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How to help leaders, managers, and supervisors talk about ethics and compliance

by Adam Balfour

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In 2009, the U.S. Securities and Exchange Commission (SEC) brought its first case against two individuals for unlawful insider trading relating to derivatives. As part of the evidence used in the case, the SEC had a recording of a phone conversation between the two individuals, and one of them, Jon-Paul Rorech, said, “You’re listening to my silence, right?”^[1] This line has stuck with me over the years because it is a reminder that sometimes we send explicit messages to others through our spoken or written words and our actions, and other times we send (or, at least, are perceived to send) implicit messages through our silence or even our lack of actions.

Leaders, managers, and supervisors play an incredibly important role in helping to build and sustain a culture of ethics and integrity throughout an organization. Whether intending to or not, leaders, managers, and supervisors are perceived by others to continuously send messages—sometimes explicit and other times implicit—which sets the tone and signals to others what is acceptable and not acceptable within the organization. We can help our organizational leaders, the rest of the employees, and our ethics and compliance programs when we help leaders, managers, and supervisors recognize that their messages to employees are impactful and help ensure such messaging is intentional; the intent of such messaging has the intended impact on employees and the organizational culture. In this article, I will share several practical and tested suggestions for leveraging the voices and influence of leaders, managers, and supervisors to build an organization’s culture of ethics and integrity.

Who are the leaders in your organization, and why does their vocal engagement matter?

The U.S. Department Of Justice’s *Evaluation of Corporate Compliance Programs* discusses how a “company’s top leaders—the board of directors and executives—set the tone for the rest of the company” and that “middle management” plays a vital role in reinforcing “those standards” and encouraging “employees to abide by them” through, amongst other ways, their “words and actions,” whether they have “encouraged or discouraged compliance” and if they have “modelled proper behavior to subordinates.” While the tone needs to start at the very top, the message needs to be carried in terms that are relevant and resonate with different employee bases throughout the entire organization; this is why both “middle management” and supervisors on all levels of an organization need to play a part in supporting the ethics and compliance program.^[2]

The identity and influence of the person communicating a message is often a key factor in determining whether the intent of the message will have the desired impact on its audience (this is the reason why Jerry Seinfeld can make us laugh by telling a Seinfeld joke, but the rest of us cannot get the same response when we try to retell a Seinfeld joke). In an October 2018 report, the Ethics & Compliance Initiative found that “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.”^[3] This demonstrates the powerful impact leaders, managers, and supervisors have when they intentionally, explicitly, and regularly talk about ethics and compliance to employees.

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