employees are less motivated to think creatively, to explore new directions, and to dig deep for novel insights. When the goal of compliance is to show compliance, as opposed to supporting the mission, efforts rarely dig deep into the workings of the organization. As a consequence, each year's report ends up looking like a slight revision to the prior one, and recommendations tend to offer only incremental improvements on the current system. When compliance works within the status quo in such a predictable, systematic manner, it is no wonder that executives outside of this group sometimes question the value of these operations or pay little attention to their recommendations.

We encourage organizations to throw out the templates and shake up the team when it comes to risk management activities (Bishop & Hydoski, 2009). Risk assessment efforts and control testing activities should be done randomly, rather than on a fixed schedule, and the compliance team should be given full license to explore and investigate whenever and wherever they see cause. Work plans should remain fluid and flexible, and employees should be encouraged to brainstorm, ask questions, and think outside the box. This is not to say that compliance groups should not use budgets or have timelines and deliverables, but rather to suggest that such constraints should be applied lightly when it comes to the delicate, complex work of managing internal controls. The benefits of structure and routine should be seen as an opportunity cost, efficiencies gained at the expense of the element of surprise.

2. Concluding remarks

In this Accounting Matters digest, we have offered an alternative view of ethics and compliance that is messy, distributed, and spontaneous. We propose this unorthodox view of corporate compliance because we believe that strong control systems alone cannot protect organizations from the complex problems posed by fraud and other forms of unethical workplace behavior. Research suggests that informal practices, cultural norms, and the active participation of key stakeholders may actually matter more when it comes to fostering ethical business practices and preventing fraud (Tenbrunsel et al., 2003). We recommend that ethics and compliance officers consider ways to build ethical decision making practices into their organizations from the bottom up and the outside in. Most notably, we offer suggestions regarding how to create shared responsibility for ethical leadership, how to empower employees to achieve both economic and ethical ends, how to enlist the aid of key stakeholders in identifying problems before they grow and spread, and how to redesign compliance practices to address the complex nature of corporate misconduct. As a final recommendation, we encourage compliance officers to work closely with risk officers to find ways to integrate culture measures and other indicators of organizational ethics into risk management programs. Although it is more difficult to measure informal aspects of the organization, like culture, employee attitudes are key indicators of the organization's health and may offer early insights into areas of weakness or vulnerability even before they reach the ethics hotline. We hope that executives will find our recommendations useful in their efforts to build stronger, more ethical, and more resilient organizations.

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