

AEROSPACE QUALITY

Ethics and Integrity

Building ethical behavior controls into QMS standards in a more explicit way
by Amy Cochis and L.L. “Buddy” Cressionnie

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he quality professional’s role has changed significantly during the past decades as industry responds to lean, cost-cutting

and empowerment-minded leadership models. In the past, an independent quality verification would occur during production and services, including final checks before shipment.

Today, operator self-verification, direct ship and delegated product release verification techniques are used frequently. There is less redundancy with an increased reliance on personal accountability. This change intensifies the importance of ethical behavior and the need for integrity in the workplace.

Organizations don’t purposefully hire bad people, but they hire people. People are not perfect. Some make mistakes, and some are dishonest and not trustworthy. Criminologists use the 10-80-10 rule that applies to ethics.¹ The rule assumes that 10% of people always are ethical, 80% of people may act unethically depending on the situation and the remaining

10% always are unethical. The business must implement controls for the 80% who are susceptible to unethical behavior and the 10% who will behave unethically if given the opportunity. The fraud triangle is constructed to understand the factors that influence the action of these groups.

The fraud triangle theory (Figure 1, p. 48) asserts that three elements must be present:

1. **Motivation** is the pressure felt by an individual. This pressure can come from factors internal or external to the organization. Pressure from the organization can be applied in various manners, quotas, delivery objectives and financial goals. Not all pressure is negative, but when that pressure becomes excessive, it contributes to poor decision making.
2. **Opportunity** includes availability. In today’s operational environment, there are multiple opportunities for self-verification in which critical decisions are made without a secondary check.

3. Rationalization is the justification of actions taken by an individual who reasons that the behavior is necessary to succeed, everyone does it or it doesn't matter. In some cases, employees may believe mistakenly that their "method" is just as good or better than the method prescribed by the organization.

The fraud triangle illustrates the three factors that come together when employees make poor decisions that result in unethical behavior. Often, employees who exhibit this unethical behavior are motivated by either organizational or personal factors. Organizational factors include the employee's perception of being a hero and thinking that completing the task is more important than completing the task *correctly*. Personal factors include any perceived personal gain by the employee (for example, financial and time).

COVID-19, supply chain issues, world events and social unrest have intensified pressures. No documented system or set of controls can address all the possible scenarios that arise. That makes navigating the gray area of decision making critical. The documented system and internal controls are needed to affect the culture of how people respond under pressure situations.

Critical for sustainability and success

Ethics and integrity within an organization's management system are critical for its sustainability and success. The industry wants quality management systems (QMS) to provide conforming and safe quality products and services on time in accordance with statutory, regulatory and customer compliance requirements. QMSs largely depend on employees being truthful and behaving ethically all of the time. Personal accountability and integrity are vital to an organization's ability to achieve its desired results.

Today, ethical behavior in QMS standards is implicit in several areas—for example, context of the organization, leadership and commitment, and quality policy so the intent is to introduce ethical behavior controls in a more explicit way. Technical Committee 176, the group that writes ISO 9001, has ethics and integrity identified as an emerging trend for consideration in future standards development.

Aviation, space and defense (AS&D) organizations always have expected that an employee's stamp indicated a personal

warranty that the work was completed to excellent quality. In AS9100 Rev D, clauses 7.3h and 8.4.3m added the importance of ethical behavior as an awareness requirement after the industry encountered several industrywide escapes caused by individual ethical decision making. The developing IA9100 standard, which will replace AS9100 in the Americas, further develops the importance of ethics throughout the standard to develop internal controls.

Clause 0.1—Organizational culture and ethical behavior are critical to an effective QMS and the ability of an organization to achieve its intended results. The organization's culture and ethics are evident in the attitudes, behaviors, shared values and history.

Statement in IA9100 Introduction is to set the stage regarding the importance of ethical behavior to achieve intended results and organization sustainability. It is expected that an organization's ethics initiative permeates the organization such that employees understand the expectations for the performance of their work.

Clause 5.1.1.1—promoting an ethical work environment. NOTE: For example, policy, expectations of conduct, periodic training and awareness, reporting channels, investigation, resolution of concerns and ensuring no punitive action from reporting concerns.

Leadership is responsible for promoting and communicating ethical work environment expectations and establishing controls. Therefore, additional IA9100 requirements have been added to clause 5.1.1. Leadership is responsible for ensuring an effective and ethical work environment, and that it "walks the talk" and "leads by example" regarding ethical behavior and expectations. The note includes some of the key essentials for an effective ethics and compliance program (see Figure 2, p. 48).

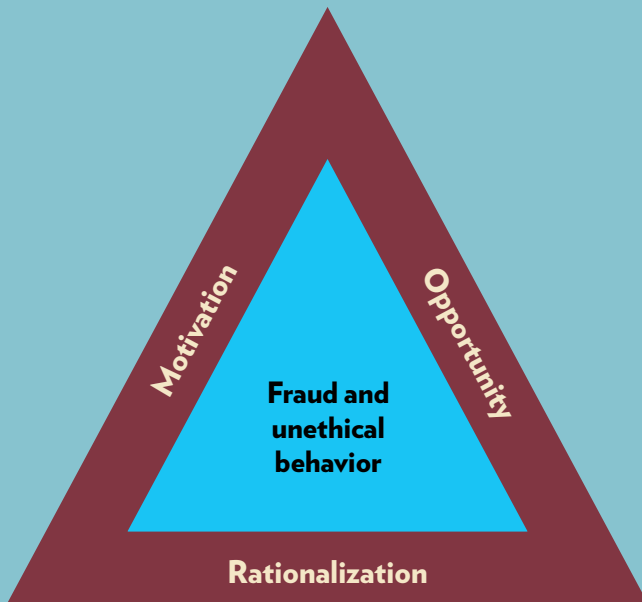
■ **Policy**—The ethics policy communicates the organization's commitment to ethical conduct and sets a clear benchmark for employee behavior. This policy applies to everyone in the organization and must be equally enforced so everyone is held to the same standards.

■ **Expectations of conduct**—The expectation for an ethical work environment should be communicated to relevant interested parties (that is, customers, suppliers and employees).

The organization can positively influence its people, driving them toward making ethical decisions when under pressure, especially when navigating the gray area of decision making.

FIGURE 1

Fraud triangle



- Customers should understand that the organization takes ethical behavior seriously as a basis of ongoing communications and relationship.
- Suppliers should understand that an independent reporting channel exists if any ethical issues must be addressed.
- Employees should understand these expectations as part of the hiring process with pre-employment background checks of applicants and during onboarding activities. Then, periodic training and awareness are needed to reinforce the expectation.
- **Periodic training and awareness**—Training and awareness activities should review the policy, expectations of conduct and reporting channels. Providing attendees with some actual real-world examples in which they can discuss approaches is beneficial. Awareness activities should include communication in newsletters, staff meetings and regular communications.
- **Reporting channel**—The organization should have a reporting process, including using a chain of command, HR, ombudsman or an independent ethics officer. Reporting should be available to relevant interested parties (that is, customers, suppliers and employees). Reported concerns should include relevant facts and specific details (who, what, when, where and how) as applicable.
- **Investigation**—A timely investigation should be conducted by a neutral, independent entity to determine

whether there is sufficient information to uphold the concern. The investigation summary should be shared with the originator so he or she can understand that due diligence was applied. The investigation should:

- Address all reported concerns.
- Collect all relevant information: face-to-face interviews, evidence gathering, field investigation and data analysis.
- Protect the information, maintain privacy and security, and limit access to those involved directly.
- Analyze and identify the causal factors and elements.
- Generate conclusions based on objective evidence.
- Gain support from appropriate leadership such as HR, management and supervision.
- Determine necessary actions: corrective and personal accountability.
- Formalize the investigation report.
- **Resolution of concerns**—The investigation should present a conclusion regarding the concern so leadership can perform a risk assessment and make decisions regarding actions. Actions can include:

FIGURE 2

Ethics and compliance program key essentials



- Update and improve processes and procedures, and retrain employees as appropriate.
 - Take disciplinary actions as appropriate.
 - Include containment actions and preventive actions.
 - Respond to the root cause directly.
 - Implement sufficiently with responsible individuals in due time.
- **Ensuring no punitive action from reporting concerns**—Make it easy for employees to report suspicious activity anonymously and without fear of reprisals. An organization should:
- Encourage employees to come forward with any potential ethical infractions or violations.
 - Have a safe, neutral place to report concerns.
 - Offer an “open door” with no retaliation policy but good faith, genuine belief and professional judgment.
 - Provide options to keep the reporter anonymous.
 - Promote the “see something, say something” policy to ensure ethical behavior is maintained across the organization.
 - Provide a mechanism for interested parties (partners, customers and suppliers) to come forward—even those with suspicions of ethical infractions.

Clause 7.1.4 NOTE: d. culture (for example, quality, ethical behavior, product and personnel safety, quality of work life).

An example of a suitable work environment has been added to IA9100, clause 7.1.4 for a culture that includes ethical behavior. Employees should work in a culture that includes the importance of ethical behavior so employees do the right thing. Emphasis should be placed on importance of doing things correctly, accurately and in accordance with the organizations’ policies and procedures.

Completing the work correctly is more important than just completing the work. Organizations’ rewards should be given consistently for performance while following requirements rather than taking shortcuts.

Authors of the International Aerospace Quality Group’s *Supply Chain Management Handbook*² are developing guidance material on “Ethics & Compliance: Building a Program.” This material will have information for organizations on the necessary aspects of an ethics and compliance program including code of conduct, culture, communication,

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awareness, reporting, investigations and corrective actions, as well as supply chain flow down.

Positively influence people

Some organizations do not recognize that an effective ethics and compliance program consists of more than an ethics policy, nor do they recognize the potential impact as a result of not having a robust ethics program in place (for example, safety, quality, costs, public image and loss of business).

The organization can positively influence its people, driving them toward making ethical decisions when under pressure, especially when navigating the gray area of decision making.

There must be an integrated, wholistic approach to ethics and integrity to combat the increase in ethical issues, fraud and falsification affecting the AS&D industry. **QP**

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EDITOR’S NOTE

The references listed in this column can be found on the column’s webpage at qualityprogress.com.



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