



# A Human-Centric Approach to Compliance Program Maturity

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**BUSINESS ETHICS LEADERSHIP ALLIANCE (BELA)  
BEHAVIORAL SCIENCE WORKING GROUP**



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# Introduction

Many of the core elements of a corporate compliance program can be matched up with the topical organization of the U.S. Department of Justice (DOJ) guidance for the **Evaluation of Corporate Compliance Programs**. Organizations have addressed ethics & compliance with policies, training, investigations, due diligence, monitoring, and so on. Tone at the top, a speak-up culture, anonymous helplines, sets of explanatory documentation, and stories of employees that have been fired or faced criminal penalties have all been employed to tackle the risk.

Simply having these elements in place, as high-quality as they may be, does not guarantee the success of their impact. Organizations still wrestle with marrying their ethics and values statements to their business processes and systems. Ethical missteps and compliance violations still occur. Even with all of the existing compliance tools in place, there is still a bridge to be built between the ideals espoused in organizational culture statements and the day-to-day experience of those working to meet business goals.

Increasingly, companies are turning to new ways to provide greater opportunities, from interventions and measurement, to directing employee actions and behavior toward ethical decision-making and actions in accord with compliance requirements. As organizations develop the components of their compliance programs, they should focus on the human behavior perspective.

The Business Ethics Leadership Alliance (BELA), in partnership with EY, convened a working group of compliance leaders from 16 companies to examine what behavioral science can tell us about the way humans think and make decisions and how we might use those insights to improve ethics and compliance programs.

After all, organizations do not act through policies, but through their people. And, people respond dynamically to the information they receive and the environments in which they find themselves. This working group shines a light on what a more human-centric and effective compliance program might look like. We encourage you to use the information presented here as a springboard to discussions, and changes, in your own programs.



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# The Mind & the Environment

Understanding how humans think, take in information, and make decisions forms the basis for the recommendations in this guide. As humans, we do not make decisions or take actions in a vacuum of pure, rational thought. At any given time, there are multiple influences on our path to decision making.

## How Do Humans Think?

Humans are capable of rational thought, but rational thinking is not the default or hard-wired mode in which the human mind takes in and uses information.

Humans are dynamic in their thinking:

- We think **SOCIALLY** - influenced by social norms and expectations
- We think in **MENTAL MODELS** or templates - our experiences serve as mental shortcuts for decision-making
- We think **AUTOMATICALLY** - we have an "autopilot" system in the brain that helps us save mental capacity



[\(World Development Report, 2014; Lewin 1935\)](#)

Many compliance programs are built around the myth of the rational thinker: that people are inherently rational, and if they know what the rules are, they will follow them.

## Ethical Propensities

The majority of people want to act ethically and see themselves as good people who understand right from wrong. If asked to consider a future scenario or potential ethical dilemma, most employees will predict that they will act in a way that is consistent with the company's values, culture, and policies and with their own beliefs and values.

How many times have ethics and compliance violations been explained as being the result of a single bad actor, rogue employee, or "bad apple"? Chances are, even without knowing a lot about the science of human behavior, you suspect that is not always the case, because you've seen situations where this is not true. It is not always a single bad actor at odds with culture or policies. Sometimes, even those whom would be described as "ethical" or "good" people have made choices that go against policy, training, and culture.

We continuously receive cues from our environment about cultural and behavioral norms.

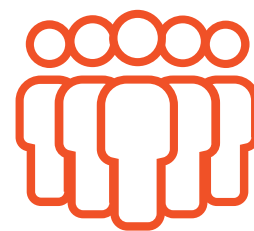
Our current life circumstances, day-to-day workplace experience, relationships, emotions, and associations are all at work as we take in information and try to make the best decision.

While there is evidence to support the idea that there is a small minority of people who are inclined to lie, cheat, or scheme as a default way of decision-making, there is also a relatively small number of people who are what could be labeled as having "ethical resistance" - meaning they default to truthfulness at all times regardless of situation. However, the majority of the general population are greatly influenced by environments, social norms, personal life circumstances, and other variable factors.

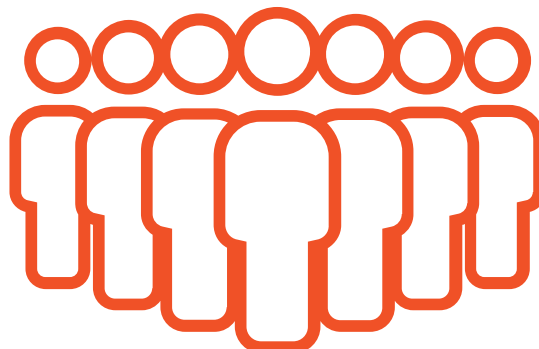
<10% have a "criminal tendency" or are what we may call "bad apples"



~20% of people have a tendency toward ethical behavior and truthfulness and **all circumstances**



The majority of people (around 70%) are influenced by environment, norms, emotions, and other life circumstances



This does not mean that the majority of people are easily persuaded to make big ethical departures from the norm or to commit large-scale fraud. No one (except maybe those in the “bad apples” category) wakes up one day and decides to lie, cheat, or otherwise blatantly disregard ethics and compliance rules.

Most ethical and compliance-related errors start small and may be done without awareness of the full impacts or there may be uncertainty that an action was inappropriate. It is also likely that the actions were taken because of environmental cues that the behavior is allowed, justified, or even rewarded. There is a difference between “culture” and “environment”. For the purpose of this report, “culture” can be thought of as stated values, beliefs, or standards for behavior. “Environment” encompasses the practical realities of what an employee experiences while performing their job. The environment may or may not match the culture.

## Understanding Environmental Influences

Look at just about any employee engagement survey from any organization, and the vast majority of employees will say they believe in doing the right thing. People see themselves as ethical and imagine themselves as acting ethically given any number of future scenarios to consider.

But, decision derailers such as **PRESSURE, FEAR, ASPIRATION**, or perceived **FAIRNESS** can lead a person to choose an action that is misaligned with their espoused belief in doing the right thing. Many ethics and compliance programs do not include measures to combat these decision derailers.

Even if your hotline is communicated as a true helpline, and you have a strong non-retaliation policy in place to encourage employees to speak up and seek guidance, that will not be enough to counter an environment in which decision derailers abound.

**INFORMAL SYSTEMS** are stronger influencers than **FORMAL SYSTEMS** when it comes to encouraging conduct and developing culture.



# Learning from Other Professions

When considering how ethics and compliance programs may benefit from behavioral science concepts, it can be helpful to explore how other professions have applied learnings about human behavior to their practices.

## Human-Centric Thinking in Sales & Marketing

The Sales and Marketing profession is focused on how to get people to want what you are selling. What can ethics and compliance programs learn from this to encourage people to support their efforts? In other words, how can compliance get leadership and employees to buy into the culture of ethics and compliance and to see the compliance department as a business partner and employee supporter?

### THE POWER OF SOCIAL PROOF

"Social proof" is the concept of people copying the actions of others as a way to determine how they should behave in any given situation.

This can work positively or negatively.

People weigh their own behavior against what they see and experience, not what they read in a policy.

### Find a Hook

Finding a "hook" is about the first moment of engagement - getting people's attention. Attention-grabbing moments can come from data points, stories, or images - something that triggers an emotion.

### Create Reciprocity

If you give people something, and it doesn't need to be something of high value, this will trigger the desire for them to give you something in return, even if it is as simple as their attention.

### Focus on Motivations

Rationalization, social proof, and influencers impact motivation and are not just for selling goods or setting trends. People want to view themselves as ethical and honest. People also want to benefit from opportune circumstances. Sometimes those desires are at odds. To preserve the view of ourselves as "good" or "ethical," we engage in rationalization or justification when we do engage in ethical missteps.

What are you bringing to a meeting, training, or conversation that people will remember or see as valuable?

What is something that will make people interested in the next meeting or encounter with you and your team?

How could you use influencers to motivate others to adopt a mindset of ethics and compliance?



## Human-Centric Thinking in Environmental Health & Safety

Those in the Environmental Health & Safety profession are focused on preventing on-the-job accidents or injuries. What can ethics and compliance programs learn from the way a culture of safety is created in organizations? How could compliance adopt and adapt techniques used to create physically safe environments in order to develop ethically strong environments?



### Create Shared Norms

In many organizations, employees start each day with a "safety moment." Through the use of common language, frequent communications, storytelling, sharing of data, and direct references to the manufacturing or business processes, safety becomes a way of working.



### Empower Employees to Identify Hazards

Employees are taught to "see" the environment through the lens of potential safety hazards. When they see a hazard or experience a near miss, they are empowered to stop the line or pause business activity until the hazard is remediated. Every employee understands that they own a part of keeping one another safe.



### Acknowledge & Analyze Lapses

Violations of safety protocols will occur. One way to examine these lapses is evaluating the nature of the situation and the actions that led to the lapse. Lapses can result from unintentional or intentional acts.

Unintentional acts arise from being distracted, forgetting to carry out a safety measure, or performing an act in the wrong manner but believing you are doing it correctly. Intentional acts may be found in an environment where rule-breaking or using a workaround has been the norm, where a high-pressure situation is created, or when there is some unusual condition that causes a deviation from protocols.

It is valuable to analyze lapses along with engaging in problem solving exercises to decrease the likelihood of repeated problems. It is also beneficial to publicize information internally about lapses and their remediation so everyone can share in lessons learned.

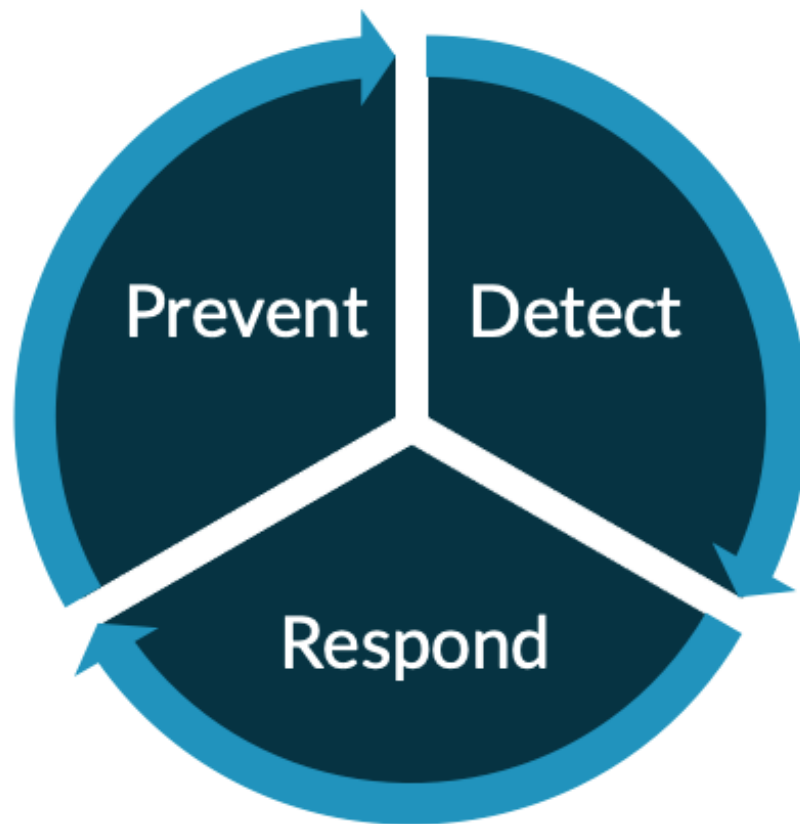
How often do managers talk with employees about ethics and compliance?

How empowered (in addition to encouraged) are employees to raise a concern before there is an actual violation?

How robust is your root-cause analysis, and does it include the examination of near misses?



# Compliance Program Maturity: A Human-Centric Level



The **PREVENT** category includes interventions like the Code of Conduct, policies and procedures, education and advice, and incentives.

The **DETECT** category includes interventions like confidential reporting, third-party due diligence (integrity diligence), data analytics, monitoring, reviews and auditing, and program reporting.

The **RESPOND** category includes activities such as incident and case management, investigations, corrective actions, and remediation.

There are a number of models available to describe compliance program maturity. Here is an example from EY of the Code of Conduct program element under the Prevent category. The Prevent category includes interventions like the Code of Conduct, policies and procedures, education and advice, and incentives.

<b>Basic</b> Almost nothing exists for this performance factor  (1)	<b>Evolving</b> Some parts of this performance factor exist, application on different levels is inconsistent  (2)	<b>Established</b> Performance factor is pragmatically defined and consistently applied on a few levels involved (3)	<b>Advanced</b> Performance factor is defined in more detail and consistently applied on most levels involved (4)	<b>Leading Practice</b> Performance factor is defined in more detail and consistently applied on all levels involved  (5)
Code of conduct that addresses only subjects required by corporate governance rules, in legalistic terms and in one language	Code of conduct describes company's core compliance and integrity policies and procedures in some languages; formal process for communication to new employees of the code of conduct; annual certification by group of employees	Code of conduct is translated into the languages used in the organization's operations, accessible electronically and integrated into the organization's communications programs; comprehensive certification program for employees	Code of conduct is periodically refreshed to address emerging issues, with enhanced translations and media usage to meet audience needs and communicated from inception of process for employee recruitment and acquisitions to build a common culture	Code of conduct is recognized as a mutual commitment among the organization's employees and key third parties to the organization's values and standards of behaviors; its effectiveness is measured through surveys and other methods



The working group used the idea of the maturity model as a way to discuss how compliance programs could advance their interventions using concepts from behavioral science to embed their programs with more human centric practices. Could this be another level of maturity, and if so, what might that entail? In the sections that follow, key concepts and considerations for making compliance programs more human-centric are explored under the categories of Prevent, Detect, and Respond.

**Human-Centric**  
 Performance factor is integrated into business activities  
  
 (6)  
 Code of Conduct is a living document created with the voice of the employee. Relevant code language is embedded in, and code values form the foundation of day-to-day business processes and KPIs.

## Compliance Category: PREVENT

A more human-centric approach might look like:

- **Grassroots approach to codes and policies** – Ask employees what they want to see and what it means to them. It helps with accountability.
- **Improve relevancy** – Tailor the messages to your audience. Ask employees about the dilemmas they encounter in their day-to-day work and use them as your case studies or training scenarios.
- **Clearly articulate the “why” behind the policies and procedures** – What happens when we have ethical misses? How does it affect the company, your colleagues, our service, production, reputation, etc.? Include this type of messaging in addition to the consequences for violations. Increasing the organizational understanding of expectations improves the ethical climate and compliance, and is a first step toward the level of human-centric maturity where ethical and compliance expectations are embedded into actions and business processes.
- **Just-in-time approach** – Make tools and short trainings accessible when they need it (e.g., at the point of completing an expense report). Place a quick link or easily accessible portal on every desktop/laptop screen and consider how employees without computer access will engage with the content.
- **Create more frequent “ethics moments” conversations** – Celebrate the reporting of near misses and publicly acknowledge when things go well.
- **Simplify language and connect to values** – Make your policies readable, relevant and understandable. Make policies more principals-based & clearly show the connection to values. Get employees involved in the writing and review of policies when it is time to refresh them. Do not write your policies based only on "bad apples" (see page 6).
- **Consider how to prioritize the relevancy of policies** – It is impossible to hold people equally accountable for hundreds of policies. Start by prioritizing by role so the most relevant policies for individual employees are given more emphasis.
- **Make training more tailored to the employee role or region** – Move away from abstract legal concepts and include more practical information that is easily relatable to the work employees are doing. Consider using interactive technologies to increase employee engagement. Incorporate storytelling based on real (anonymized) cases in the organization.
- **Embed ethics into KPIs** – Measure not only what was achieved but how it was achieved. Evaluate how business decisions are made and whether ethics and compliance issues are a factor and how much weight it receives.

There can be cognitive disconnect if ethical case studies or scenarios used in training and communications are not related to the actual work environment.

If employees and leaders can't see themselves in the story or case study, it is easy to believe those risks do not apply to them or the organization.

## Compliance Category: PREVENT

### BARRIERS THAT MIGHT INHIBIT THIS APPROACH:

- Leadership buy-in – this can be radical thinking in some organizations.
- Behavioral science and other similar concepts might be seen as “soft” disciplines.
- Time, resources and budget – for some, it is not seen as something that warrants the investment.
- Multi-cultural and multi-levelled audience.
- Lack of knowledge and understanding of behavioral science concepts.
- Limits to employee attention and focus.

### WAYS TO OVERCOME BARRIERS:

- Demonstrate the potential impact of these improvements.
- Bring in the employee voice – show that this is what the employees want and respond to.
- Take a principles or values based approach – ensures cross-cultural relevance and acceptance among diverse employee base.
- Include the broader organization as part of the review and input to the annual compliance plan.
- Put messaging in communication channels that employees are already engaged with instead of create new ones.



### MEASURING THE SUCCESS OF THIS APPROACH:

- It can be hard to show “prevention” or to quantify when something doesn’t happen. Here is where a focus on tracking near-misses and remedies for those risks can help.
- Code and policies usage – measure employees’ engagement with resources
- Employee engagement surveys – measure whether the employees know how to access relevant guidance.
- Measure the impact of training (instead of relying on completion rates only) – This can be done by tracking and analyzing the test scores immediately after a course compared to tests 4 or 6 months after training.

## Compliance Category: DETECT

A more human-centric approach might look like:

- **Seek more data and further information** – Develop a more complete picture of trends and patterns that lead to certain behaviors and actions. For example, if monitoring financial spend data for red flags, think about what else might we monitor for?
- **Look more holistically at the surrounding environment** – Traditional monitoring is focused on looking for “bad actors” and someone to blame when things go wrong. A more human-centric approach is also monitoring the environment. For example, by monitoring themes in qualitative data about the environment such as exit interviews. This may help remove a barrier to speaking up as it takes the focus off of finding someone to blame.
- **Scan for early indicators of threats** – Consider ways to monitor information to be more forward looking to catch earlier signs of potential hazards. Consider any new incentive programs, changes to the processes and systems, and the ebb and flow of pressure to perform.
- **Look beyond the actions** – Adjust monitoring mechanisms to broaden the inquiry into failure points and include the context in which the behavior happens. For example, examine the (1) availability of timely data to inform the decision, (2) time pressure, and (3) conflicting requirements to which the decision-maker would have experienced.
- **Look for ways to measure integrity** – Think of this as catching “gold stars” (instances of ethics in action, where things went right, how a violation was prevented) in addition to seeking “red flags” for violations.

It is human nature to be drawn to the attractiveness of blaming.

It is easy to see the negative and harder to focus on learning moments and where we have gone right.

Create a culture of acceptability so small, honest mistakes can be corrected before larger problems occur.

### BARRIERS THAT MIGHT INHIBIT THIS APPROACH:

- Current methods of monitoring and detection may be too structured or too narrow to really find out where an issue might arise.
- People and functions may be reluctant to share data and to some degree the level of transparency may be restricted.

### WAYS TO OVERCOME BARRIERS:

- Gather qualitative data on lead indicators of misconduct by using tools such as **SenseMaker**. The output provides the objectivity of statistics, with the explanatory power of narrative.
- Consider multiple data sources as part of monitoring - Big data might be able to provide you with patterns that you can investigate further keeping in mind that correlation does not mean causation.
- Continue using surveys or data collection points within or outside of a hotline to understand what the employees are seeing in their environment keeping in mind the potential bias in the data, for example are the survey respondents representative of the population?
- Assemble a cross-functional team to develop a broader approach to available data for monitoring and to increase collaboration.

### MEASURING THE SUCCESS OF THIS APPROACH:

- Ideally, we can predict critical situations before a violation happens.
- Money and effort saved with better and earlier detection.

## Compliance Category: RESPOND

A more human-centric approach might look like:

- **Consider how to make investigations less painful or less threatening** – Emphasize the employee’s role in helping the company improve or remediate lapses in the system.
- **Be more open about the investigation process** – This can help relieve concerns about investigators being biased or the perception that nothing is happening after the initial report. Encourage people to ask questions and give them a channel to do so. Keep reporters and witnesses informed at some level about the status of the investigation.
- **Transparency is the real key** – Some organizations are wary about sharing any details, but people want to know what was done when they speak up. At the very least, inform reporters about whether an issue was substantiated or not. Where you can, make things more public to bolster claims about being an ethical company and taking issues seriously.
- **Transparency also helps stop rumors** – If there is a lack of information, people will fill the gaps in with their own ideas. Transparency builds confidence. People need to trust the system and see themselves as part of it.
- **Acknowledge near misses** – Celebrate when someone has brought something to the attention of the business that helped prevent a misstep. Tell these stories during meetings or trainings, or write an article about it.
- **Look for gaps in root cause analysis** – The information collected during investigations often talks about the what but not the why. Look for ways to understand the invisible factors at play. Gather data not only about the individual’s behaviors but what stumbling blocks or environmental factors are present that led to the misstep or violation. Ask the perpetrators, “If you put yourself back in that moment, what legitimized the behavior in your eyes?”
- **Look for patterns and draw out common environmental factors** – if there are repeat issues with a policy, maybe the policy is wrong, poorly written, or clashes with business processes. If several people are committing similar violations, this is a clue that there is something wrong in the environment.





### **BARRIERS THAT MIGHT INHIBIT THIS APPROACH:**

- Data privacy and legal counsel concerns about crossing the line on what information is shared in an effort to be more transparent.
- Anonymizing a story so much that it becomes too generic to be truly impactful.
- An investigations culture committed to operating in the manner of a criminal proceeding or under the mindset that fear acts as a deterrent to violations.

### **WAYS TO OVERCOME BARRIERS:**

- Create a broader narrative around common themes developed from real cases at the organization.
- Emphasize that the organization is on a journey and part of sharing real, anonymized cases helps the organization advance that journey.
- Show how compliance can be a partner or a service provider to the business. Compliance exists in part to help design better systems and controls, not just police violations.
- See investigation outcomes as a source of key internal business intelligence.

### **MEASURING THE SUCCESS OF THIS APPROACH:**

- Greater transparency and better information about the investigations process should increase speak up – but not only in the formal speak-up process leading to a hotline report.
- When having routine business process conversations or team meetings, touchpoints around ethics and compliance occur more organically.

# Conclusion

Even the highest quality compliance program elements and interventions alone are not enough to overcome environmental forces at play that can drive decision-making that is contrary to culture, policy, or law. If business processes and business decisions rely on frameworks that are at odds with ethics and compliance, or if management or leadership unintentionally condones (or worse, rewards) unethical behavior, even employees with the heartiest of ethical constitutions may find themselves susceptible to crossing ethical boundaries. Organizational environments must be set up to make it easy for employees to make the right decision and difficult to make the wrong one.

Let the lessons and suggestions in this guide set the stage for reflection, evaluation, and conversation about the current realities of your organization's environment. Gather your cross-functional partners and senior leadership to determine how ethics and compliance programs can help close the gaps and loopholes that create ethical vulnerabilities and landmines for employees.



## Additional Resources

*Blind Spots: Why We Fail to Do What's Right and What to Do About It* by Max Bazerman and Ann Tenbrunsel

*Willful Blindness: Why We Ignore the Obvious at Our Peril* by Margaret Heffernan

*Cynefin: Weaving Sense-Making into the Fabric of Our World* by Prof. Dave Snowden

[BELA Behavioral Science Working Group on Setting the Stage for Behavioral Science](#)

[BELA Behavioral Science Working Group on What Sales and Marketing Can Teach Us About Human Behavior](#)