Culture Change Takes Time and Patience

Practical Insights on the use of Ethics Ambassadors to Catalyse and Support Change (and a few other things…)

SCCE ECEI Frankfurt 28 March 2018

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Culture assessment and change management questions you should be asking yourself…

Do we have the right values to support an effective ethical culture?

How do we manage it if we can't measure it?

How can we bring about culture change?

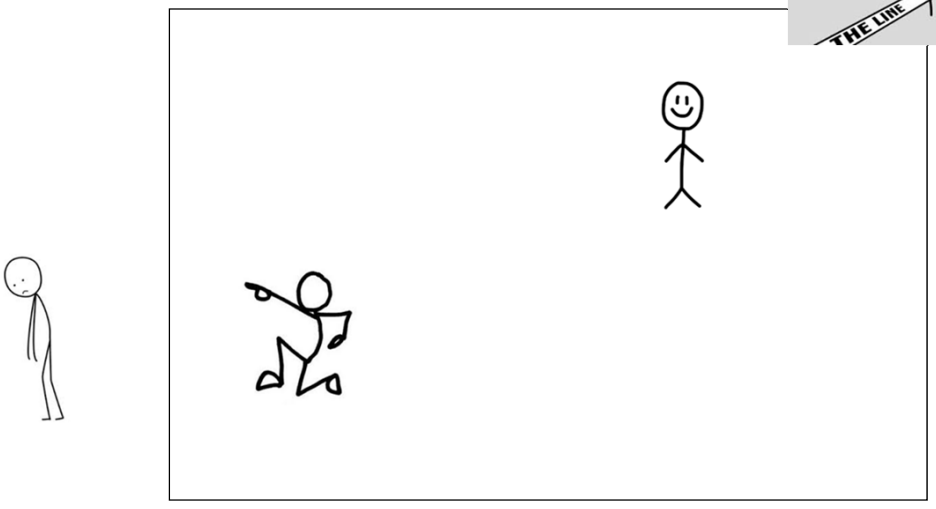
How can we prove that our culture is changing?

What is Culture?

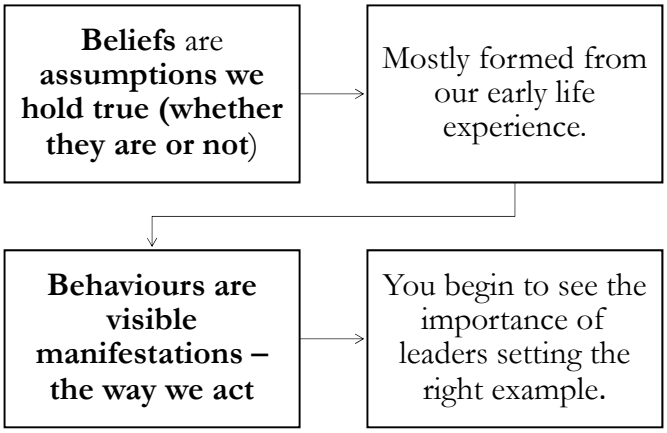
"The way things are done around here"

The culture of an organisation is a reflection of the **values, beliefs and behaviours of the leaders** of the group and **the legacy of past leaders.**

Why is culture so important?



Briefly, what are Beliefs and Behaviours?



What are Values?
"The energy behind our aspirations and intentions"

A shorthand way of describing our **individual and collective motivations** and what is important to us.

Values can be positive or potentially limiting (dysfunction)

High cultural entropy ⇨ low employee engagement ⇨ high culture risk!!!

To change culture, change values

Aligned Organization- Sterling Bank (979)

Level	Personal Values (PV)	Current Culture Values (CC)	Desired Culture Values (DC)
7		○	○
6		○ ○	○ ○ ○
5	○ ○ ○ ○ ○	○ ○	○ ○
4	○	○	○
3	○	○	○
2	○ ○ ○	○ ○	○ ○
1		○	

Matches
PV - CC 3
CC - DC 8
PV - DC 0
[new requests]

	IRS (P)=5-5-0 IRS (L)=0-0-0		IROS (P)=2-2-5-1 IROS (L)=0-0-0-0		IROS (P)=2-2-5-1 IROS (L)=0-0-0-0	
	honesty	532 5(I)	***customer service***	504 6(O)	***teamwork***	513 4(R)
	commitment	498 5(I)	***teamwork***	487 4(R)	***customer satisfaction***	491 2(O)
	family/ friendship	479 2(R)	***customer satisfaction***	476 2(O)	***customer service***	489 6(O)
	reliability	387 3(R)	***community involvement***	399 6(S)	employee fulfilment	477 6(O)
	integrity	321 5(I)	***vision***	373 7(O)	***community involvement***	430 6(S)
	friendliness	294 2(R)	organisational growth	296 1(O)	***integrity***	337 5(I)
	responsibility	283 4(I)	***being the best***	285 3(O)	***commitment***	301 5(I)
	humour/ fun	276 5(I)	***integrity***	275 5(I)	***vision***	295 7(O)
	courtesy	263 2(R)	***commitment***	261 5(I)	***being the best***	288 3(O)
	trust	255 5(R)	friendliness	252 2(R)	accessibility	274 2(R)

Black Underline = PV & CC
Orange = PV, CC & DC
Orange = CC & DC
Blue = PV & DC
P = Positive
L = Potentially Limiting (white circle)
I = Individual
R = Relationship
O = Organisational
S = Societal

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Values Plot

Example Organization Business Unit 1 (95)

Level	Personal Values (PV)	Current Culture Values (CC)	Desired Culture Values (DC)
7			
6			○
5	○ ○ ○ ○ ○ ○		○ ○ ○
4	○ ○	○	○ ○
3	○	○ ○ ○ ○ ○ ○	○ ○
2	○	○	○ ○ ○
1		○ ○	

Matches
PV - CC 1
CC - DC 1
PV - DC 5
[new requests]

Cultural Entropy:
Current Culture
39%

	IRS (P)=6-4-0 IRS (L)=0-0-0		IROS (P)=0-1-0-0 IROS (L)=1-3-5-0		IROS (P)=4-4-3-0 IROS (L)=0-0-0-0	
	accountability	68 4(R)	***accountability***	29 4(R)	***accountability***	54 4(R)
	honesty	52 5(I)	job insecurity (L)	28 1(O)	**excellence**	30 3(I)
	commitment	40 5(I)	bureaucracy (L)	27 3(O)	open communication	29 2(R)
	integrity	35 5(I)	control (L)	26 1(R)	employee recognition	28 2(R)
	positive attitude	30 5(I)	power (L)	26 3(R)	**honesty**	27 5(I)
	respect	30 2(R)	hierarchy (L)	25 3(O)	leadership development	27 6(O)
	responsibility	28 4(I)	inconsistency (L)	24 3(I)	**commitment**	24 5(I)
	fairness	24 5(R)	rigid (L)	23 3(O)	continuous improvement	23 4(O)
	trust	24 5(R)	confusion (L)	21 3(O)	efficiency	22 3(O)
	excellence	22 3(I)	discrimination (L)	21 2(R)	**integrity**	21 5(I)
					respect	21 2(R)

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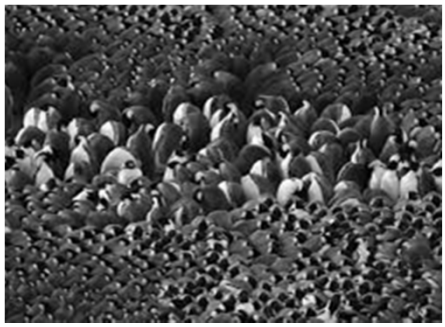
Values Plot



What do these groups have in common?

Design the systems with humans in mind: compliance is an outcome, not an approach

- The degree of enforcement that would be required to deter unethical behaviour is impractical and undesirable – need shared ethical values and peer social pressure and encouragement
- Focus on the barrel while holding the apple accountable– compliance can be like musical chairs
- Choose values through consultation that serve as guides to behaviour and create the conditions for openness – integrity, listening, diversity
- Consultation & participation improve commitment (IKEA effect) - another role for EAs
- Make it easy to do the right thing, difficult to do the wrong thing, NUDGE

The Ecosystem: Elements of Ethical Business Practice

Leadership and Culture Framework

- The Foundation
- People and Ethos
- Aligned Systems and Processes

Values-based Ethics and Compliance Framework

- **Values-based** Code, policies and procedures, communications, training
- Risk assessments, incl. culture risk
- **Ethics Ambassadors**
- Speak-up in psychological safety
- 3rd party involvement, due diligence
- Collection of evidence for learning and trust building

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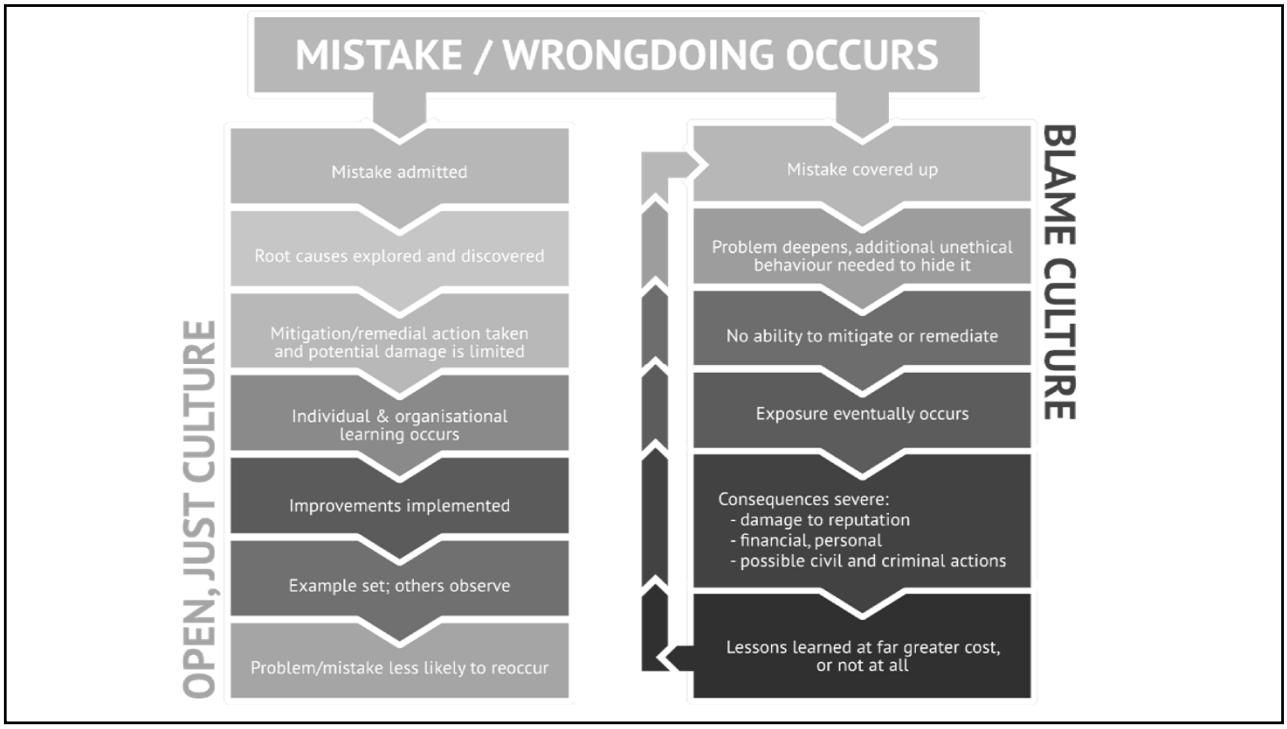
The Foundation* excerpt

- A **belief** that ethics is everyone's responsibility
- An articulated and inspirational **social purpose** (not just making money)
- Thoughtfully identified **core ethical values**, whose meanings are clear to all employees, and **continuous discussion, communication and training** for all (including the board)
- **Conscious commitment to continuous improvement,** and a way of sharing good practice across the organisation
- No-blame, just culture, in order to achieve "speak-up" openness

Source: Hodges & Steinholtz, *Ethical Business Practice and Regulation: A Behavioural & Values-Based Approach to Compliance and Enforcement* , Bloomsbury Professional Publishing, Dec. 2018



People & Ethos*

Leaders who are **fully committed to ethical values** and understand their **role** in creating an ethical culture, and who **set a strong, positive example.**

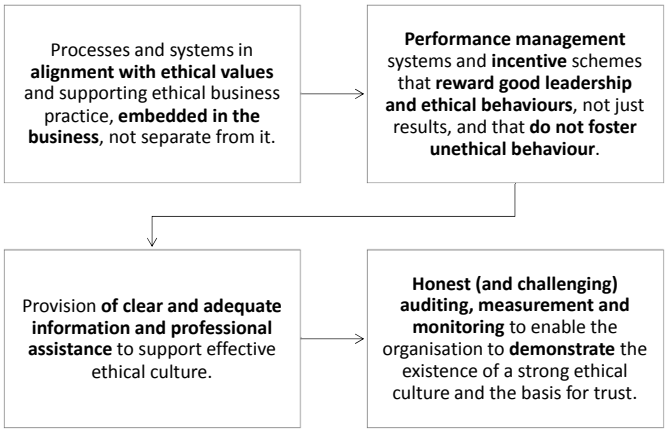
Employee involvement and **engagement** in fostering ethical business practice, such as using **ethics ambassadors.**

Management with **the personalities and skills** required to promote open communication, ethical decision-making, deep listening and to hold others to account.

Tolerance and encouragement of **constructive conflict** with **no fear of reprisals** for raising difficult issues.

A **collaborative atmosphere**—work across functions, business units and cultures with curiosity and respect, and the ability to learn lessons and continuously improve

Aligned Systems and Processes*



Values-based ethics & compliance framework

- …
- A network of **employee ethics ambassadors** to support management in **their** responsibility to create an effective ethical culture based upon **shared ethical values**

An ethics ambassador:

Is:

- An employee of the company, **with a "day" job**
- Doing this in addition to their main responsibilities, **because they want to contribute**
- A **well respected** individual
- From any and **all areas & levels** of the business and functions

Is not:

- A full time "compliance" ~~officer~~
- Paid extra **$£€** to be an ethics ambassador
- Someone "parked" or mentally retired
- A representative of only one function, i.e., legal or HR

What works and what doesn't: insight from experienced ethics ambassadors…

- Regular networking opportunities are important – **global** where possible
- **Empower** and **Support**: Let the ethics ambassadors themselves determine the best way to reach their "community" but provide tools and share good ones they develop (posters don't always work)
- Elicit commitment from senior managers, so that they understand and appreciate the role: the EA is there to help them, not to assume their risk!!!!
- EA job is to support management in encouraging values-based decision making and behaviour

What works and what doesn't: insight from experienced ethics ambassadors…

- Pitch this **in part** as a development role so a small percentage of the EAs cycle through every 2 years, bringing in new energy and ideas, BUT
- Don't lose trained, committed and valuable EAs through enforced rotation – continuity is important
- Unleash their **creativity**, don't micromanage, demotivate
- Spend time with each EA to learn about their challenges and needs
- Keep it **fresh** and **current** through regular input of all types of materials
- Suggest or create possible **structures** that they can use to keep in touch with each other
- **Recognition** and gratitude – of and about them, and to them…
- Above all, it should be **fun** (okay, not all the time) and inspiring (most of the time)

Business Ethics Briefing ibe

Ethics Ambassadors: promoting ethics on the front line

With thanks to The Institute of Business Ethics

What are the benefits for organisations?

Enhancing the ethics programme

Main elements of the ethics programme

Companies WITH ambassadors	
Code of ethics	100%
Speak up line	96%
Internal reporting on ethics	96%
External reporting on ethics	87%
Ethics training	96%
Monitoring programme	87%
Board level ethics committee	83%
Management level ethics committee	65%
External stakeholder engagement	78%

Companies WITHOUT ambassadors	
Code of ethics	100%
Speak up line	94%
Internal reporting on ethics	67%
External reporting on ethics	72%
Ethics training	89%
Monitoring programme	72%
Board level ethics committee	44%
Management level ethics committee	44%
External stakeholder engagement	61%

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What is the impact on corporate culture?

Creating a shared culture

What is the main purpose of the code of ethics?

Companies WITH ambassadors	
Providing guidance to staff	87%
Creating a shared and consistent corporate culture	87%
A public commitment to ethical standards	52%
Guarding reputation	26%

Companies WITHOUT ambassadors	
Providing guidance to staff	94%
Creating a shared and consistent corporate culture	75%
A public commitment to ethical standards	75%
Guarding reputation	25%

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What is the impact on corporate culture?

Focus on values

What are the priorities of your ethics programme?

Companies WITH ambassadors	Companies WITHOUT ambassadors
1. **Promoting values and culture**	1. **Address a specific issue**
2. Address a specific issue	2. Provide training
3. Provide training	3. Promoting values and culture

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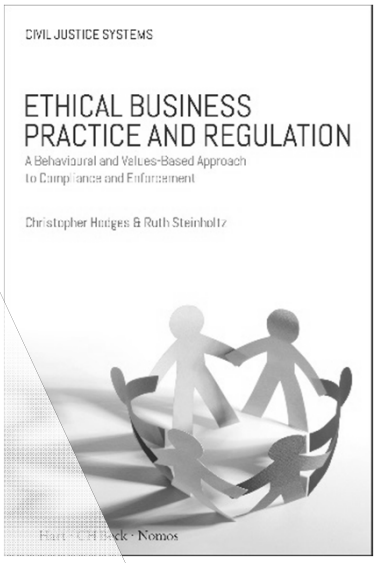
Thank you for your attention