

# CODE OF ETHICS FOR THE ACADEMY OF INTERNATIONAL BUSINESS LEADERSHIP<sup>1</sup>

*Adopted October 11, 2018; Revised April 8, 2020*

## I. Scope and Definitions

### I.1. Scope

The Code of Ethics for the Academy of International Business Leadership (Leaders COE, for short) is binding on all members of all organizational structures that have managerial, custodial, decision-making or financial authority on matters pertaining to the Academy of International Business (AIB); that is, the Leaders COE is binding on the AIB leadership. The Leaders COE supplements the AIB Code of Ethics for members of the AIB.

### I.2. Definitions

The phrase "the Academy of International Business" or "the AIB" or "the organization" is understood to include any and all organizational structures that are part of or related to the Academy of International Business.

The phrase "the committee" is understood to include any and all organizational structures within or attached to the AIB that have managerial, custodial, decision-making or financial authority on matters that pertain to the AIB. This list includes all formal components of the AIB's organizational structure. These formal components refer to (not limitative):

- The AIB Executive Board
- The AIB Secretariat
- AIB Chapters and Shared Interest Groups
- The AIB Fellows
- Editors and editorial staff associated with all AIB publications, in print or electronic form, including the Journal of International Business Studies and the Journal of International Business Policy

- All standing, ad hoc or presidential AIB committees and sub-committees (e.g., selection committees for awards, journal editors, travel, best conference papers, Fellows, and so on)
- Committees – and individuals serving on these committees – who perform decision-making roles associated with AIB conferences, for example, the program chair, track chairs and selection committee members

The phrase "committee member" is understood to include any individual who is a member of any component of the AIB's organizational structure with managerial, custodial, decision-making or financial authority on matters pertaining to the AIB, regardless of whether that individual holds an elected, non-elected or ex officio position, and whether that position is paid or volunteer.

The phrase "the members" or "AIB members" should be interpreted broadly as applying to all individuals who are members of the Academy of International Business, but do not perform a leadership role within the AIB.

### **I.3. Interpretation and Enforcement**

The interpretation and enforcement procedures for the Leaders COE shall follow the same procedures outlined in the AIB Code of Ethics for members.

## **II. Motivation**

The leadership of an organization is ultimately responsible for the creation of the values, norms and practices that permeate the organization and its membership. A strong ethically grounded organization is only possible when it is governed by a strong, ethical committee. In turn, the strength of the committee is grounded in the ethical conduct and approach of each of its committee members.

While the more basic components of ethical behavior incorporate broad-based principles of fairness and honesty and are therefore generally obvious, there are many other potential pitfalls for a committee member who may not be aware of the possible implications of his/her actions or, in some instances, lack of action. A committee as a whole has ethical obligations to its committee members, and ultimately to all organization members; this fact is often overlooked and often at the root of a resultant culmination of unethical behavior.

### III. Expectations

To avoid ethical pitfalls and ensure good governance committee members must ensure that they have a clear understanding of the scope, responsibilities, and functions of the committee. By understanding the purpose and requirements of the committee and its members, there is less likelihood of a committee moving away from its mandate due to lack of knowledge by committee members. By clearly retaining its focus and purpose, the committee helps to ensure that any unethical behavior by a committee member or members stands out as improper and inappropriate.

In addition, committee members are expected to have a heightened expectation of familiarity with, and adherence to, the AIB Code of Ethics. Three components of the Code of Ethics are particularly salient to the roles and responsibilities of committee members: professional activities, conflicts of interest, and public communication. These components are defined clearly in the Code of Ethics, and. Here we highlight the reasons that these elements of the code are of particular relevance to committee members as follows:

- Consistent with the Code of Ethics, committee members should adhere to the highest professional standards in their roles as committee members. Particular attention should be paid to the equal treatment of members, non-harassment of members, the non-abuse of power in committee roles, and confidentiality, where appropriate, in committee activities.
- A conflict of interest exists not only when interests of the individual are at odds with the best interests of the organization or members, but also when there is the potential for interests to be at odds. Not only a real conflict of interest but also the appearance of a conflict of interest should be avoided by committee members. For example, a conflict of interest may arise when a committee member is allocating AIB resources and receives benefits or rewards for doing so, or when AIB awards or benefits are conferred by the committee. Any committee member with a conflict of interest, or the appearance of a conflict of interest, must disclose the conflict to the committee.
- A conflict of interest exists in the context of the best interests of the organization both substantively and procedurally. It is not sufficient for the organization to benefit substantively, that is, making a decision that is in the best interests of the organization. The organization must also benefit procedurally, that is, in how a decision is made. It is important that decisions be made according to best procedures, that is, by the right individual or group, in an objective and informed manner, and according to all policies of the organization.
- Committee members should ensure that all public communications made on behalf of AIB fairly and accurately represent the position of the committee. When in doubt, committee members should seek guidance from the committee.

- Committee members explicitly, or implicitly, represent the AIB. Whenever a committee member is involved in an activity, such as real or alleged misconduct, that has the potential to tarnish the reputation of AIB (for example, real or alleged misconduct), the committee member should inform the committee in a timely manner. The committee, without presuming judgment in the case of mere allegations, should determine the most appropriate and fair course of action in light of the Code of Ethics.

### **III.1. Stewardship**

While all AIB members are stewards of the organization, committee members in administrative and management roles have fiduciary obligations as stewards of AIB, and as such have heightened responsibilities to protect the interests and reputation of AIB. These committee members with special obligations include (not limitative):

- AIB Secretariat
- AIB Executive Board
- Heads/Chairs of all AIB Sections, Shared Interest Groups, and Standing Committees
- Dean, Secretary-Treasurer and Deputy Dean of the AIB Fellows
- AIB Journal Editors and Associate Editors of AIB journals and other publications

Whenever a committee member with special obligations is involved in an activity, such as real or alleged misconduct, that has the potential to tarnish the reputation of AIB, the committee member should inform the AIB President (or, in the case of the President, the President-Elect). The President (or President-Elect), without presuming judgment in the case of mere allegations, should determine the most appropriate and fair course of action in light of the Code of Ethics.

## **IV. Conflicts of Interest**

One of the most difficult areas for the governance of organizations is the identification and handling of conflicts of interest. A conflict of interest (COI) is generally defined as "the abuse – actual, apparent or potential – of the trust that individuals have in professionals." A COI is created when "financial or personal considerations have the potential to compromise or bias one's professional judgment and objectivity."

## IV.I. Definitions

A COI in a committee situation arises when the interests of a committee member have the potential to be at odds with the best interests of the organization. The committee member's interests may be personal or professional. It is important to note that:

- A COI exists not only when interests of the individual are at odds with the best interests of the organization, but also when there is the potential for interests to be at odds.
- A COI exists in the context of the best interests of the organization substantively and procedurally. It is not sufficient for the organization to benefit substantively, that is, making a decision that is in the best interests of the organization. The organization must also benefit procedurally, that is, in how a decision is made. It is important that decisions be made according to best procedures, that is, by the right individual or group, in an objective and informed manner, and according to all policies of the organization.

COIs in a committee situation are particularly pernicious when they affect selection processes for awards, committee chairs, journal editors, and other professional recognitions given by the association. Committee members must guard against and declare any COIs that could affect committee selection processes (see also "Conflicts of Interest" in the Ethical Guidelines below).

COIs can take financial and intangible/personal forms. Personal forms include 1) relational, where the individuals are not at arm's length; 2) political, where individuals have differing political views or agendas; and 3) religious, where individuals have differing religious views or agendas.

It should be noted that relational ties are not necessarily or always problematic. Problems arise when relational ties are placed above, or where they might give the appearance of being placed above, the interests of the organization. Personal and professional ties generate COIs when they compromise or bias or might reasonably be perceived to be compromising or biasing, one's professional judgment and objectivity. Examples of real or potential COIs include, but are not limited to, the following:

- Financial ties with the applicant or any co-applicant; examples include, but are not limited to:
  - Received an honorarium or stipend from the applicant's institution
  - Expects a direct or indirect financial impact (gain or loss) if this applicant is selected
- Institutional ties with the applicant or any co-applicant; examples include but are not limited to:
  - Be at the same institution or a graduate of the same institution
  - Be a candidate for employment at the same institution as the committee member

- Personal ties with the applicant or any co-applicant; examples include but are not limited to:
  - Close personal relationship (family, friendship, significant other)
  - Graduate advisee/advisor relationship, including dissertation/thesis committee member
  - Deep personal animosity or strong differences in political or religious beliefs
- Research ties with the applicant or any co-applicant; examples include but are not limited to:
  - Actively working on a project together or plan to do so in the near future
  - Co-author of a book or paper
  - Co-principal investigator on a grant or research project
  - Co-editors of a journal, book or special issue
  - Professional ties with the applicant or any co-applicant; examples include but are not limited to:
    - Work closely in a professional capacity or have done so
    - Work on a competing or complementary project that would likely benefit/suffer if this applicant or any co-applicants were selected

## IV.2. Classification of Conflicts of Interest

COIs vary along at least two dimensions: visibility and severity. How visible a COI is to other committee members may range from clearly visible or transparent (e.g., colleague at the same institution) to completely invisible (e.g., the committee member and candidate are in a secret personal relationship). A committee member may want to hide a real or potential COI from other committee members for a variety of reasons including the desire to protect the candidate or a third party.

How serious the COI may be ranges from minor to major; for example, current professional relationships are typically stronger than ones that happened in the past. A typical "rule of thumb" for the time frame of a COI may be three years (e.g., co-author on a paper within the past three years), but could be much longer or permanent (e.g., one's dissertation chair).

COIs can therefore be divided into four categories:

- Major and Visible COI: This is a COI that is typically seen as serious enough to merit immediate disqualification and that is easily visible to other committee members. The COI requires no

committee discussion or vote. The person is automatically ineligible to participate in the discussion or vote. The reason for disqualification is recorded in the minutes.

- Major and Invisible COI: This is a COI that is typically seen as serious enough to merit immediate disqualification but is not easily visible to other committee members. The COI may be secret, and the individual may or may not want to disclose the COI. The individual must automatically disqualify him or herself and may or may not give a reason. The personal disqualification is recorded in the minutes, but no reason is recorded.
- Minor and Visible COI: This is a COI that is typically seen as less serious and does not merit immediate disqualification; the COI is visible to other committee members. The COI requires a committee discussion and vote to determine whether the individual is disqualified. If the person is disqualified, the reason for disqualification is recorded in the minutes.
- Minor and Invisible COI: This is a COI that is typically seen as less serious and does not merit immediate disqualification; the COI is not easily visible to other committee members. The COI may be secret, and the individual may or may not want to disclose the COI. The individual should discuss the COI with the committee chairperson to determine the relevance and severity of the COI. Based on that discussion, the individual may automatically disqualify himself or herself; submit the COI to a committee vote; or remain as a voting committee member.

Examples of COIs based on strength and visibility are the following:

- **Major and Visible COI leading to immediate disqualification; examples are:**
  - Family ties by birth or marriage to the candidate
  - A candidate for a job at the same institution as the candidate
  - Chair of the candidate's dissertation/ thesis committee or vice versa
  - Co-author, co-editor of a journal or special issue of a journal, or co-principal investigator on a grant or research project with the candidate during the past three years, the current year, or the upcoming year
  - Close collaborator in a business (e.g., consulting) or educational (e.g., co-teaching) activity with the candidate during the past three years, the current year or the upcoming year
  - Received a major gift or significant financial compensation from the candidate or the candidate's institution during the past three years, the current year, or the upcoming year

- Engaged in a competing or complementary activity or project that would likely benefit or suffer if this candidate were selected (e.g., editor of a competing journal when selecting a journal editor)
- **Major and Invisible COI leading to immediate self-disqualification; examples are:**
  - Strong personal feelings (either negative or positive) towards the candidate such that the individual cannot make or cannot appear to make a disinterested decision
  - Strong political or religious beliefs (either similar or different) to the candidate's such that the individual cannot make or cannot appear to make a disinterested decision
  - Hidden personal relationship with the candidate
- **Minor and Visible COI that requires committee discussion and voting; examples are:**
  - At the same institution as the candidate
  - A graduate of the same institution as the candidate
  - A member, but not the chair, of the candidate's dissertation/thesis committee
  - Received a letter of recommendation from or provided a letter to the candidate within the last three years
  - Received an honorarium or pay from the candidate's institution during the past three years
  - Was a colleague at the candidate's institution during the past three years, but is no longer at that institution
  - Collaborator in a leadership role in a professional association or capacity within the past three years, the current year or the upcoming year
- **Minor and Invisible COI that may or may not lead to disqualification; examples are:**
  - A member of another selection committee where the candidate was an applicant
  - A shared common interest or group membership

There is a general obligation of *transparency*, that is, the committee member is obliged to disclose to the rest of the committee information about any real, apparent, or potential COI he/she may have.

The determination of a real or potential COI for a committee member should not be left up to the individual, but rather be made by someone other than the individual or individuals involved. Individuals who believe they may be in a conflict of interest situation should raise the issue with the committee



chair or a member of the association's ethics committee. It is important to note that others (e.g., other committee members) may review an individual for possible COI, so when in doubt, an individual should err on the side of more rather than less self-disclosure.

The committee is then obliged to determine whether the individual's input would reflect a bias that would inappropriately influence others in the decision-making process. The individual in question may share his/her views on the COI with the committee but should not be present during the committee COI discussions and decision-making since the presence of the individual may affect or be perceived to affect the decision. The individual in question has the right to appeal the committee's decision.

## **IV. Appendix**

### **IV.1. Statement of Commitment and Ethical Guidelines**

The Code of Ethics for the Academy of International Business Leadership (Leaders COE) is to be signed by all existing and incoming AIB committee members and by all nominees for membership on an AIB committee. As part of the code, each committee member agrees to uphold the AIB's (1) Statement of Commitment and (2) Ethical Guidelines.

### **IV.2. Statement of Commitment**

The purpose of a statement of commitment is to emphasize the responsibility of the committee and each committee member to the Academy of International Business as whole.

Each committee member must agree to this statement of commitment at the time he or she is nominated for an AIB committee and is expected to uphold the statement of commitment during his or her tenure as an AIB committee member. It is the responsibility of the AIB President to ensure all Executive Board members and committee members are aware of this commitment.

The AIB Statement of Commitment is:

"In establishing policy for and on behalf of the Academy of International Business's members, I am a steward in trust of the assets and reputation of this organization. The AIB's members recognize the need for competent and committed elected committee members to serve their organization and have put their trust in my sincerity and abilities. In return, the members deserve my utmost effort, dedication, and support. Therefore, as a committee member of the AIB, I acknowledge and commit that I will observe a high standard of ethics and conduct as I devote my best efforts, skills and resources in the interest of the AIB and its members. I will perform my duties as a committee member in such a

manner that the members' confidence and trust in the integrity, objectivity and impartiality of the AIB are conserved and enhanced. To do otherwise would be a breach of the trust which the membership has bestowed upon me."

### **IV.3. Ethical Guidelines**

When an individual is a member of an AIB committee, or nominated for membership on an AIB committee, the individual is expected to commit to, practice and uphold these standards of ethical conduct with respect to all committee activities. The ethical guidelines below are not exclusive but are meant to signal items that the AIB considers important for ethical conduct.

#### **IV.3.1. General**

1. As a steward of the organization, I will always hold the betterment of the membership of the Academy of International Business as my priority, including during all participation in discussions and voting matters.
2. I recognize that I am obligated to act in a manner that can withstand the closest public scrutiny.
3. It is my responsibility to contribute to the committee any suggestions of ways to improve the AIB's policies, standards, practices or ethics.
4. I will not abuse my position as a committee member by suggesting to any AIB member that I am entitled to or expect any special treatment beyond regular members of the organization.

#### **IV.3.2. Conflicts of Interest**

1. I understand that the following activities are considered by the AIB to be conflicts of interest (COIs), and that COIs include but are not limited to situations where a committee member:
  - a. Makes a decision or does an act motivated by other or additional considerations than the best interests of the organization.
  - b. Puts his/her financial or relational interests ahead of the best interests of the association in any circumstance related to the organization.
  - c. Engages in conflict-of-interest activities that are unfair to the organization or can be perceived to be unfair to the organization.
  - d. Engages in or approves of self-dealing activities that violate the United States Internal Revenue Code<sup>2</sup>, e.g., determination of one's own compensation as a committee member, use of the organization's income or assets on terms other than fair market value.

2. I will not abuse my position as a committee member by allowing any real or potential COIs, whether personal, professional, financial or relational, to affect the committee's decision-making processes.
3. I will be transparent and declare any COI, be it real, potential or apparent, with regard to any matter being discussed in my presence during a meeting.
4. I will leave it up to the committee to determine whether any COI has the potential to be at odds with the best interests of the organization.
5. I will absent myself from committee deliberations and decision-making if the committee determines there is a COI with the potential to be at odds with the best interests of the organization. If the committee decides at any time during a meeting that I have a COI, I will accept their request to refrain from participating in the discussion and/or I will leave the meeting, either voluntarily or at the committee's request. I will also refrain from any attempt to influence the committee's decision (i.e., a committee member with a conflict may not lobby other committee members).
6. I understand that the existence and resolution of the COI will be recorded in the committee minutes.

#### **IV.3.3. Information**

1. I will not knowingly take advantage of or benefit from information that is obtained in the course of my official duties and responsibilities as a committee member, and that is not generally available to the AIB membership.
2. I will be alert to information that the organization can use to develop improved policies and strategies.
3. I will protect the organization's information closely and will not release or share confidential information without the permission, preferably in writing, of the person who provided it.
4. I will maintain confidentiality of all information that the committee deems should be confidential.

#### **IV.3.4. Resources and Gifts**

1. I will be mindful of resources which are in my trust on behalf of the organization and will help establish policies which ensure the maximization of secure and protected resources.

2. I will expect to be reimbursed only for legitimate expenses incurred by myself for the sake of the organization. I will keep all such expenses reasonable and justifiable and will discuss expenses which may be in question with the organization's president.
3. I will not engage in self-dealing activities or approve self-dealing activities for any committee member.
4. Committee members will reject offers of gifts, favors or benefits in a possible effort to secure advantage from the organization or that might negatively affect the best interests of the organization.

#### **IV.3.5. Representing the Organization**

1. As part of my duties as a committee member, committee members represent the organization informally and formally to other organizations, associations, societies, government officials, and business representatives. It is important that committee members represent the organization in such a way as to leave others with a positive impression of the organization. Committee members will preserve and enhance the good reputation of the organization and will avoid behavior which might damage its image.

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<sup>1</sup> The original version of the Code of Ethics for AIB Leaders was prepared by a Presidential Committee chaired by Lorraine Eden in 2010-2011 and adopted by the AIB Executive Board in February 2011. The code was revised in 2018 and in 2019-2020 by Denis Arnold, Paul Vaaler, Lorraine Eden, Chuck Kwok and members of the AIB Ethics Policy Committee.

<sup>2</sup> Since the AIB Secretariat is currently headquartered in the United States, U.S. laws (e.g. the U.S. Internal Revenue Code) are binding on the association and therefore on its boards and board members.