Does Your Association Need An Ethics Program?

There is growing interest in accountability both in Canada and elsewhere. Along with it comes a demand for clear strategic intent, measurement systems, risk management models and policies for ethical boundaries.

Ethical boundaries may be set by a variety of factors such as organizational values, policies and practices, individual employee professionalism obligations, and requirements by external parties such as specific stakeholders, community and government.

Given the current level of interest and literature on the topic, organizations have an opportunity to proactively improve or develop ethics programs. There is a lot of merit in developing an ethics program, especially if one thinks about potential liabilities and litigation that may result from a serious error or omission in service. Government, in the interest of the public, may get involved in regulation and policy around ethical practice for associations if the association community fails to develop its own effective ethics programs.

Having an ethics program may provide a perception that there is a greater degree of public protection, greater concern for members, and a strong organization that is serious about how it goes about achieving its mission. Many ethics programs relate to members, but few have developed ethical codes for volunteers and employees of their associations.

What is an ethics program?

An ethics program is a collection of strategies, policies, practices and measures that attempt to guide human conduct. Informal ethics program activity often exists in organizations, but assumptions and uncertainty most likely exists. An ethics program is often recognized by a formal code of standards and related practices that is reviewed and understood by all those expected to comply with same.

Moral cornerstones form the foundation of an ethics program. It includes a link between mission and a code of ethics, stakeholders, code of conduct and code of practice and an administration component. Ethics programs require communications support to ensure awareness and education and training to maximize compliance.

There may be different codes in an ethics program. For example:

Code of Ethics. These statements define the organization in terms of what it is and what it stands for.

Code of Conduct. These statements provide an organization with specific direction and policies on what its stakeholders must and must not do.

Code/Standards of Practice. These statements detail specific procedures that an organization undertakes on an ongoing basis to ensure that its ethics polices (as detailed in the Code of Conduct) are upheld.

There are many ethics program topics. This column will focus on policies that support codes around conflict of interest and confidentiality for volunteers and staff.

The objective of a Conflict of Interest Policy for staff, board of directors and committee members is to provide direction in avoiding conflict of interest situations. The policy may state that no staff, directors or committee members may derive any personal profit or gain, directly or indirectly, by reason of their participation with the association, beyond contracted arrangements or provisions in the by-laws. Accordingly, individuals must arrange their affairs, in public and in private, to prevent any real, perceived or potential conflict of interest.

The application of the policy spells out what a conflict could be and what should be done in the event a situation occurs. Conflicts often relate to access to information. Policy application for confidentiality will often indicate that no volunteer or staff may take advantage of or use to their benefit any information not generally available to the public that they obtain in the course of their official duties with the association. Nor should they disclose such information to a partner, business associate or a close family member. Similarly, they may not disclose confidential information obtained through the course of their duties and responsibilities for the association without proper authorization.

Should board members be required to sign a Confidentiality and Disclosure Agreement?

This issue has been addressed by students in the Association Operations – I Course of the Association Management Education Program. Most agree that an agreement should be signed, and this is, in fact, the case in associations represented by students in the course. While an orientation may occur in which the policy is reviewed and sometimes discussed, the reality is that affixing a signature conveys certain legitimacy. The agreement binds board members in a common practice and strengthens board members' allegiances to their fellow board members (during their tenure in office) and to the board as an institution of the association (once they are out of office). Board members need to know that they can speak freely during discussion periods, especially those held "in camera". Agenda material may also contain confidential information.

Board members have a fiduciary responsibility, which includes managing risk. There is limited risk in having directors sign an agreement, but a greater risk occurs if directors do not. An example is

a director who leaks confidential information to the press because he did not personally agree with a stance taken by the board. The impact of this leak on charitable donations to the association was horrendous. It's prudent to remember that there can indeed be significant costs to poor ethical policy and practices.

In the case outlined above, once the board agreed to a position, the dissenting director should have either kept quiet about their disagreement, or resigned from the board if he simply couldn't live with the decision. Directors are to serve in the best interest of the organization. They are members of a board that makes decisions for the association.

An association's level of commitment to developing and maintaining an ethics program will determine its ethical outcomes. The basic level involves developing a values statement for the association. A higher level involves a formal ethics program that applies to members and the public. The program also addresses volunteer and staff training related to policies and practices that are designed to prevent internal fraud, scandal, corruption, litigation and misconduct.

If you would like to determine the state of your ethical program, take this quick assessment. Based on each statement, determine if your association needs improvement or requires no change.

1. A Values Statement exists and is reviewed by appropriate stakeholders
2. Values and ethics are linked and strongly emphasized for
    a. members
    b. volunteers
    c. staff
3. Ethical codes/standards exist and are reviewed and understood
  . by members
    a. volunteers
    b. staff
4. Orientation and training support ethical policy and practices
5. Ethical matters are treated in a comprehensive manner and are part of a formal ethical program
6. A Task Force reviews the formal ethical program every three years
7. Ethical behaviour is motivated through a reward system
8. A whistle-blowing channel exists and provides protection to those advocating ethical behaviour

If your association wants to reduce risk and uncertainty, improvements to policies and practices should be undertaken to support an effective ethical program. To take a leadership role in strengthening your association's ethics program and its capacity to serve its members, the first thing to do is document your current situation. Then proceed to determine what some of the ethics trends and issues and what other high performance associations are doing. An Internet search using the words Canadian Ethics and/or Ethics Practitioners Canada will yield valuable information.

This column features innovation and practical solutions applied to challenges, trends, issue and opportunities for the association community. Column editor Jim Pealow, MBA, CMA, CAE is a consultant and the Association Management Education Program Lead Instructor/Coach for CSAE. He can be reached at jim@amces.com.