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Leadership: The game changer for an effective speak–up policy

» Effective speak-up policies inspire trust, prevent risk, and mitigate the impact of any misconduct, but perceptions have to be managed.

» Sustainable results require all levels of management to support speak-up policies proactively.

» Clear procedures are necessary for employees to seek guidance and raise concerns.

» Senior managers must set the right tone at the top and allocate proper resources.

» Line management reflects the company's culture and must be prepared to take on the role of compliance and ethics leaders.

An effective speak-up policy is an important part of a compliance and ethics (C&E) program. By encouraging employees to seek guidance or raise concerns, it contributes to the protection of the company's values and, ultimately, improves the health of the organization and the welfare of its employees. Therefore it should play a significant role in inspiring trust vis-à-vis and within the company. Speak-up policies (also known as reporting) are common practice in today's business environment, but their acceptance and effectiveness are still very much variable and unstable. This is largely attributed to the different perceptions that exist from region to region, between industries, or across varied companies. Ironically, there are even cases when speaking up instills a sense of systemic mistrust across an organization.

Multiple and diverse causes are at the origin of such contradiction. Generally, cultural sensitivities play a tremendous role in this sentiment; however, they are often combined with other factors, including a lack of awareness, unclear procedures, and a fear of

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retaliation. Loyalty dilemmas can also present a significant hurdle for organizations. For example, an individual may decide to abstain from speaking up on the assumption that the risks of immediate sanction (i.e., dismissal) to his colleague(s) are greater, in comparison with the risks for the entire organization, which appear to him as uncertain, undefined, or long term. This is an often underestimated threat for companies.

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The major challenge associated with this process is changing the perception over the long term to improve effectiveness and reliability of C&E policies. A central aspect of the solution lies in management's attitude towards speaking up and, in particular, how it is reinforced through their leadership. And it may come as no surprise that in today's business environment, we still see

more cases where the role of management in disseminating the C&E messages, rules, and procedures (including speaking-up) to their direct reports is significantly lacking.

Sustainable results require management leaders at all levels to support these policies proactively as part of their day-to-day jobs. On the one hand, senior managers must set the right tone at the top and assign the appropriate resources. On the other hand, line managers must, in conjunction, ensure that the C&E message positively permeates through the entire organization. Line managers are typically in daily contact with employees and are, in most cases, the best individuals to explain the rationale behind the C&E policies, as well as illustrate the importance of the values in the way they conduct business. They are also best positioned to understand the context and extent of any risk that may arise and decide the best course of action, which may well require the involvement of other C&E resources. Although other means such as hotlines should be offered as a place to call for individuals that prefer speaking to a third person, line management should preferably be the first port of call for employees to seek guidance or raise concerns.

Starting with line managers to influence change

Line managers must first be convinced that taking on this pivotal role will enhance the trust and respect within their team. Effective speaking up should not be viewed as a threat to their authority, but as a golden opportunity to better manage risk, thereby fostering a stronger sense of leadership—especially since

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the first contact with an employee may either engender trust or, on the contrary, induce mistrust, both in a durable manner.

In addition, line managers need to be prepared and equipped to take on this role, which requires several types of education and training. In particular, it's important to reinforce through training the attitudes and behaviors that they must exude when assuming this role.

Another important element to consider is the preparation of a clear and appropriate message that reflects the company's culture. Being the carriers of that message, line managers or their representatives should be part of the preparation process. Still too often, managers receive a communication package entirely designed by corporate departments.

Further, in my view, to maintain their leadership engagement and hence achieve sustainable results, managers should be entrusted (together with their teams) with the C&E performance evaluation process through a procedure of self-assessment. This type of procedure should reveal the effectiveness of the manager's leadership as a manager, the extent to which the C&E message has influenced the team, and the need for further clarification, education, and support from the C&E department.

Getting senior management involved

Inspiration and the commitment to a culture of compliance should originate from the top. Interestingly enough, the reality is that significant non-compliance occurrences often involve members of the senior management, which in turn generates skepticism from employees, their representatives, and managers

about the effectiveness of speaking up. In addition, the regulatory landscape is getting stricter and more complex, and with the authorities' and stakeholders' expectations being raised, the responsibility of senior management to influence good behavior has been increasingly scrutinized.

As a result, senior management may be inclined to exert a greater control and influence on the C&E resources and processes. Perceptions play an important role in the success of the program, and such control and influence may result in a hampered confidence in the independence and objectivity of the speak-up system. A vicious circle can then appear: More exposure leads to more (biased) control and more (biased) control weakens the credibility of the speak-up policy, which leads to higher uncontrolled risks and greater exposure.

So how can this problem be avoided? Only senior management can influence and ensure that every decision made is based on the criteria of independence, credibility, and maximal efficiency.

The ultimate goal is for information to flow freely within an organization, as a result of a speak-up policy that inspires trust, prevents risk, and mitigates the impact of any misconduct.

In sum, the game changer for an effective speak-up policy is that line managers serve as C&E leaders to carry and live organizational values; however, support from senior management and the proper training is necessary for their success. The right tone at the top is simply not enough. Senior management must also allocate the necessary resources and appoint adequate personnel. The imperative objective is to secure the independence and robustness of the C&E program. Only then will managers be able to exert full leadership and be credible with employees. ✳

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