
The Difference Between Ethics and Compliance

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December 4, 2018

“What is the difference between ethics and compliance?” This is one of the biggest questions that business leaders pull me aside to ask. My simple answer is ethics is like your code of conduct manual and compliance is like the federal sentencing guidelines manual. This always gets a big laugh, but it simplifies the difference between following the law and doing what’s right regardless of the law.

Companies reduce the risk of misconduct by having a robust compliance program; however, companies can decrease the likelihood of a good employee rationalizing misconduct by also having a strong ethics training program that is based on behavioral ethics. I often suggest to my clients that if their department is currently known as "compliance" they should consider changing their department descriptive to "ethics and compliance." One cannot operate successfully without the other.

UNDERSTANDING HOW AND WHY GOOD EMPLOYEES REACH UNETHICAL DECISIONS

The current evolution of compliance programs from rules-based to value-based moves compliance programs in the right direction, the problem though is often in the implementation. Highlighting company values will not prevent employee misconduct. Companies need to understand how individuals reach unethical decisions and why this happens. Behavioral ethics training helps prevent misconduct by helping employees understand the role that rationalizations and pressure have in business decision making and when, why, and how rationalized self-interest occurs. Ethical self-awareness is the key to good business decision making.

LEADERSHIP & PERFORMANCE PRESSURE

Ethical leadership starts at the top. We advocate that leaders need to not only talk about the importance of ethics but that they must act in ways that agree with what they say, however, leaders can inadvertently send the wrong message through one-sided performance pressure. One-sided performance pressure can occur when messaging about performance is not balanced with performing with integrity. "We need to do what it takes to make goal" is different from "We need to do what it takes to make goal while remaining inside ethical lines." Balancing performance pressure with ethics leads to a balanced culture where a company's values are supported and executed in the field.

If you are making the transition to a values-based ethics and compliance program, we would like to help you to more fully understand the role that behavioral ethics can in developing ethical leaders and aiding in their business decision-making process. For more information go to www.dmhbiopharm.com or email me at mholloway@dmhbiopharm.com for a free training overview.