

## Culture Change Takes Time and Patience

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

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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”

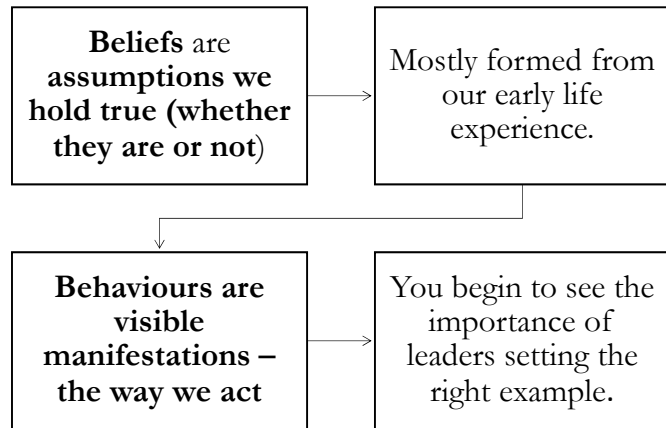


The culture of an organisation is a reflection of the **values, beliefs and behaviours** of the leaders of the group and the **legacy** of past leaders.

## 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  $\implies$  low employee engagement  
 $\implies$  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			
	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)
Matches	<u>commitment</u> 498 5(I)	teamwork 487 4(R)	customer satisfaction 491 2(O)
PV - CC 3	family/ friendship 479 2(R)	customer satisfaction 476 2(O)	customer service 489 6(O)
CC - DC 8	reliability 387 3(R)	community involvement 399 6(S)	employee fulfilment 477 6(O)
PV - DC 0 [new requests]	<u>integrity</u> 321 5(I)	vision 373 7(O)	community involvement 430 6(S)
	friendliness 294 2(R)	organisational growth 296 1(O)	<u>integrity</u> 337 5(I)
	responsibility 283 4(O)	being the best 285 3(O)	<u>commitment</u> 301 5(I)
	humour/ fun 276 5(I)	<u>integrity</u> 275 5(I)	vision 295 7(O)
	courtesy 263 2(R)	<u>commitment</u> 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			
	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
	<u>accountability</u> 68 4(R)	<u>accountability</u> 29 4(R)	<u>accountability</u> 54 4(R)
Matches	honesty 52 5(O)	job insecurity (L) 28 1(O)	excellence 30 3(O)
PV - CC 1	<u>commitment</u> 40 5(O)	bureaucracy (L) 27 3(O)	open communication 29 2(R)
CC - DC 1	<u>integrity</u> 35 5(O)	control (L) 26 1(R)	employee recognition 28 2(R)
PV - DC 5 [new requests]	positive attitude 30 5(O)	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(O)	inconsistency (L) 24 3(O)	<u>commitment</u> 24 5(I)
	fairness 24 5(R)	rigid (L) 23 3(O)	continuous improvement 23 4(O)
Cultural Entropy: Current Culture 39%	trust 24 5(R)	confusion (L) 21 3(O)	efficiency 22 3(O)
	<u>excellence</u> 22 3(O)	discrimination (L) 21 2(R)	<u>integrity</u> 21 5(I)
			respect 21 2(R)

Black Underline = PV & CC  
Orange = PV, CC & DC

Orange = CC & DC  
Blue = PV & DC

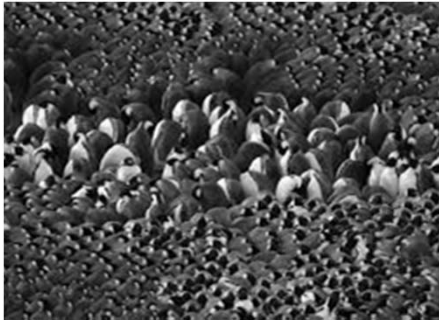
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Values Plot



What do these groups have in common?

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**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



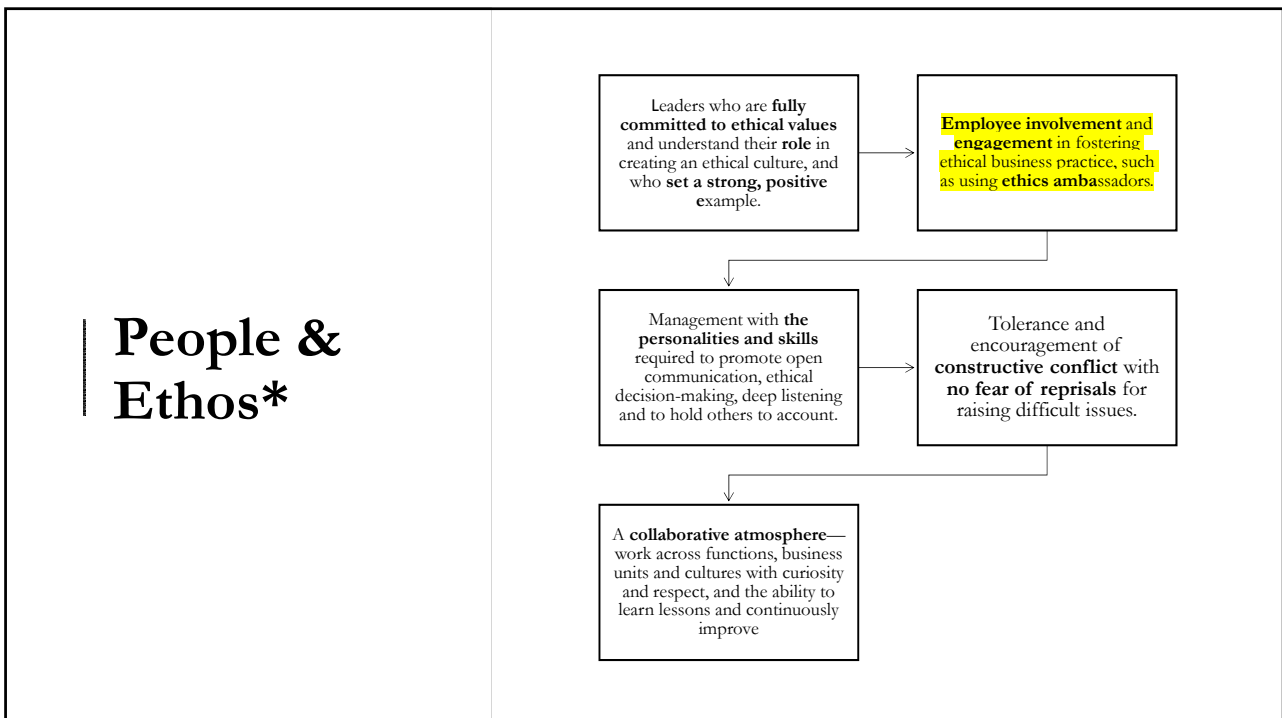
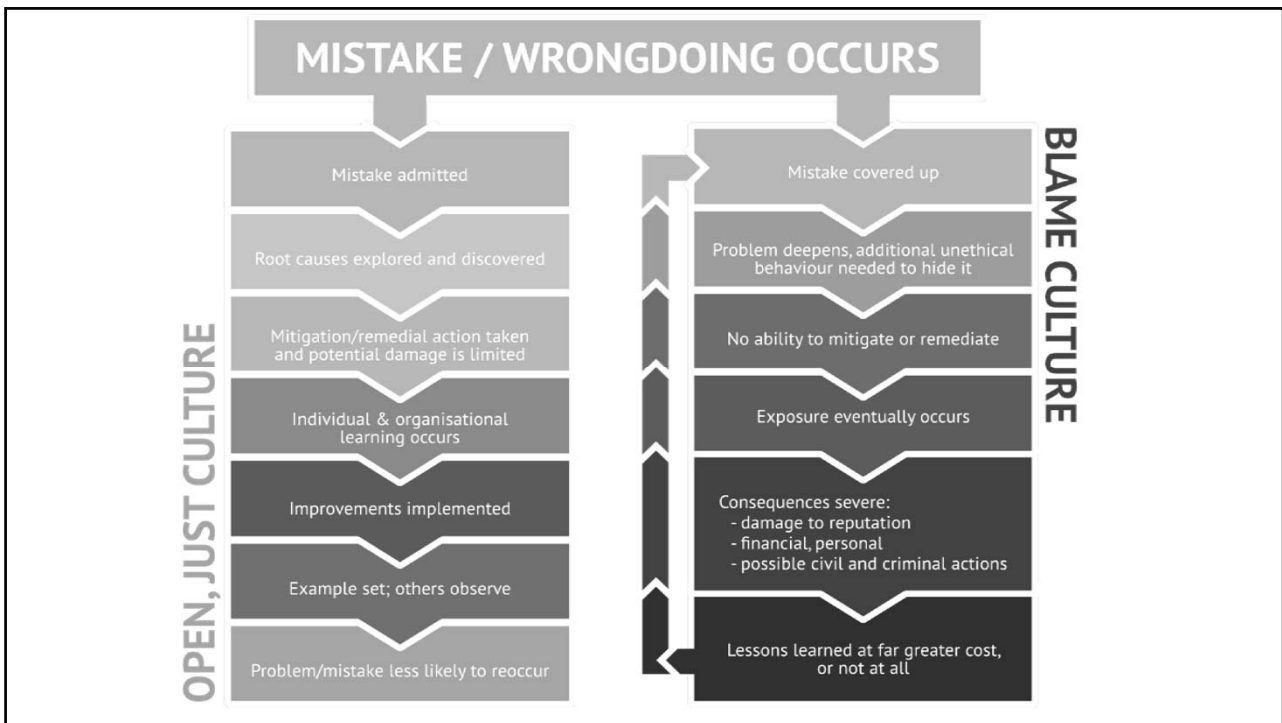
### Values-based Ethics and Compliance Framework

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

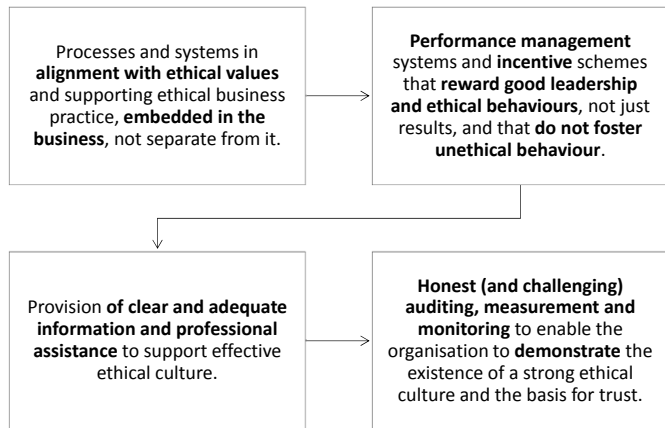
## The Foundation\* excerpt

- 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



## 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...

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- 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)



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		Companies WITHOUT ambassadors	
Code of ethics	100%	Code of ethics	100%
Speak up line	96%	Speak up line	94%
Internal reporting on ethics	96%	Internal reporting on ethics	67%
External reporting on ethics	87%	External reporting on ethics	72%
Ethics training	96%	Ethics training	89%
Monitoring programme	87%	Monitoring programme	72%
Board level ethics committee	83%	<b>Board level ethics committee</b>	44%
Management level ethics committee	65%	<b>Management level ethics committee</b>	44%
External stakeholder engagement	78%	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		Companies WITHOUT ambassadors	
Providing guidance to staff	87%	Providing guidance to staff	94%
<b>Creating a shared and consistent corporate culture</b>	87%	Creating a shared and consistent corporate culture	75%
A public commitment to ethical standards	52%	<b>A public commitment to ethical standards</b>	75%
Guarding reputation	26%	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

**1. Promoting values  
and culture**

2. Address a specific  
issue

3. Provide training

Companies WITHOUT  
ambassadors

**1. Address a specific  
issue**

2. Provide training

3. Promoting values  
and culture

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Thank you for  
your attention

