Data for Direction

Ethisphere Ethical Culture Masterclass #2

PRESENTED BY:

Ethisphere

DATE:

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What We'll Discuss

1. **Ethical Culture Data:** sources of ethical culture data
2. **Layering Data:** analyzing diverse data sources for deeper insights
3. **Presenting Data:** sharing insights with leadership and the company
4. **Action Plans:** turning insights into impacts
5. **Audience Questions**

Introducing Today's Speakers

Scott Stevenson
Director,
Culture Practices

Brian Beeghly
Executive Vice President,
Insights & Solutions

Covered in Masterclass #1

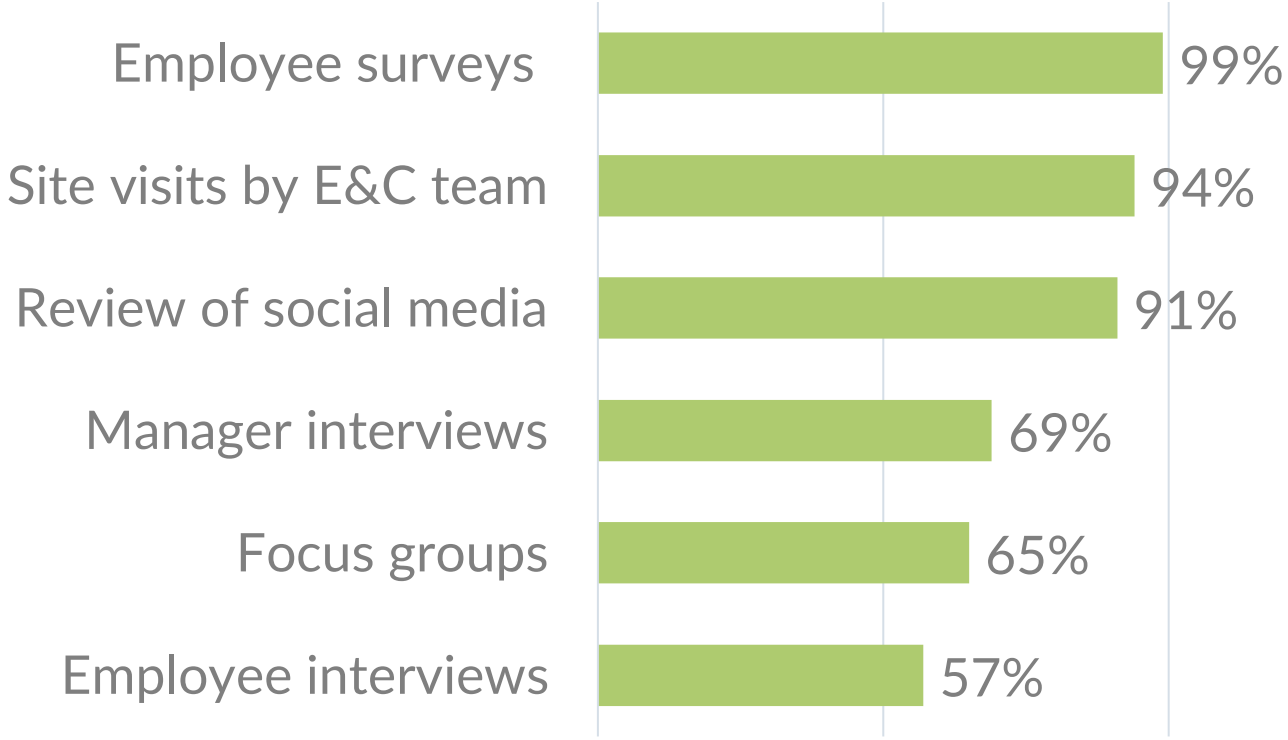
1. **Elements of an ethical culture:** the ‘what’ and ‘why’
2. **Measurement:** ways to assess your ethical culture
3. **Data insights:** practices of leading companies
4. **Ways to make impact:** addressing top challenges and top tips for success

8 Pillars of an Ethical Culture

Data for Direction

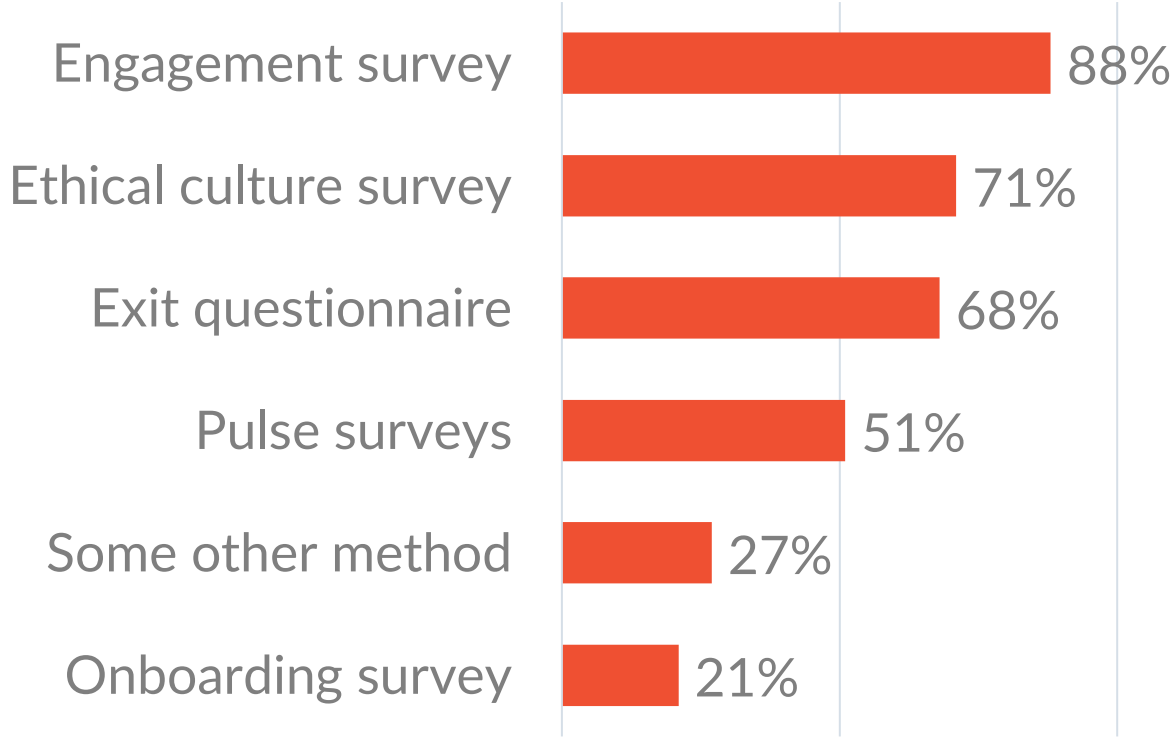
- Ethical Culture Data Sources
- Layering Diverse Data Sources
- Presenting Data
- Turning Data into Actions
- Audience questions

How are you measuring your ethical culture?



Practices from the 2022 World's Most Ethical Companies (n=136)

What type(s) of surveys are used?



Practices from the 2022 World's Most Ethical Companies (n=136)

Expanding the Data

Focus Groups

- Qualitative data to provide enhanced context
- Opportunities to uncover best practices internally

Pulse Surveys

- Targeted sample using demographic data from broader survey
- Opportunity to validate data
- Knowledge base questions

Operational Data

- Review turnover rates across the business
- If possible, operational performance metrics can be an indicator of strong or weak culture

Data for Direction

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- **Layering Diverse Data Sources**
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Considerations for Layering Data

Use Data to Direct Focused Efforts

- Be mindful of bandwidth and resources
- Consider broader business considerations (e.g., plans for acquisition activity)

Consider Resources and Tools Available

- Does your team have a dedicated analyst or access to a shared resource?
- Power BI or Tableau access?

Partner Across the Organization

- Avoid a siloed approach
- Normalize your culture data with other centralized functions to maximize effectiveness
- Align demographic details

Strategies for Layering Your Data

Key takeaway: Leverage multiple data pools alongside culture data to maximize effectiveness

Examples of what we've seen work…

Overlay perceptions of observing & reporting misconduct with your issue tracking system

Connect awareness of the function with click metric data

Review perceptions of the function alongside training records

Data Sources for Layering

Compliance Data

- Case management data
- E&C training completion speed
- Engagement with E&C communications
- Conflicts of interest disclosure patterns
- Gifts and entertainment exceptions

Control Function Data

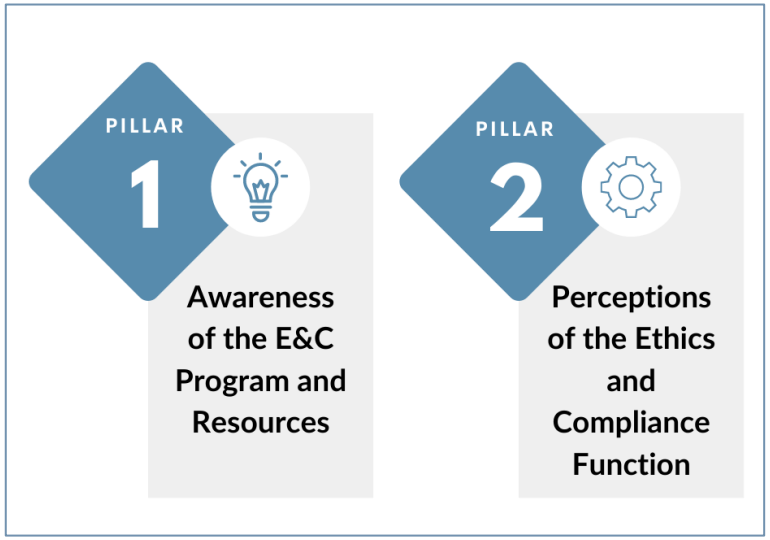
- Manager turnover by region
- Phish testing failure rates
- Near miss data
- Vendor due diligence data
- Audit areas of opportunity
- Litigation patterns by region
- Training data outside of E&C

Other Culture Inputs

- Exit interviews
- Focus groups
- Feedback from site visits
- Intra-company feedback tools (e.g., Yammer)
- Social media

Data for Direction

Challenge Identified in Culture Assessment:
Employees in Mexico City Not Interacting with E&C Resources and Content



Email Access Metrics

Data for Direction

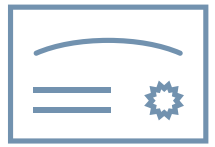
Challenge:
Managers not talking with employees about ethics & compliance

Download Metrics from Manager Academy

PILLAR 6

Supervisor Perceptions

Focus Group with HR



New CPE Course for Managers

Data for Direction

Question:
Are employees disclosing all misconduct that is being observed?

Enterprise Risk Management | Internal Audit | Ethics & Compliance

PILLAR 3

Observing and Reporting Misconduct

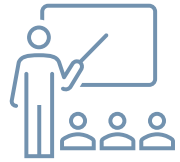
Spike in employees observing misconduct

Data captured by disclosure tool

Follow-up questions during auditor's site visits

Focus groups in region

Individuals in region didn't understand what constitutes a conflict of interest



Education and enhanced communications about COI and disclosures

Data for Direction

- Ethical Culture Data Sources
- Layering Diverse Data Sources
- **Presenting Data**
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Strategies for Sharing Data and Insights

The "So What?" Test

- What key meeting deadlines are you working back from?
- Here are the numbers, here's what we're going to do with them, here's how you can help.
- Have a plan and an ask, particularly when presenting to leadership.

Give Contexts with Benchmarks

- Context is critically important to help understand what's good and, equally importantly, whether your bad-seeming result isn't as bad as one might think.
- How do you know if your 89% favorable perception of your training is good? What if all your peers are at 92% on that question?

Trends from Layering Data

- Organizations and their cultures are complex. No single data source holds all the answers.
- Compare, or "layer" your data against other available sources to see if broader trends emerge.

Presenting to Senior Leadership

Key takeaway: Present the data in terms and language familiar to Senior Leadership

Examples of what we've seen work…

Align opportunities revealed by culture data to risk categories when possible	Present a clear plan and timeline for relevant analysis and required actions	Provide direction and resources. Be precise in any request for action	Identify allies within operational leadership

Culture Data to Share with Employees

Key takeaway. ***Thank employees*** by demonstrating their time was well spent by taking the survey

Context Matters

- Explain the “why”
- What’s the benefit to employees

Strike a balanced tone and strive for transparency

- Not just the “good news”
- Indicate what actions are being taken as a result of the survey effort

Mixed modalities and multiple touchpoints

- Be mindful of how to best reach the audience, and who should be delivering the message
- Provide updates, not a just a point in time exercise

Sample Communications

ETHICAL CULTURE PERCEPTIONS SURVEY

In 2021, [#] employees participated in the survey for a response rate of [#]%. Results from the survey were outstanding and exceeded the external benchmark across all eight categories of measurement ("8 Pillars of an Ethical Culture").

ADD DATA / GRAPH IMAGE

TOPIC 1

ADD DATA / GRAPH IMAGE

%

KEY POINT

ADD DATA / GRAPH IMAGE

%

KEY POINT

TOPIC 2

KEY FINDING #1 (e.g., KNOW HOW TO REPORT CONCERNS)

%

Insert guidance (E.g., For more information on how to report a concern, visit ...)

KEY FINDING #2 (e.g., WOULD BE WILLING TO "SPEAK-UP")

%

Insert guidance (E.g., If you don't feel comfortable speaking up, contact...)

KEY FINDING #3 (e.g., BELIEVE [THE COMPANY] WILL FULLY INVESTIGATE A CONCERN)

%

Insert guidance (e.g., Every concern is reviewed. Visit ... to learn more about the investigations process.)

ACTIONS TAKEN

- Action #1 (e.g., For increased transparency, information about investigation results will be published in the quarterly newsletter)
- Action #2 (e.g., New training for managers to be launched in Q4.)
- Action #3 (e.g., Reporting options to be highlighted in offices.)

SURVEY ANNOUNCEMENT

To drive continual improvement, Ethisphere to conduct our annual survey starting on [DATE]. All answers are anonymous and important to fostering an ethical culture.

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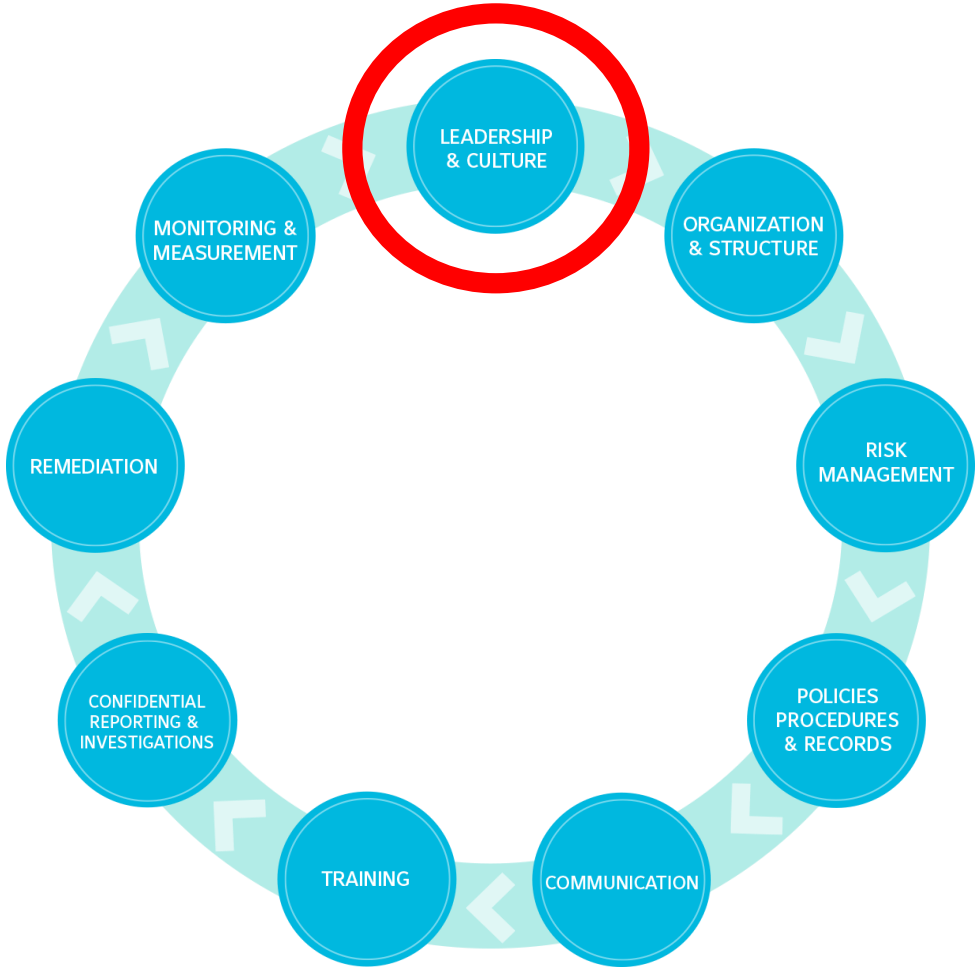
Driving Meaningful Change

Culture is ubiquitous and cannot be viewed in a vacuum. Consider:

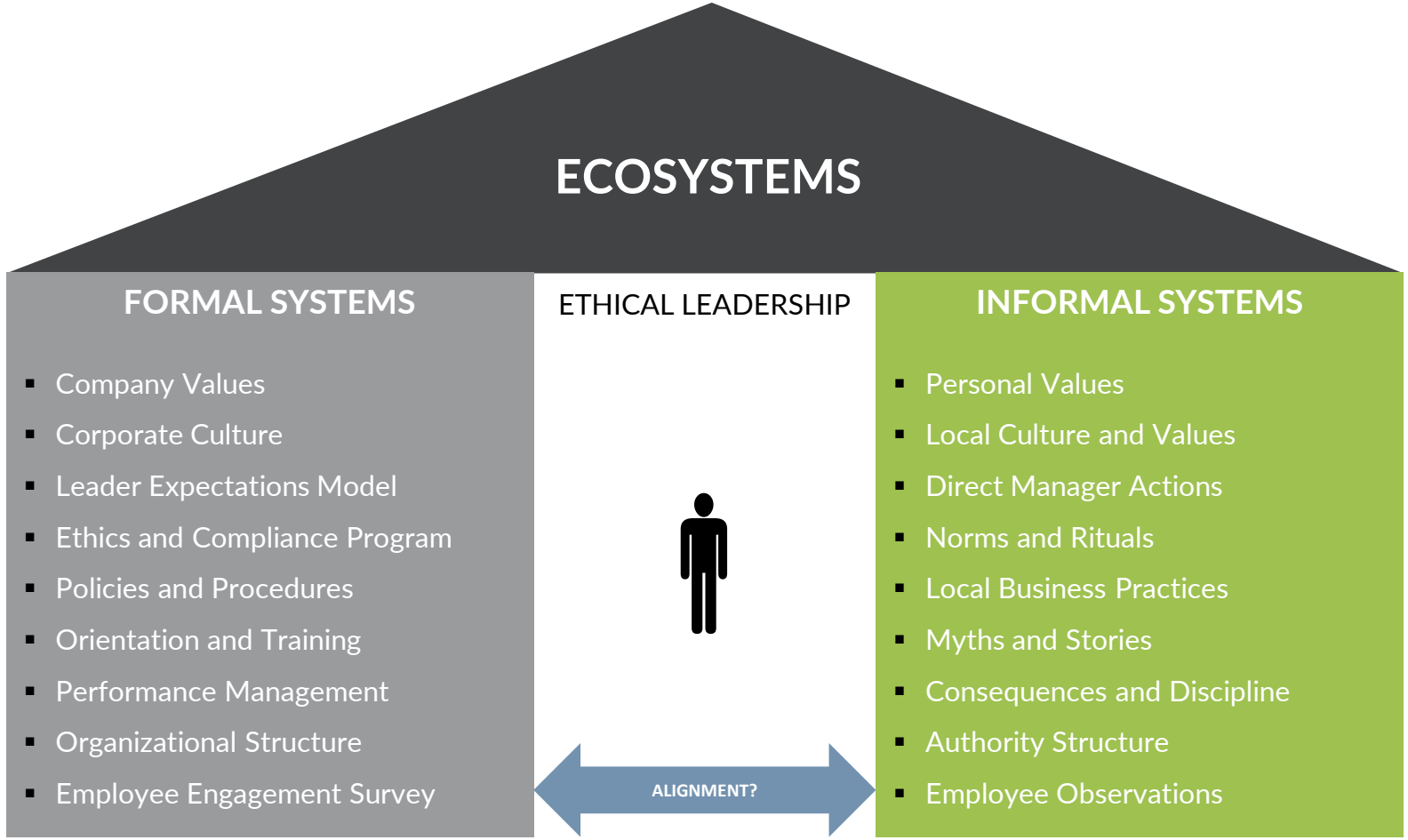
Integration with Existing Communication Channels	Share the Culture Data	Performance Evaluations & Leadership Development

A consistent, multi-pronged approach is a prerequisite of change management

Ethical Culture is the Most Important Element

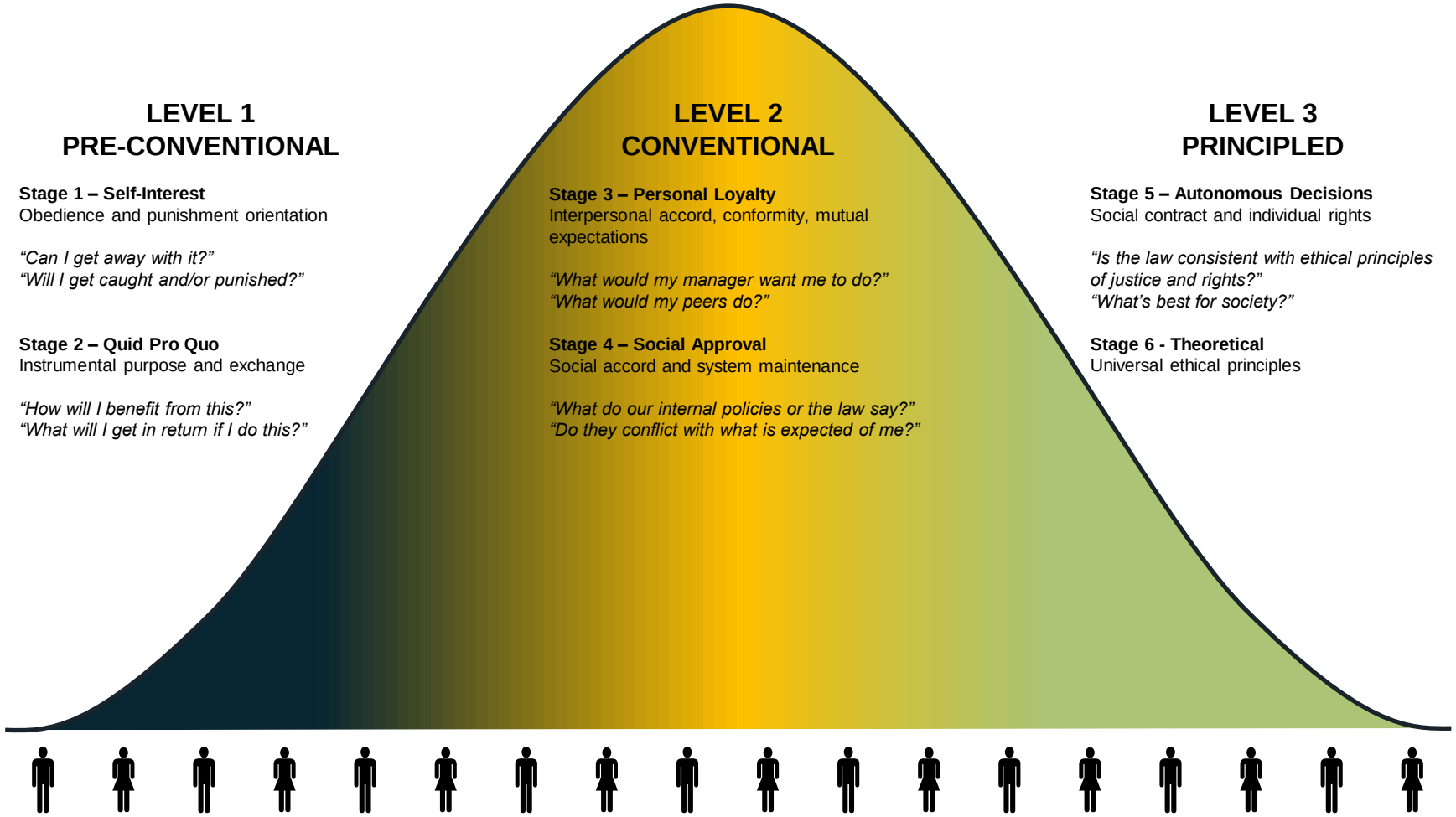


Ethical Leadership Bridges the “Gap”



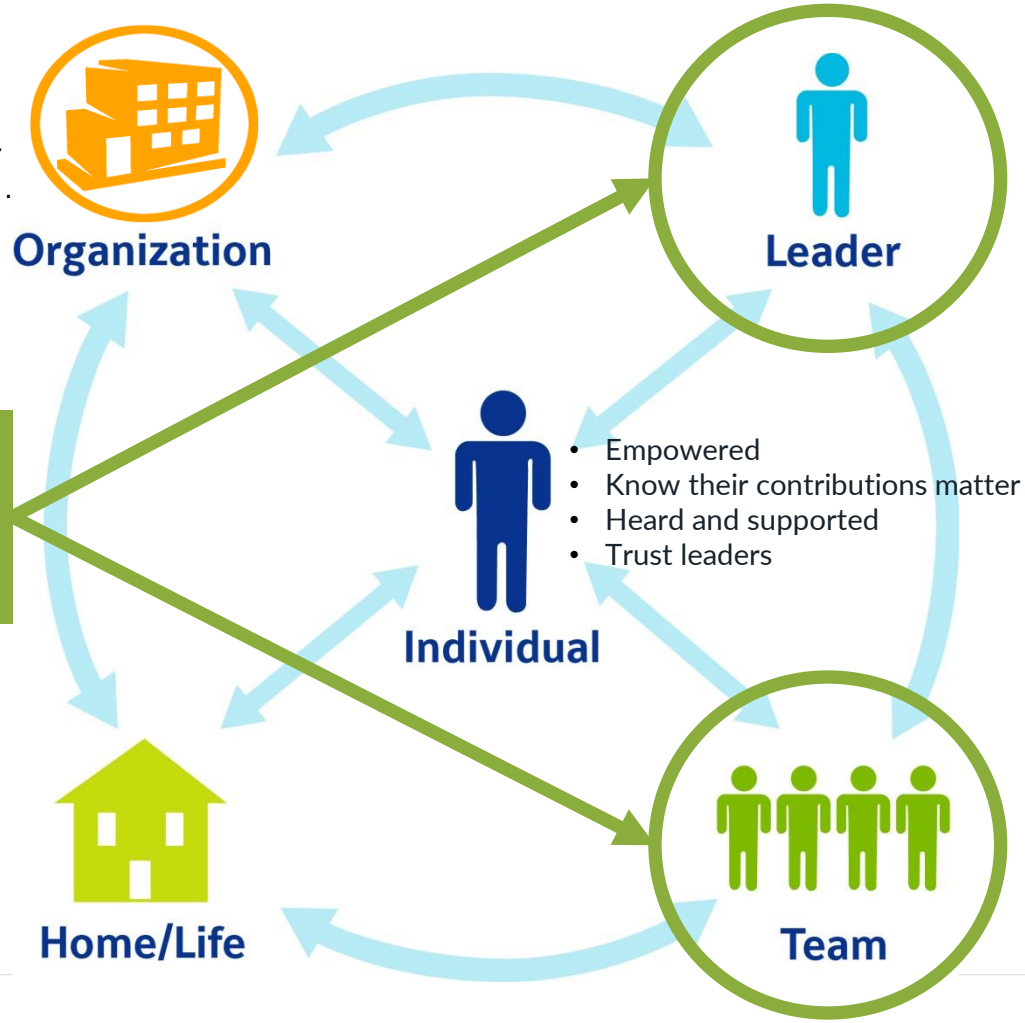
SOURCE: L. Trevino, *Managing Business Ethics*

Most People Look to Others to Determine Right and Wrong



SOURCE: L. Trevino, *Managing Business Ethics*, adapted from L. Kohlberg, "Moral Stages and Moralization: The Cognitive-Developmental Approach, " in *Moral Development and Behavior: Theory, Research, and Social Issues*, ed. T. Lickona.

Disproportionate Influence of Direct Managers



- Guided by vision and values
- Visible and vocal leaders
- Ambitious to be even better

- Connected
- Show trust
- Communicate
- Engagement and performance matter
- Developing people
- Recognition and rewards

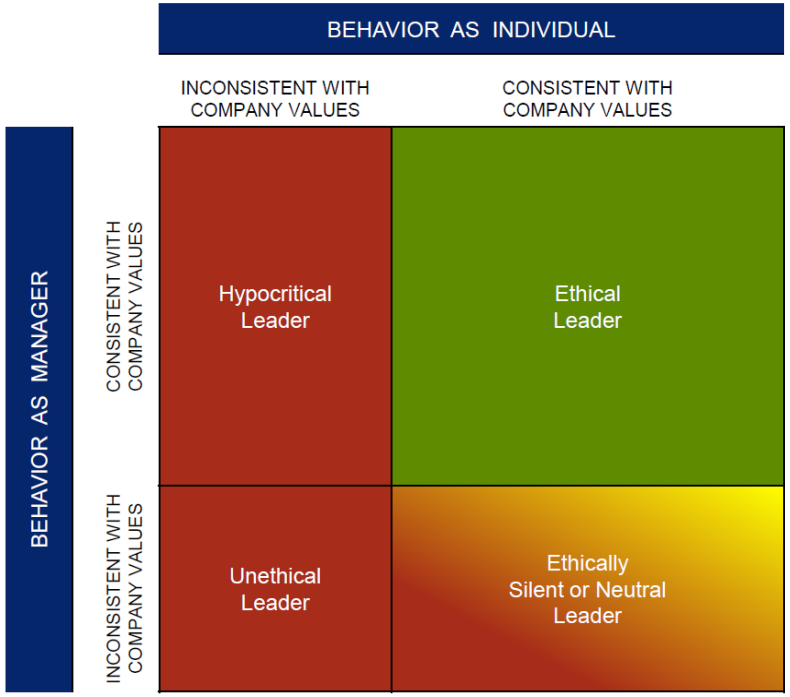
Most employees look outside themselves to determine right and wrong.

- Empowered
- Know their contributions matter
- Heard and supported
- Trust leaders

- Employees are connected
- Meaningful work that fulfills life/human obligations

- Aligned people
- Team work
- Trust is present
- Shared experience and expertise

Three Core Behaviors To Exemplify and Amplify



Ethical Leaders visibly demonstrate:

1. Personal Integrity

- Honest and Trustworthiness
- Caring and Concern for Others
- Respect and Fairness

2. Ethical Role Modeling

- Authentic ethical behavior and decision-making processes
- Open, honest, inclusive and transparent two-way communication
- Consistent and constant messaging on Integrity and ethical behavior
- Promotion of a speak-up culture and non-retaliation

3. Ethical Management

- Sets standards and expectations for ethical behavior
- Holds people accountable for ethical lapses
- Uses rewards and recognition to celebrate ethical successes
- Uses punishment to discipline ethical lapses and poor management
- Hires, develops and promotes for Integrity and ethical behavior

SOURCE: L. Trevino, *Managing Business Ethics*

Role-Models to Influence Positive Behaviors

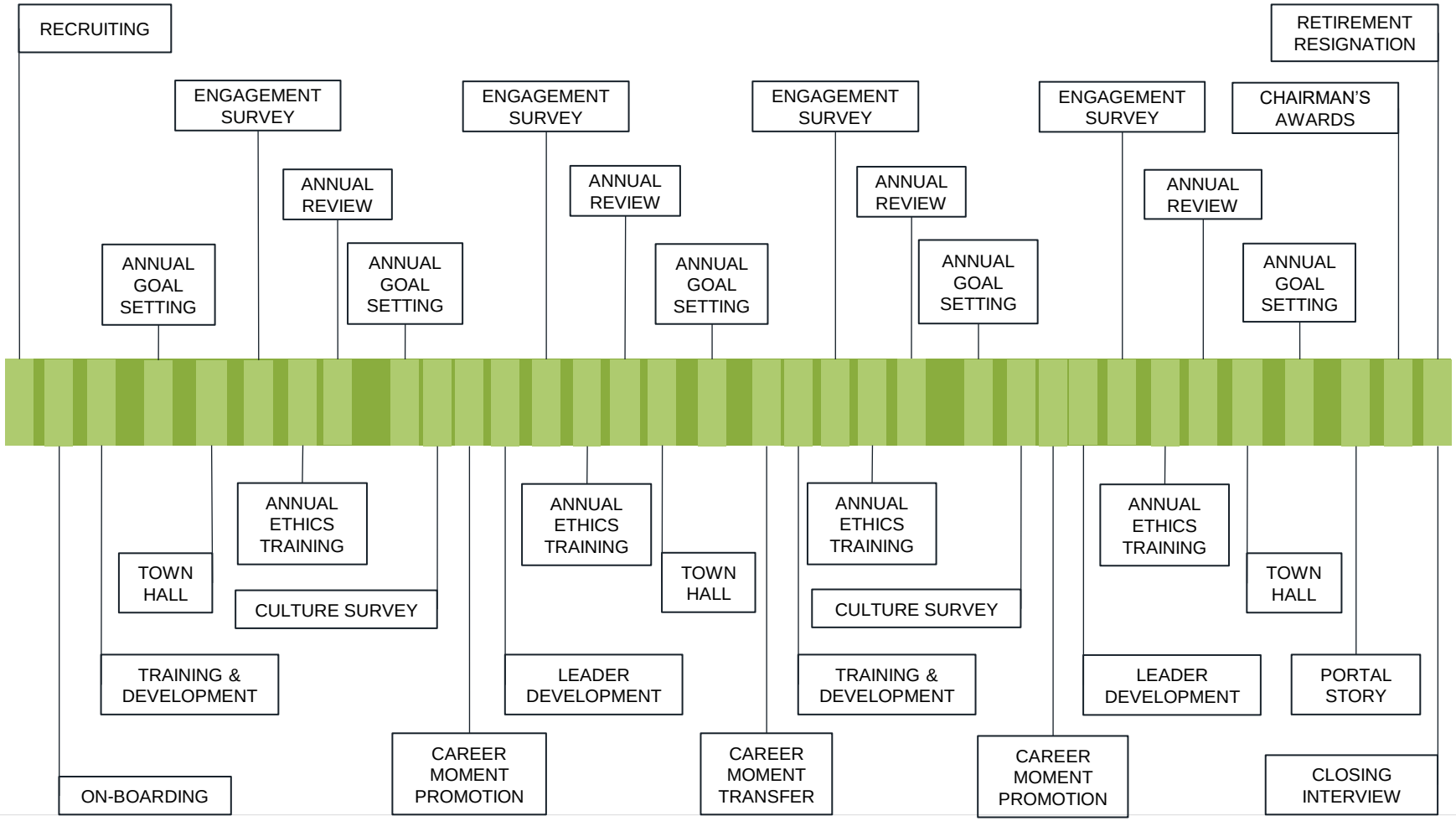
	HEARING	SEEING	DOING
Major drivers that shape culture and shared values	Hearing something from people I trust	Seeing persuasive evidence from managers and peers	Experiencing something myself
Translating shared values into actions	Knowing what to do and how	Seeing role models to emulate	Acquiring the necessary skills, tools and resources
Building confidence and reinforcing behaviors	Highlighting peers who are succeeding	Seeing the value and benefit from decisions made	Architecting positive reinforcement from peers and managers
Building advocacy at scale and driving culture	Knowing that something enhances my identity and reputation	Seeing recognition and rewards for speaking-up and taking action	Enabling me to share my opinions and experiences openly

SOURCE: Adapted from the Arthur W. Page Society – "Building Belief: A New Model for Activating Corporate Character & Authentic Advocacy" - 2012

Leverage Existing Programs, Processes, and Tools

ETHICAL LEADERSHIP & CULTURE MODEL	LEADER DEVELOPMENT	LEADER COMMUNICATION	LEADER ACCOUNTABILITY
PERSONAL INTEGRITY	Recruiting Onboarding Exiting	Personal Stories Success and Failures Lessons Learned	Reward Successes Address Failures Promotions and Career Moments
ROLE MODELING	Competencies & Skills Training Facilitation Ethical Decision-Making	Consistent and Frequent Multiple Channels Plan and Toolkits	Engagement Survey Cultural Surveys 360° Reviews
TEAM & PERFORMANCE MANAGEMENT	Strategic Talent Reviews Leadership Training Promotions and Career Moments	Portal Stories Blogs/White Papers Town Halls/Summits	Goals and Objectives Performance Reviews Forensic Reviews/Audits

Ethical Leadership Throughout the Career Life-Cycle



Submit your questions using the chat feature

- Elements of an ethical culture
- Measurement
- Data insights
- Ways to make impact
- **Audience questions**

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Thank you!

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