

SPOTLIGHT ON ETHICAL CULTURE WHY MEASURING CULTURE MATTERS

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SPRING 2024





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OUR MISSION STATEMENT

Ethisphere® is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. We have a deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character. Ethisphere believes integrity and transparency impact the public trust and the bottom line of any organization. Ethisphere honors superior achievements in these areas with its annual recognition of The World's Most Ethical Companies®, and facilitates the Business Ethics Leadership Alliance (BELA), an international community of industry professionals committed to influencing business leaders and advancing business ethics as an essential element of company performance. Ethisphere publishes Ethisphere Magazine and hosts ethics summits worldwide.

**The opinions expressed in this magazine are those of the authors,
not the printer, sponsoring organizations, or Ethisphere.**

The Ethics Advantage

Great Culture Doesn't Just Happen



by **Tom Bubeck**

Sometimes, I run into organizational leaders who tell me, "I don't worry about culture." This boggles my mind, because whether you know it or not, your organization definitely has a culture. And if you've got a culture, don't you want it to be a good one?

It's possible for strong cultures to emerge entirely on their own, but it's less common than you might think. And given the important role that culture plays in an organization's overall health and success, simply shrugging at culture is a pretty risky thing to do. It is far better to approach culture with a sense of intentionality, both in terms of establishing what you want your culture to be, and how you maintain it.

Earlier in my career, for example, I worked for a company with a pretty distinct start-up culture. In some respects, it almost felt like some of the more positive aspects of a college fraternity—and I mean that in

a good way—where people worked hard and played hard, and we had fun activities (like eating contests) to blow off steam. More importantly, this company also didn't have a lot of use for formal hierarchy. People's titles were descriptive and based on what they did, rather than traditional titles like Associate Director, Vice President, etc. The idea was that by flattening the organizational structure, junior people within the organization would feel more comfortable sharing their points of view with even the most "senior" of people.

The "work hard/play hard" mentality and flat hierarchy were hallmarks of that company's culture. But what I remember most about them was that they were both very intentional. The company specifically wanted to create that kind of environment because that was what it felt would help build the most value by recruiting and retaining talent, winning business, and innovating solutions for clients.

Culture works best when it is intentional—when you decide what your values are, what behaviors you wish to encourage to reinforce those values, and when you measure how much it is working as intended. Anything less than that relegates culture to the realm of wishful thinking, and that's not a particularly reliable recipe for success.

Case in point: the lessons I learned from my start-up experience is that I strongly believe that hierarchies can stifle innovation. A culture that is intentional, transparent, and non-hierarchical can truly embrace everyone in their career journey and creates the kind of psychological safety that encourages unique perspectives (people are smart whether they have one year under the belt or twenty). Those ideas are all well

and good, but unless I measure them, how can I know for sure if they are really the company's lived experience?

Ethisphere also undertakes culture surveys—we recently completed one, in fact—and the feedback we got gave us extremely valuable insights on where we could improve. The things people ask for in a survey provide a clear indicator of where to focus our efforts. But they are also a prompt to let people know that they had been heard, recognized, and taken seriously.

It's important to cultivate a culture where people feel comfortable enough to provide feedback because that feedback reinforces the kind of culture you want to have. Measuring culture is important. But the message you send back to your colleagues after the results come in is even more so.

A culture of high psychological safety, where every voice matters, where people are willing to take risks for the sake of innovation, where they know they will be treated with respect and accountability...these are all the results of intentional culture. Great culture doesn't just happen. Like everything else in a successful organization, it's the result of thoughtful, diligent effort. It's a lot of work, but it's always worth it. Just visit any company with a great culture and see for yourself. ■

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'T' followed by a long, horizontal flourish.

TOM BUBECK
CEO, Ethisphere

Dispatches from the Ethics Economy

Protect Your Speak-Up Culture



by Erica Salmon Byrne

Any culture is only as strong as its ability to correct itself. When you have your first serious speak-up incident, how will your organization respond? Do your employees have the ability to easily and safely report problems when they see them? Do your managers have the training to know what to do when they receive such a report? And most of all, does your organization have in place the guardrails to ensure that those who speak up are not penalized for it?

The truth is, a lot of organizations struggle with this. According to a [recent Traliant report](#) on how safe employees feel at work, only 44% of workers strongly agree that their employers promote a speak-up culture, where employees can report misconduct without fear of retaliation. These numbers are not surprising; Ethisphere's own culture data shows a steady decline between 1) the percentage of employees who are aware of their company's speak-up policies and

procedures, 2) the percentage that says they would report wrongdoing if they witnessed it, and 3) the percentage that actually follows through when they witness misbehavior. We noted this in the Ethisphere 2023 Culture Report, and our 2024 Culture Report, which drops later this year, will go even further into these figures. This is a long-term phenomenon that defines our struggle to improve speak-up culture.

So, what can we do about it? First, develop a formal anti-retaliation policy. Does your organization formally prohibit retaliatory behavior? Does it clearly describe how to report suspected retaliation? Is it written in language that all employees can understand? Companies that lead the way in this area establish meaningful and understandable policy language around this, and back that up with properly resourced ethics and compliance departments that work closely with HR to ensure that employees feel empowered to speak up when they see that something is wrong, secure in the knowledge that they will not be overtly or covertly punished for their integrity.

Second, train your managers. Even at organizations with sophisticated and well-advertised employee hotlines, the reality is that employees usually raise concerns with their managers before elevating matters. If your people managers are not trained to prevent retaliation, then the gap to allow for retaliation will only widen. According to Ethisphere's research, the most common topics covered in non-retaliation training for managers include:

- The importance of not treating reporters differently (94%)
- The need to avoid suspensions, terminations or layoffs (90%)

- The need to avoid potentially retaliatory transfers or changes (88%)
- Viewing reporting as a positive opportunity to address an issue (83%)
- Observation to prevent retaliation from co-workers (77%)

Third, develop a culture of integrity. Anti-retaliation policies are only as good as the culture they are a part of. Culture can be [measured and benchmarked](#), and when you have hard data around how well your culture stacks up against your peers and industry best practices, then you have a sense of just how much your organization means it when it says it won't retaliate.

Finally, stop calling it whistleblowing. Even when calling out truly reprehensible behavior, "whistleblowing" is still equated with cynical tattling. Maybe we should call employees with the integrity to call out misconduct *upstanders* instead. After all, the words we use to describe ourselves matter. And those among us who live up to the expectations of business integrity in the most meaningful way possible deserve to be addressed properly: as model employees. Reporting isn't an act of disloyalty. It is an act of integrity. ■

ERICA SALMON BYRNE
Chief Strategy Officer and
Executive Chair, Ethisphere

In the News

THREE CHEERS

On March 4, 2024, Ethisphere announced the 136 companies that have earned the coveted designation of the [World's Most Ethical Companies in 2024](#). This year's honorees span 20 countries and 44 industries. This marks the 18th annual World's Most Ethical Companies recognition. As in previous years, honorees have demonstrated a commitment to ethical business practices through robust programs that positively impact employees, communities, and broader stakeholders, as well as contributing to sustainable, long-term business growth. Fifteen companies on this year's list are being recognized for the first time. Six companies—Aflac, Ecolab, International Paper, Kao Corporation, Milliken & Company, and PepsiCo—have been recognized 18 times, every year since the inception of the World's Most Ethical Companies® in 2007. Visit www.worldsmoethicalcompanies.com to learn more about the World's Most Ethical Companies applications and evaluation process.

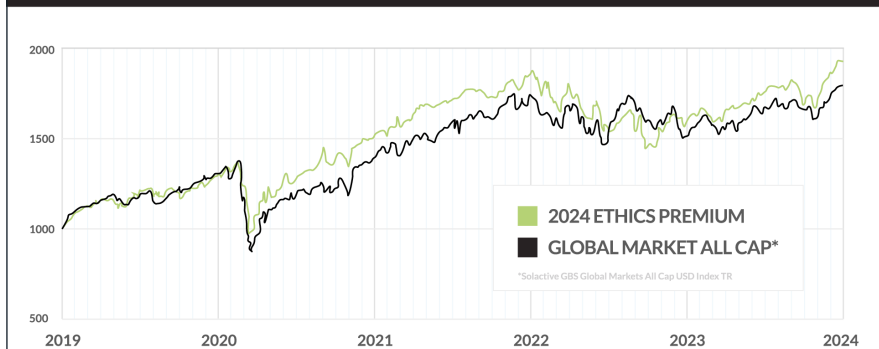
Ethisphere's Five Year Ethics Premium for 2024 is 12.3%. This represents the margin by which publicly traded companies recognized in this year's World's Most Ethical Companies outperformed a comparable index of global companies over a five-year period from January 2019 to January 2024. The Ethics Premium proves, yet again, that strong ethics is good business.

When you're finished with this issue of Ethisphere Magazine, be sure to head over to *CEO North America*, where Ethisphere CEO **Tom Bubeck** gives a

FIVE-YEAR ETHICS PREMIUM: 12.3%

The listed 2024 World's Most Ethical Companies® Honorees outperformed a comparable index of global companies by 12.3 percentage points from January 2019 to January 2024.

2024
WORLD'S MOST
ETHICAL
COMPANIES
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terrific interview on in which he discusses "why it is more important than ever for organizations to operate with integrity, to be accountable, to practice transparency, and to operate in accordance with ethical business practices." We couldn't have said it better ourselves. After that, check out *Fast Company*, where Ethisphere Chief Strategy Officer **Erica Salmon Byrne** discusses how organizations can create speak-up cultures where employees can act with integrity and accountability without suffering suspicion and resentment.

One Mind at Work has been named by *Fast Company* as one of the [Most Innovative Companies of 2024](#). **One Mind**—in partnership with Ethisphere and the Columbia University Mental Health + Work Design Lab—created the **Mental Health at Work Index**, a first-of-its-kind standardized assessment that companies can use to assess and benchmark their mental health services.

Since launching in May 2023, Bank of America, Axa, Aon, and nearly 50 more organizations representing nearly 2 million workers around the world, have used the tool to measure their own progress in employee mental health.

When **Dr. Ruth Gottesman**, professor emerita of the Albert Einstein College of Medicine in the Bronx, unexpectedly inherited a [\\$1 billion portfolio](#) of Berkshire Hathaway stock from her late husband with the instructions of "do whatever you think is right with it," she donated it to the school to [cover students' tuition in perpetuity](#), with the goal of attracting a more diverse pool of applicants. Watch the video of her announcement of the gift [here](#).

A **New Jersey ShopRite** that sold a \$1.13 billion lottery ticket donated its [\\$30,000 commission check](#) to the company's charitable group, [ShopRite Partners in Caring](#).

OF INTEREST

Sam Bankman-Fried, the former cryptocurrency tycoon, was sentenced to [25 years in prison](#) for fraud, conspiracy, and money laundering connected to the collapse of the now-defunct

crypto trading platform FTX which collapsed dramatically in late 2022, erasing some \$32 billion in value on the exchange. Prosecutors did not get the 40-50 year-sentence they hoped

for, but during sentencing, Judge Lewis Kaplan chastised Bankman-Fried's lack of remorse for his misappropriation of funds, and said the risk of him committing future misconduct was

high. Bankman-Fried was also ordered to forfeit some \$11 billion to offset the losses suffered by customers, investors, and lenders when FTX failed.

Texas Attorney General Ken Paxton (R) reached a deal with prosecutors to avoid trial for criminal securities fraud charges connected to a 2011 incident when Paxton, then a state representative, promoted the stock of a tech company called Severy to investors without disclosing that he was being paid to do so. Paxton—who survived an impeachment trial last year over related charges—still faces an ongoing FBI corruption investigation. In the meantime, Paxton will pay \$271,000 in restitution,

complete 100 hours of community service and take legal classes.

The Panama Papers criminal trial began in early April, which will finally try [27 defendants](#) including two owners of the Panamanian law firm Mossack Fonseca, for their roles in a global money laundering scheme that allowed the ultra-wealthy to hide their assets from taxation. The Panama Papers scandal began when a massive leak of some [11.5 million documents](#) from Mossack Fonseca implicated numerous heads of state, prominent business leaders, politicians, and other notable figures who used the firm to hide their wealth. The Panama Papers also played a key role in

one of the most impactful anticorruption investigations in living memory: Brazil's Operation Car Wash. Speaking of which...

Former President of Brazil Jair Bolsonaro, who won his election in 2018 after campaigning on an anticorruption ticket inspired by the political shockwaves caused by Operation Car Wash, now faces criminal indictment over falsifying his own COVID-19 vaccination data in order to travel internationally despite not having received the vaccine. Bolsonaro currently faces other criminal investigations as well, and if tried and convicted on his vaccination case, he could receive up to 12 years in prison.

MEANWHILE

Artificial intelligence continues to be one of the major compliance issues of the year as stories abound of AI committing [ethical lapses](#), being used to [suppress voter turnout](#), and companies [racing to operationalize](#) this disruptive and potentially dangerous new technology. The European Union adopted the world's first [comprehensive AI legislation](#), which puts all AI into four risk categories (low, limited, high, and unacceptable). Video games count as low-risk, while biometric identification count as unacceptable. In the United States, the Biden administration has issued AI policies for [federal agencies](#) to protect personal privacy and safety, and various states are enacting their own AI laws, creating a regulatory and [compliance nightmare](#) for businesses.

The European Court of Human Rights has ruled that the Council of Europe's 46 member states (including all 27 European Union nations) have an [obligation to reduce greenhouse gas emissions](#) in order to protect people from the harmful effects of climate change. The ruling stems from a lawsuit brought by a coalition of women over 70 years old, who maintained that Switzerland's failure to curtail the personally harmful effects of climate change violated their basic human rights. Meanwhile, a similar [legal finding in India](#) has established that safety from the harmful effects of climate change is a fundamental human right.

Disney and its CEO Bob Iger won a [high-profile proxy battle](#) led by activist investor/killjoy Nelson Peltz, who sought to replace two of Disney's board with himself and a former Disney CFO. Peltz's main contention was that Disney had become an [excessively "woke"](#) company, specifically questioning movies with all-female or all-Black casts. Disney mobilized a massive campaign against Peltz's efforts, ultimately relying on the company's unusually large bloc of retail investors, whose investment in the company is more personal than financial. In the end, "go woke, go broke" applied to nobody here, as Disney's stock surge from the proxy battle enriched Peltz's own company by some [\\$1 billion](#).

Elon Musk is apparently [turning off potential Tesla buyers](#) with his toxic public and online behavior, which contributed to the company's poor first quarter. Separately, Musk has admitted that his incessant trolling at his other company, X (formerly Twitter) has done [more harm than good](#). Meanwhile, a judge has tossed X's Musk-driven lawsuit against the [Center for Countering Digital Hate \(CCDH\)](#), which called out X for failing to remove hate speech from its platform. The dismissal of the suit could set a precedent for other social media companies' obligation to counter hate speech on their platforms.

The Environmental Protection Agency has completed a [nationwide ban on asbestos](#), exposure to which is linked to an estimated 40,000 cancer deaths annually. The EPA also required municipal water suppliers to virtually eliminate six PFAS, or ["forever chemicals"](#), from drinking water that have been linked to various cancers and birth defects. Nearly all Americans have measurable amounts of PFAS in their blood.

Alabama Governor Kay Ivey signed a bill into law that [prohibits state funding of DEI](#) (diversity, equity, and inclusion) initiatives at public schools, universities, and state agencies. The law purports to prevent DEI from introducing eight hazily defined "divisive concepts," and is merely the latest in a wave of [80 anti-DEI laws](#) that have been introduced at the state and national level since 2023.

Mind your own business, dear. Tyler Loudon, of Houston, TX, will pay a \$1.76 million fine, and disgorge the same amount in illegal profits from illicit trades he made in 2023 based on information gained while eavesdropping on his wife, a BP mergers and acquisitions manager, while they both worked remotely in the close proximity to each other. Loudon's wife—who alerted her employer to the illegal trade when she discovered it—nevertheless was terminated by BP. She has since filed for divorce. ■

Business Ethics Leadership Alliance (BELA) On-Demand Event Replays



CULTIVATING AN ETHICAL SPEAK UP CULTURE



It is crucial to create a culture where your employees feel willing and able

to speak up when something's not right. An ethical speak-up culture is built on many things, but most importantly, a robust reporting system and effective training. It is not only about encouraging communication, but also creating a supportive, transparent, and accountable environment where employees feel valued and empowered to contribute to the organization's success.

- **Doug Allen**, VP, Data Strategy, Ethisphere
- **Asha Palmer**, SVP, Compliance Solutions, Skillsoft
- **Ciara Harrington**, Chief People Officer, Skillsoft

To access this on-demand event replay, [please click here](#).

GENAI: WHAT'S YOUR ORGANIZATION'S POLICY?



We're in limbo. Many leaders are struggling to balance their – or their organizations' – trepidation versus fascination with generative artificial intelligence (GenAI). This is especially

true following the recent Executive Order, and corresponding OMB guidance, from President Biden urging us to assess the opportunities presented by artificial intelligence, while simultaneously thinking through responsible and ethical use. In this webinar, learn how to craft an AI policy for your organization that is reflective of your mission, vision, and values.

- **Asha Palmer**, SVP, Compliance Solutions, Skillsoft
- **Alex Hernandez**, Data Privacy Officer & Product Compliance Counsel, Skillsoft
- **Nausheen Moulana**, Chief Technology Officer, Ethisphere

To access this on-demand event replay, [please click here](#).

IN-PERSON SAN FRANCISCO ROUNDTABLE ON EMPLOYEE ENGAGEMENT & AI GOVERNANCE —FEATURING AUTODESK & SERVICENOW



This recap is from the February 2024 in-person roundtable in San Francisco on employee engagement and artificial intelligence governance. The recap covers a discussion lead by Autodesk on promoting employee engagement in compliance and ethics,

and another lead by ServiceNow on navigating generative AI governance.

To access this on-demand event replay, [please click here](#). Need access? Email bela@ethisphere.com.

**IN-PERSON HOUSTON ROUNDTABLE ON SPEAK UP AND THE SPHERE
—FEATURING ENBRIDGE & ETHISPHERE**



At this in-person roundtable in Houston on March 5, 2024, participants heard from Enbridge on best practices in communications and training to promote a speak up culture, along with a helpline case study. They also got a presentation on The

Sphere and how companies can use it to improve their programs.

To access this on-demand event replay, [please click here](#). Need access? Email bela@ethisphere.com.

**IN-PERSON NEW YORK ROUNDTABLE ON SPEAK UP AND CULTURAL RESILIENCY
—FEATURING NEW YORK LIFE & PRUDENTIAL**



At this in-person roundtable in New York on March 19, 2024, participants heard from New York Life on addressing how an organization's culture can impact artificial intelligence. Prudential led

a discussion on establishing and promoting a global speak up culture.

To access this on-demand event replay, [please click here](#). Need access? Email bela@ethisphere.com.

**IN-PERSON SEATTLE ROUNDTABLE ON THIRD-PARTY COMPLIANCE PROGRAMS
—FEATURING AMAZON**



At this in-person roundtable in Seattle on March 7, 2024, Amazon led multiple discussions around third-party compliance, including creating a third-party compliance program,

combatting corruption across borders, and collective third-party compliance.

To access this on-demand event replay, [please click here](#). Need access? Email bela@ethisphere.com.

**VIRTUAL ROUNDTABLE ON INVESTIGATIONS & CULTURE
—FEATURING TTEC AND ETHISPHERE**



At this virtual roundtable in Denver on March 14, 2024, TTEC led a conversation on best practices in standardizing investigations across functions and regions. Ethisphere led a discussion on maintaining ethical culture when conflicts arise, including multi-generational and

interpersonal conflicts at work, how to address them, and best practice for remedying them.

To access this on-demand event replay, [please click here](#). Need access? Email bela@ethisphere.com.

Business Ethics Leadership Alliance (BELA) Member Resources



BELA members receive enterprise-wide access to the [BELA Member Hub](#)—a premier repository of key resources featuring examples of work, presentations, and research provided by BELA companies, exclusive data from Ethisphere's unparalleled data set, program benchmarking, and expert reports, event sessions and other insights.

Be sure to check on the resource hub regularly to see the latest content that addresses some of the most important issues facing the ethics and compliance field today. And if you are interested in showcasing your organization and sharing a resource with the BELA Community, reach out to Manager, Content & Community Engagement, [Samantha Johnson](#) to learn more.

BELA Asks Series Recap



One of the best benefits of being a Business Ethics Leadership Alliance member is that if you have any questions at all about ethics and compliance, you can submit them to BELA's concierge service, which will connect you with one of our internal experts who will provide an answer and/or direct you to a helpful resource for more information.

Sometimes, these requests are specific to a particular company's

needs. But most of them speak to broad challenges facing BELA members in general, and by extension, the wider ethics and compliance profession. That's why we are using this show to thematically respond to high-level questions from the BELA community.

Joining us to give those responses is BELA Chair **Erica Salmon Byrne**, who answers:

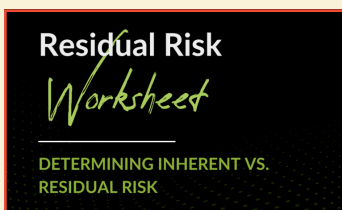
- [How Do I Convince HR to Conduct a Speak-Up Survey?](#)
- [How Do I Refresh and Roll Out a Code of Conduct?](#)
- [What Does a Great Compliance Champion Program Look Like?](#)
- [How Do I Restructure My Training Program?](#)

- [How Do I Plan a Global Ethics & Compliance Week?](#)
- [What Should My First 100 Days Look Like?](#)
- [How Do I Create a Policy on Policies?](#)
- [How Do I Measure and Assess Third-Party Risk?](#)
- [What Due Diligence Questions Should I Ask?](#)
- [How Do I Benchmark My Supplier Due Diligence Onboarding?](#)
- [How Do I Factor Compliance into Performance Evaluations?](#)

To learn more, or to ask a question of your own, visit bela@ethisphere.com.

Download this resource from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com.

Residual Risk Worksheet



Understanding risk is fundamental to the work of ethics and compliance teams. Programs built to address residual risk, as opposed to inherent risk, make the best use of resources to target areas of highest priority. Use this worksheet to

better understand the residual risks faced by your organization.

Download this resource from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com.

Ethisphere Essentials on Investigations



Ethisphere Essentials are foundational resource packages on topics that ethics and compliance teams must address on a continuing basis. While they can be used by programs at any maturity level, they are geared toward organizations that are looking to build the foundations of their ethics and compliance program.

This Ethisphere Essentials package is on investigations. This resource is on investigation basics and includes:

- [1 | Introduction & Investigations Basics](#)
 - The importance of having a specified investigations process
 - The 8 Key Steps of an Investigation
- [2 | Guide to Investigator Training](#)
 - Benefits of consistent training for all investigators
 - Developing standard operating procedures
 - Grab-and-Go training program outline
- [3 | The Manager's Role in Investigations](#)
 - Receiving reports of misconduct from employees
 - Escalating issues and concerns
 - Recognizing, preventing, and responding to retaliation
- [4 | Conducting Root Cause Analysis](#)
 - The root cause analysis process
 - Key considerations for success

- A sample taxonomy
- Choosing an analysis method
- [5 | Navigating Remediation & Discipline](#)
 - Steps for corrective action and ongoing monitoring
 - Sample remediation framework
 - Defining the issue and severity level
 - Examples of discipline
- [6 | Communications](#)
 - Educating employees on the investigation process
 - Communicating with investigations participants
 - Emphasizing non-retaliation and sample non-retaliation policy
 - Sharing investigation outcomes with stakeholders

Download these resource from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com.

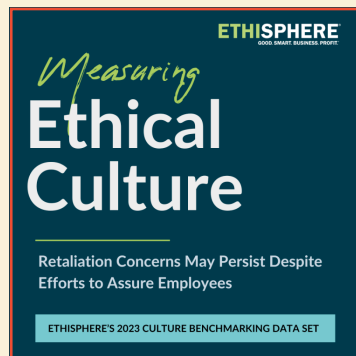
Spotlight on Unum: Elevating Ethics Across an Organization



In this Spotlight, we explore how Unum Group's Chief Compliance & Ethics Officer, Beth Simon, created an ethics and compliance program that has been honored as one of the World's Most Ethical Companies and earned Ethisphere's Compliance Leader Verification for its outstanding program and practices.

Download this resource from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com.

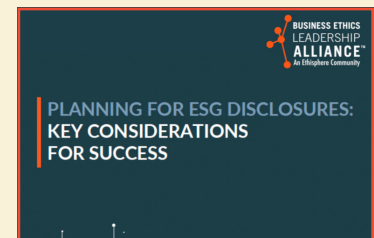
Measuring Ethical Culture Infographic: Retaliation



This infographic shares data points from Ethisphere's 2023 Culture Benchmark Data Set on retaliation, including the top reason employees don't report, witnessing retaliation, and awareness of non-retaliation policies.

Download this resource from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com.

Planning for ESG Disclosures: Key Considerations for Success



Booz Allen Hamilton Inc., Ethisphere, Leidos, Starbucks, U.S. Bank, VF Corporation, and Visa provide their collective insights in this helpful resource for those within organizations with ownership over the ESG disclosure process. This guide lays out a high-level decision tree illustrating the key activities, roles, and responsibilities necessary to ensure accurate, timely, and verifiable cross-functional ESG disclosures.

Download this resource from the [BELA Member Hub](#). Need access? Email bela@ethisphere.com.

The Merits of Measurement

How Do You Know If Your Company Really Has a Strong Culture?

by **Curtis Leicht**

Ethical culture matters to employees, investors, and all stakeholders. Companies that have strong, values-based cultures are better places to work and well-poised for long-term success. But the key to maintaining a strong ethical culture is by measuring it. When we elevate culture from a subjective art to an empirical process, business integrity becomes something achievable, measurable, repeatable, and sustainable.

The 2024 Five-Year Ethics Premium is 12.3%. That is the amount by which the publicly listed honorees of the 2024 World's Most Ethical Companies outperformed a comparable index of global companies from January 2019 to January 2024. That is a pretty big number. Specific metrics like this are instrumental not only for helping to prove the value of a strong ethical culture, but they help organizations better understand where their cultural strengths and opportunities for improvement lie.

When people think of "culture," they often think of it as a subjective and unquantifiable thing. But we know that's not true. The truth is, it is crucial for organizations to measure their culture and develop a strong set of skills around that process so they can better understand what their data tells them, and take substantive action to transform their workplace for the better.

It's helpful to think about ethical culture as the act of closing the loop between your ethics and compliance program, and the lived experience of your employees. At Ethisphere, we measure across eight different pillars:

- Awareness of the E&C Program and Resources
- Perceptions of the Function
- Observing and Reporting Misconduct
- Pressure
- Organizational Justice
- Perceptions of Managers
- Perceptions of Leadership
- Perceptions of Peers and Environment

Organizations can measure the degree of each of these pillars through things like employee surveys. It is important to make sure there is some sort of robust benchmark or comparison tool against which to measure any survey data, since data in a vacuum is difficult to contextualize.

But this speaks to the reality that culture is not some kind of amorphous thing that organizations can just hope works out for the best. Organizations need to take concrete steps to make sure that their culture is strong by addressing problem areas, celebrating successes, and supporting strengths.

Typically, they start that process through some sort of measurement effort to see where they're at, to kind of get a gauge of how the employees are feeling about the program.

WHAT DOES THE MEASUREMENT PROCESS LOOK LIKE?

At Ethisphere, we partner closely with organizations to help plan their surveys. Ethisphere has its standard topics that we typically survey, but most organizations have the survey topics in mind that speak to their particular situation. Besides the survey itself, we also help organizations after the survey data comes in to know what it really means.

Surveys often produce thousands, if not tens of thousands of data points. How do you slice and dice that data? Are there differences in your organization from department to department? Are there differences from country to country? (And if so, are you really diving into what are those differences?) How does that compare to a peer benchmark?

Answering those questions provides a lot of context for organizations where they may not be sure where to start. But it can also help make the best use departments' finite resources. There is a tendency to focus on a particular topic or area of the business that might be struggling more than others, but this could also be an opportunity to identify areas of the business that are doing really well, and sharing success stories on something the organization is quite strong in. It could be a particular business unit, manager, or senior leader that's really crushing it in a specific area. And then the question becomes, how can you take what they're doing and operationalize that across the organization?

KEEPING DATA FRESH

When a company undergoes a cultural survey and they're starting to measure their culture, it produces a lot of data. And that data can be like gold if it's used the right way. But once you have that data and you've worked to analyze and really understand what story it's telling you, how long is that data good for?

There isn't one true answer for all organizations, but data does, in fact, get stale. Typically, we see organizations measure either on an annual basis, every 18 months, or every two years. And the reason for this is because the conditions in which a survey is conducted can be impacted by big world events that themselves may affect the results of the survey. A good example of this is the COVID-19 pandemic. That crisis really changed the cultural experience for a lot of employees. A lot of employees went from on-site all the time to remote entirely, and then maybe back to hybrid. How they interacted with the organization during that time really changed the types of things that they saw and heard from their coworkers, managers, and leadership.

COVID-19 is a really clear example, but that kind of phenomenon is always happening to some extent that can impact survey results. There could also be organizational changes, leadership changes, reorganizations, different pressures depending on economic conditions. The list of potential X-factors can be extensive, so organizations will want to measure their culture on a relatively regular basis, both to see how those types of things are affecting their organization, but also, they will want to see to what degree the changes in their ethics and compliance program have had upon the organization's culture itself.

Consider, for example, when an organization addresses a particular area like perceptions of whether people believe in the non-retaliation policy. That organization will want to remeasure to see if that work actually made a difference and then either adjust if it didn't, or celebrate that success if it did.

SPREADING THE WORD

Messaging and communications is incredibly important when it comes to improving organizational culture. Many compliance departments know this already, but that doesn't make executing on it any easier. Compliance programs have a lot of control over what they do and the messages that they specifically put out. But whatever the message is that the compliance team puts out, what we see as being the most effective is when people outside of the compliance program also echo that message. That goes a long way to gaining buy-in from various stakeholders.

It also pays to think beyond the message itself—the words on the page, the content in the email or on the SharePoint site, the video or audio content—and think about who is sending that message. Who is talking about it? Who is backing it up? Because if it always comes from the same source all the time, and that source is the ethics and compliance department, then there is probably an opportunity being missed to incorporate people like senior leaders outside of ethics and compliance, middle managers, and direct managers, to talk about the messaging and really magnify its impact.

The role that managers play as the "point people" for employee perception of the health of the organization's culture is incredibly important. When we look at Ethisphere's own culture survey database, it's clear that managers are the most trusted person in someone's work life. You work really closely with your direct manager. In our 2023 data set, for example, 90.9% of employees believe that their manager acts ethically at all times. But that number for senior leadership is only 78.5%. So the data shows us there is a bit of a gap there. Largely, we think about this as people interact with their immediate manager a lot more than senior leadership. They interact in more of a direct way, either in person, day to day on Zoom calls, via Slack, and so on.

There is distance between senior leadership and the bulk of your employees. There are layers of the



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organization, and less interaction between them. So, knowing that immediate managers are a more trusted source of information, ethics and compliance teams can collaborate with them on ethics messaging or to have their conversations and messaging with their team align with your compliance program messaging around key topics.

We often advise organizations to engage their managers in order to amplify ethics and compliance messaging. If you can gain buy-in from your managers on a particular topic that you want to improve, and have them echo the messaging that's coming from the compliance program or senior leadership, that will have an effect on employees because it's coming from an internal source of information that they trust.

Case in point: An organization may have a great non-retaliation policy with a lot of messaging around it. Oftentimes we'll hear, "We message around this all the time. I don't know why employees don't have faith in this policy." If you can engage managers to talk about that policy and how it is enforced at the organizational level, then the message

will come from a source of trust that will really matter to employees.

To that end, one of the things that we measure frequently is whether conversations happen between managers and their direct reports on ethics and compliance issues. This doesn't have to be a dedicated conversation. It could be a part of a larger conversation or part of a team meeting. But we know that there is often a strong correlation between the frequency of those conversations from direct managers and positive perceptions about other key areas that we measure.

Again, turning to our 2023 data, 88% of employees that are having these conversations with their managers monthly believe that the company enforces their non-retaliation policy. But if they are only having conversations about ethics and compliance related issues annually, that confidence drops to 70.5%. There is a big impact that that we can glean from that correlation. It really shows that when managers are echoing the message or aligned with it, that makes the efforts in the ethics and compliance department a lot more effective, because they are coming from a source that is trusted already.

IT PAYS TO TRAIN YOUR MANAGERS

It is often said that people don't leave jobs, they leave managers. With that in mind, and as we consider just how important the manager's role is as an arbiter of organizational culture, it falls to the organization itself to ensure that managers are adequately trained to live up to that role.

Managers are the heart of your culture, and they are a big lever that you can pull to affect cultural change. So when you're thinking about your managers, remember that they are already being asked to do a lot from different departments, from their direct reports, and their own manager. So it's important to remember, when we're thinking about training managers to have these conversations, that their time is scarce. It might be worth thinking about not necessarily having

more conversations about ethics and compliance, but perhaps incorporating them into something else that's already happening. That could be a weekly team meeting, or during their one-on-ones with their direct reports. It doesn't always have to be a brand new thing.

But it's important to remember that managers are asked to do a lot, and gaining even five minutes of their time to have a conversation can be difficult, which is certainly something to look into if you are measuring culture and you are not seeing the conversation rates that you would like, or if you're seeing poor perceptions of managers in general.

FINAL THOUGHTS AND BEST PRACTICES

The Ethisphere Culture team conducts a great deal of culture surveys. We definitely see some common threads between those organizations that see really terrific results in advancing their culture once they started to measure it.

First and foremost, they know where they stand when it comes to ethical culture. It starts with knowing where your culture is at, because only then can you know exactly where to focus your efforts, time, and resources. They also know how engaged their managers are and whether that is helping their cause or reinforcing their message.

Some of the organizations with best-in-class results do this is by providing resources and tools for managers to have the conversation. Sometimes ethics and compliance topics can be difficult to start a conversation around, but there are ways to make it an interesting conversation.

The best-in-class companies also keep in mind that their employees are probably wondering how some of this stuff works. They might get training about it on an annual basis, but it sometimes leaves them wondering, does this really work this way? Is the organization really going to, for example, protect me if I need to report misconduct? So giving those employees conversation starters and toolkits around those topics can be really helpful.

Another common thread among best-in-class organizations that we see is leadership buy-in throughout the organization. Not just the ethics and compliance department or senior leaders, but when you can get people's direct managers all the way down the chain having the conversations, that tends to have a big impact.

And finally, we'll see organizations incorporate ethics and compliance as a key factor in how they evaluate managers. This could be something as formal as putting it as a small piece of an annual review process or just something that they consider when somebody moves up in the organization. Does this person embody our ethical culture? Do they embody our core values? And how does that translate as they move up in the organization?

If people feel like this is a way to differentiate themselves and make themselves stand out in their career goals, then they tend to care a little bit more about it too. ■

To connect with the Ethisphere Culture team and learn how you can measure and elevate your organization's culture, please [click here](#). For further reading, check out the [2023 Ethical Culture Report: Lessons from the Pandemic](#), and the special report, [The Eight Pillars of an Ethical Culture](#).

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Curtis Leicht is a Senior Culture Analyst in the Data & Services group at Ethisphere. In his role, Curtis helps manage and execute Ethisphere's Ethical Culture Assessments, Culture Benchmarking, and other Ethisphere services to help organizations assess and improve their ethics and compliance programs.



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The Data & the Details

How to Contextualize Culture Survey Findings into Calls to Action

by Emilie Anderson

Culture surveys produce an awful lot of data, but unless you understand how to put that data in its proper place, and what story the data tells, it can be hard to turn all of that information into transformation fuel for your organization's culture.

When you measure culture, what are you really measuring? It's a great question to ask when undertaking a cultural assessment, and there's a layered approach to take to it.

The first layer is probably the most obvious one, which is employees' familiarity with company culture, which for a lot of organizations will look like company resources, policies, procedures, and codes.

The more interesting measurements come later, in the second layer, when you start to evaluate employees' perceptions of these things. So, you might get employees telling you how effective they think their training is or how readable your codes are.

The third layer, which works hand in hand with that second piece, is how your tools are actually informing your program. Employees might say that they think that training is effective in certain



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ways. When you take a survey of a whole population, you learn about the broader effect of your training, of your code, and of any of the policies and procedures that you have in place to protect your managers and employees. You start to pick out the data that speaks to not only people's perceptions of things, but if you have codes directing what misconduct may or may not look like, what reporting should look like, and what a speak-up culture should look like.

When you employ all three layers, then you have data that tells you how often people are reporting and where they're reporting it to, which

allows you to paint a big picture that includes what employees think of their speak-up resources and how those resources are actually directing the company culture itself.

This is where companies often hit a disconnect between what they expect their survey data will say and what it actually says. The most common surprise of this sort is around the data on how people prefer to make reports of misconduct, and I think that surprise happens for a couple of different reasons.

One, organizations are putting a lot of company resources into building out platforms for people to make reports, whether this is web reporting, hotline reporting, etc. But what the data really shows us is that people feel most comfortable making these types of reports to human beings and oftentimes to their managers. As a result, organizations are often surprised by the fact that the resources used to build out their speak-up platform are not as effective as they hoped that they would be.

Two, organizations are surprised to learn that employees feel more comfortable making these reports to a human being, which points to established ethics and compliance programs and some of the gaps that may be in those programs. If people are making a report to an automated system, there's usually a follow up procedure to that. That system goes somewhere. There's somebody monitoring it or there's a hard copy for people to look at. But if it's more word-of-mouth reporting, you might learn that your managers don't know exactly what to do with those reports. Or, you might learn that people are speaking to their colleagues and colleagues don't know whether to take this as a venting session or if they should report to a manager.

So, how people report is not only surprising because of the methods of reporting, but because it starts to pull out some of the gaps in training and in the speak up culture in general. A lot of companies, especially if they're undergoing their first survey, may succumb to the temptation of thinking that even though they're going to take a culture assessment survey, they are confident that the survey will simply confirm that they already have a great system in place that works beautifully. But that really creates a big opportunity for surprising results that tell the organization that they did not do as well as they thought they would, or that things are not as great as they think they are.

One of the greatest parts of my job is that I get to work with a lot of different organizations that are really passionate about creating a safe, reliable

workplace for their employees. It's really disappointing for them when you've committed time, resources, and a career to doing that, and find that maybe there are gaps in it. But that's the nature of culture assessments, and that type of work is changing all of the time. There are always new gaps revealed by the survey, so it's important to take them in stride and learn that a good program will be a flexible one. However long and frequently you do surveys, you're always going to find new gaps. But that just gives you a new area of improvement to zoom in on for the next year.

It goes without saying that no organization undertakes this sort of process if they don't really care about advancing a culture of integrity and really care about having a fantastic ethics culture in their organization. So even if they don't get the results they're looking for, the fact that they're doing this at all speaks quite highly of their intent and their commitment to bettering their workplace.

WHAT TO DO WITH THE DATA

Data is not magic. It requires analysis in order to inform meaningful plans to affect change. At a basic level, companies can review how, and at what rate, employees are utilizing resources. So it depends on what the results really are. If the results reflect low performance because employees don't really know what's going on in your program, for example, then the thing to do is examine how the organization is communicating with its employees. If you have a really great program and employees don't know about it, the strength of your program is less relevant.

But often what we see is a mix of a different things—usually, they are generally strong programs that are showing gaps in certain areas of the organization. For that, a really effective way to look at this is to compare either demographic qualities or department levels and figure out where things are going really well and where things are showing more opportunity for growth. From there, pick one of your strongest departments that is reporting a lot of misconduct and see if they have

really great reviews of its managers. You might want to talk to those managers and ask what they're doing to build relationships that are strong enough that employees are feeling comfortable making these reports. From there, you can evaluate the difference between that manager and your lowest performing demographic.

With culture surveys, there are standard topics that are measured, and then there are topics that the organizations themselves really want to measure, either because it's information they like, or it is something they have gone after, historically. From the organizational perspective, it pays to know what the most relevant data to gather is. And the best way to know that is to know your program and your organization.

This might sort itself out in a few different ways. One of them is the maturity of your program. As we mentioned earlier, this might be an organization's first time running a survey. Sometimes, we see organizations that don't have an established compliance program approaching us to undertake a survey to get a temperature read on the company culture to know where to start when building a program. Some of the data that organization might gather, as compared to an organization that's run this survey six times with an extremely mature program, just wouldn't be as valuable. Knowing where your program is maturity-wise can really help guide what types of questions you want to ask.

The other side of that is knowing what's going on in other places within your organization. If your organization is measuring click metrics, if you're sending out pulse surveys, if you're doing exit interviews and round tables, then it's likely that you're gathering some sort of demographic information, whether that's department level, manager level, or tenure with the company. But you are gathering data that's comparable. If you're doing a culture survey, you want to make sure that you're gathering information about the respondents that is comparable to the information that you already gather in those other places so they can combine to form a cohesive picture.

While a culture survey can give you a lot of information, it is not going to paint a complete picture of your company culture. But if you're able to pair that with click metrics, pulse surveys, and other efforts that the organization is making at a company level, then you can paint a more holistic picture that might fill in some of the gaps for you.

might feel around their work that could encourage them to make decisions that directly go against company policies, laws, or an ethical overall approach to culture. Often when we come across this, it is not a case where employees are feeling this pressure because somebody is telling them to. It's rare that we find organizations where managers are saying, "Meet this quota

employees, and employees who answer are really invested in their workplace. So it's in the organization's best interests to be as forthcoming with the results as it can be to communicate to employees that they have been heard, and that the process is being taken seriously.

The opportunities for growth that survey results highlight don't necessarily speak to a lack of strength in the program, but they might point to places where organizations can bolster their resources.

"With most organizations that are experiencing some trouble in the area of pressure, it's usually less about what's being said and more about what's going unsaid."

Common areas of opportunity are in areas of misconduct and pressure in the workplace. Those are both big uphill battles for a lot of organizations. And even in the organizations that are struggling in these areas, it is not necessarily for lack of effort or for a lack of strength in their program. When you're dealing with a lot of people, it really only takes one incident to skew some of those results.

The biggest way to make an impact on those results are immediate managers. There's a strong correlation between the relationships that employees have with their managers and their relationships that employees choose to have with their organization. The frequency with which immediate managers speak with their teams and to their employees about ethics directly informs employees' willingness to comply with ethics measures, to report when things are not going well, and to act in favor of their company culture to a really, really strong degree.

ORGANIZATIONAL PRESSURE AND FINAL ADVICE

Organizational pressure is one of the eight pillars of an ethical culture—it is the sense of urgency that employees

at any cost." It's more often the case that they're saying, "Our numbers are low, we have to really make sure we meet this quota," and employees feel that pressure to make number, make sales, make deals to satisfy clients and customers...whatever the solution may be. But where that becomes an issue is when employees internalize that urgency as a need to cut corners.

With most organizations that are experiencing some trouble in the area of pressure, it's usually less about what's being said and more about what's going unsaid. A really effective measure against pressure, then, is to be super explicit. When a manager is delivering a "rally the troops" sort of message, the words they use to express how important it is to hit a certain quota should be followed by, "but that should not happen at the expense of our ethics, at the expense of the code of conduct, at the expense of culture."

For those organizations that are thinking about undertaking their first culture survey, try to be open-minded about the process and prepare yourself for the true vulnerability that it takes for an employee to respond to a survey fully and honestly. Even though surveys are anonymous, they require trust from the

Thank your employees for their candidness and for their responses. Lean into the results. Because large organizations, especially, tend to go into surveys expecting one outcome and receiving another. Trust in your employees who answered the survey itself. They care, and honoring them is your next best step towards a successful ethics and compliance program and a strong culture of ethics. ■

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You've Measured Your Culture... Now What?

Believe it or not, undergoing a culture assessment is just the first step in a long and rewarding culture journey

by Doug Allen

Culture surveys are one of the most fundamental tools that organizations can employ as part of their efforts to measure, analyze, and transform their workplace into bastions of integrity. Whether an organization is new to conducting culture surveys, or whether it does them often, knowing what to do after the survey results come in is just as important as getting those results in the first place.

You can't really advance your culture unless you measure it. Otherwise, how will you know where your strengths and opportunities lie? For many companies, the start of this process is a culture assessment that surveys perceptions of their speak-up culture. Such surveys can deliver a ton of helpful data, but communicating post-assessment learnings and action plans can make the difference between an exercise that doesn't really change anything and one that can help an organization take



DOUG ALLEN

a meaningful step forward on its ethics and compliance maturity journey.

But this is easier said than done. As a matter of fact, the work we do here at Ethisphere to measure ethical cultures across organizations and around the

world has identified that there is not a discrete activity that one should think about in terms of measuring culture. Really, it is a journey. It is a life cycle.

That is true whether you're planning for your assessment, conducting

the measurement, analyzing results, informing key stakeholders, or moving into actually improving and transforming your culture. If any piece of that puzzle is not sufficiently planned, if it's not paid attention to, you risk falling short in your efforts to measure and improve your speak up culture.

As a tool to measure speak-up culture, surveys are pretty ubiquitous—one look at the data from the World's Most Ethical Companies certainly supports that. But organizations then need to take the time to think strategically about how to take those results in order to get that information into the right stakeholders' hands at the right time to ensure full support in order to make cultural improvements a reality. Organizations that do that will find themselves in the best position to succeed.

THESE THINGS TAKE TIME

A great question we get from a lot of companies is what kind of time horizon does it take not only to conduct a culture assessment, but all of the long-term work that comes after? The unsatisfactory answer to that is: it depends on the type of organization in place. What are the ways decisions are made? What sort of influence does the compliance team have internally to get things done? What's the relationship with HR and other on-the-ground stakeholders in getting the message out in various modalities?

A lot of factors are at play in terms of how long you should begin to think about in terms of preparing for measuring your own culture. When we partner with organizations, we usually allocate three months or so to ensure that we have enough time to sufficiently plan, measure and assess.

Looking to the inform phase of the process, where we see many organizations fall short is whether they are thinking through their survey's data points strategically, and ensuring those insights get into the right hands to affect transformational change. With that in mind, here are a few points to consider:

How soon can you get the information out to the various stakeholders? Who are these stakeholders? And what's the required messaging for each? The information you provide to your board on what you found in your latest effort to measure speak-up culture may vary dramatically versus what your division leaders get, or what all employees will receive.

That "all employees" group is often overlooked, by the way. When you measure your speak-up culture, don't neglect turning that information around and putting it back in the hands of your entire workforce as soon as you can. Not necessarily a full readout of what you found, but really make sure that you capitalize on the effort you just undertook and get some key opportunity data, some key insights, and some summary findings from that effort and put them back into the employees' hands. Take that opportunity to thank them for speaking out, speaking up, and participating in this effort.

Often times, organizations lean heavily on surveys as a mechanism by following up with all employees who did have a chance to partake and quite frankly, were candid in answering questions that could be considered sensitive and directly addressed people's ability to speak up comfortably (e.g., What do you think about your manager? What do you think about senior leadership?). Really take the time to thank them for that: "We received your message. Thank you for participating. Here's what we saw. Here's what you told us. Here's what we plan on doing about it. Here are some suggestions of what we want to do with this information in order to make ourselves a better a better place to work and a better place to be."

This gives employees a sense of comfort that they have been heard. And secondly, it builds goodwill for future efforts to measure, knowing that when they do speak up and participate, that they will be heard and things will change as a result.

DATA BOTH CONFIRMS AND REVEALS

Sometimes when organizations measure their culture, what they expect to find and what they actually find might not line up in a positive way. Simply put, the organization may think it is stronger in some areas than it actually is, or weaknesses are revealed that were not noticed before. Sometimes, organizations react poorly to this and downplay the results, or simply don't share them as way to contain bad news.

Short of any sort of technological malfunction in the survey process that would credibly give doubt to the reliability of what you just measured, there is not a single legitimate reason why an organization wouldn't want to get its survey results—no matter what story they tell—into stakeholder hands to begin the journey of improvement.

A lot of the concern in situations where folks are concerned about what the data is telling them stems from the organization having insufficiently preparing leaders and stakeholders before the survey went out to let them know what changes may be coming.

Whatever decisions or action plans that you think will be put forward as a result of your survey results, let your C-suite and business division line leaders in particular know that this effort is forthcoming, what you plan on measuring, what you want to find out, and what questions will be asked. That will give folks a chance to buy into the process and weigh in. Ideally, they can support your communications strategy when you are ready to send the message out to your broader employee base to participate in this type of assessment. But it also prepares them to receive the data, and to act and improve on what they've found.

If you don't take the time to prepare key people internally, that the survey is coming and what you plan on doing with the date you receive, then you won't really know how key decision-makers will respond. Advance planning really gets ahead of that concern when and if poorer-than-desired results

come in, and gives you a head start on what to do about those results.

ON COMMUNICATING RESULTS

There is no one perfect way to communicate the results of a culture survey. It is different for every organization. So how, then, can those who oversee the survey process best work with their internal communications department to make sure that when the results come in, the communications or the storytelling that comes afterwards is optimized?

This really comes down to whether there is an existing positive relationship between ethics and compliance and their allied support functions, including communications. When your results come in, depending upon the scope with which you have measured and the potential urgency with which the data suggests you should act, you will need to rely on your partners to get buy-in; to get the message out; and to get the sufficient authority to ensure that whatever action plans come out of this, the folks who are responsible for them will be held accountable for their outcomes.

That will require working with human resources to see what mechanisms are in place to perhaps bake in some of these action plan outcomes into performance considerations for key leaders to consider as key performance indicators for individuals across the company, to elevate this to a high enough level that it reaches strategic importance.

Your communications folks will be instrumental. At almost every organization that undergoes a culture survey, there is an opportunity to improve the communications around some dimension of the survey results, whether its at the team level or the enterprise level. It is essential that you are able to rely on your communications team to help you do that. For those organizations that don't have those communication resources on hand, Ethisphere provides a rich content library that ethics and compliance professionals can draw from to help

their outreach efforts. This includes manager toolkits, the EthiToons series of humorous visual messaging, and other turnkey resources. Ethics and compliance leaders can use, modify, and rebrand these resources as they need to, in order to get them into the hands of their people leaders to facilitate conversations on organizational justice, for example, or how to feel comfortable in reporting amongst their team members.

demonstrating integrity in their speech, as well as their actions—was lacking. In particular, the speech component really surprised this organization. The CEO in question said, "How can this be? We make it a point to discuss integrity at the forefront of every town hall meeting. We spend time on integrity as a core value and why it's so important and what we do about it. How can these numbers be so low?" We came to discover that although the CEO was correct in

"At almost every organization that undergoes a culture survey, there is an opportunity to improve the communications around some dimension of the survey results."

Once again, this is an area where, if you prepare the communications team in advance of what's coming, they will certainly appreciate the heads-up that they will be needed in three, four, or five months' time, and can even collaborate with you on assembling a messaging content library beforehand. Any time you can dedicate thought to advance planning, that will only set you up for success down the road.

EXAMPLES FROM THE FIELD

Some companies, once they get their survey results, go about the communications or storytelling aspect of this in a really innovative or effective way and get a head start in improving their culture. But for many organizations, this is an area where they tend to struggle. And it can be very difficult to improve on that if they don't have some outside perspective on it.

There is one example we often cite where an organization, upon seeing the results of our culture assessment, noticed that the perceptions of the senior leadership team—both in

that the message was consistently delivered through things like town halls, when we looked at the attendee data for these town hall meetings or other venues in which integrity is being discussed by the senior leadership team, they were only being attended by less than 10% of the organization.

When following through and looking at whether folks are actually receiving the message, you may have this beautifully crafted message and the right personnel delivering it. But if no one's on the receiving end, it's all for naught. So when you look at that, ask yourself if the modality you've selected to deliver this message is appropriate. Is it being received? Is the messenger the right person to deliver this message? Is the message itself crafted in a way that's easily understood? Given the audience's regional accommodations, education levels, and experience levels, are you able to deliver your message to them in a way that is most easy for them to acknowledge that it has been received?

Messaging is a two-part process: both the delivery of the message

and understanding if that message is being received. When this is done well, it really shines in terms of improving your culture metrics.

MEASUREMENT AS A CYCLICAL PROCESS

The organizations that tend to get the best results from a culture assessment do not approach it as a once-and-done engagement, but rather routinely examine, measure, analyze and transform their culture as part of an ongoing maturity journey.

Taking a snapshot provides a look at how your employees perceive speak-up culture, how they perceive integrity, and how they perceive the values of the organization at a particular moment in time. It is far more effective to take a lifecycle view of these things. Every organization is at some point on their culture measurement journey. What about your culture do you wish to measure? How will you execute your measurement effort? How will you analyze the relevant insights you capture? How will you determine what good looks like, and how will you assess yourself against that benchmark? And then, how will you get the insights you've gathered into the heads and hands of your employees, key leaders, and Board in a way that is appropriate for them? What will it take to align everyone around the action plans to improve and transform your culture, based on what you have seen in the data and communicated?

After that, the cycle repeats. Any organization that begins their journey with that cycle in mind tends to set themselves up for long-term success. There are always bumps along the way, and for organizations that are engaging on this for the first time, it's a big lift. Developing a credible survey is challenging. Getting buy-in to secure time on everyone's calendar to take the survey is challenging. There are competing interests and even competing engagement surveys. Meanwhile, the organization needs to hit its quarterly numbers, folks take vacation, and simply finding the time on everyone's schedule when they

are already quite busy can be a huge challenge. But again, this is why it is best to position this effort as part of a broad, long-term way to add value through the continuous monitoring and improvement of the culture. That is a great way to set yourself up for success out of the gate.

FREQUENCY AND TIMING

How often organizations typically undergo culture assessments varies. Some that are farther along on their maturity journey, and have the ability, might do it on an annual basis. This is not the majority, however. A more common schedule is every 18 to 24 months as part of a multi-year curriculum that focuses on various topics in a dynamic way that can account for the findings of previous assessments.

Year One companies might start with a full assessment of the eight pillars of ethical culture—the eight key themes or topics that act as the foundation of any culture of integrity. In Year Two, start with a full assessment of those eight pillars.

Year Two might be best thought of as a pulse check on what was found in Year One. It's a chance to go deeper into those areas of opportunity that were identified in Year One, as well as to check in on your remediation efforts. This can happen almost in real time with a three-question pulse survey on specific issues (e.g., how your team in the Midwest is doing based upon what you saw from their higher-than-normal or higher-than-anticipated levels of pressure) or more broad concerns (e.g., how employees generally feel pressure in the workplace).

That cadence is a way to keep a more regular take on perceptions without overburdening the organization with huge company-wide survey efforts every 12 months (which for many teams simply wouldn't be helpful or may prove overly costly from a resource headcount or FTE hours spent taking surveys).

Something worth considering—and there is no easy answer for this—is how to maintain the internal knowledge of what you've been measuring in between assessments when personnel

might change during that time. This is something every team should ask themselves. It may come down to how robust the team's succession plan is and how they're developing their own internal talent pipeline. Many ethics and compliance teams are very thinly staffed, so it may just come down to getting sufficient documentation as you go through the assessment process to safeguard on the learnings being lost between assessments.

As ethics and compliance professionals, it's incumbent on us to make sure that we leaving our successors with the right information to continue to carry the torch forward with improving our cultures. But that will depend on team structure, bench depth, and other factors. Until best practices emerge on this, it remains a good topic to consider and for which to share success stories. ■

*To connect with the Ethisphere Culture team and learn how you can measure and elevate your organization's culture, please [click here](#). For further reading, check out the [2023 Ethical Culture Report](#); *Lessons from the Pandemic*, and the special report, [The Eight Pillars of an Ethical Culture](#).*

ABOUT THE AUTHOR

Doug Allen is the Vice President of Data Strategy at Ethisphere, where he leads benchmarking, certification, and partnership efforts. He has extensive experience with providing compliance- and ethics-related advisory services, including developing compliance and ethics risk assessments, codes of conduct, corporate policies and procedures, and communication and training curriculum plans.

Diving Into Demographics

When measuring culture, demographic analysis shows how strong your culture really is

by **Katie Kruger**

Measuring your culture provides a valuable look at how the daily lived experience of your organization advances and upholds best practices and stated values...or how it might be coming up short somewhere. By measuring and analyzing culture, organizations give themselves a clear understanding of where their culture is strongest, and whether there are any gaps between how leadership perceives their culture and how it really is. When the data dives deeper into how particular cohorts of the work force might have different experiences, that can surface clear calls to action or provide even more



KATIE KRUGER

powerful insight not just into where the culture might be strong or weak...but why.

When companies measure their culture, they often get data that captures the organization as a whole. That information is just the tip of the iceberg as far as truly understanding the full nuance of the culture. It is really important for companies that measure their culture to also look at their survey data through

a demographic lens, because that can reveal truths about your organization—both positive and negative—that might have been overlooked previously.

When we measure culture, we are looking to see if the data tells the story of a question that we are looking to answer. During that process, we collect demographic data, which is often thought of as gender, race, age, etc. Often, however, we are collecting other kinds of demographic data as well (or instead), such as business function or an employee's location within the broader organization.

There are two main reasons why an organization would want to collect such information. The first reason is that a larger effort paints a picture, but demographics tell the detailed story. Flying over an ocean gives a beautiful bird's eye view, but there's nothing like

really stuck with me as I've done work with our clients here at Ethisphere. There is a fine line between giving what's necessary and giving too much. We all need something different to be successful in life, just as everybody needs something different in an

in the data that may not have been considered at the enterprise-wide level.

An example of something that I've seen in some of our clients' data recently is what could be called the "tenure smile" representing cultural perceptions based on how long employees have been with the organization. Those who have been there the least and those that have been there the longest have pretty favorable perceptions, so if we visualize it, it would look like an inverse bell curve. Those that have been there the shortest amounts of time have generally favorable perceptions, so they're at one end of the line, like the corner of a smile. Those that have been there for a while, and are in the middle of the tenure range, have less favorable perceptions across the board or perhaps within a given aspect that we are measuring. Those employees that have been there the longest, like the newcomers, have high favorable perceptions.

"We are looking for that story that is hidden within the data. Every data set has a story to tell. The trick is understanding how to properly contextualize it so the story holds up under scrutiny."

having your toes in the sand. Digging into that metaphorical sand can really tell us what is happening in the mini-cultures within an organization.

The second reason is that we all need to understand, gain, and retain the support for our ethics and compliance initiatives. We all need the numbers to back up those things that we want to do, which is what makes collecting demographic information really worthwhile. Organizations have finite resources, and they have to make strategic decisions surrounding how to utilize those resources, as Ethisphere's Chief Strategy Officer, Erica Salmon Byrne, pointed out in a February 2024 ["BELA Asks" episode of the Ethicist](#). In that episode, Erica talks about how compliance training suffers from the "peanut butter" approach, in which training is spread thick and even across an organization to ensure that everybody gets the training that they are supposed to have. She goes on to say that sometimes you have to figure out how to satisfy 1) knowing that everybody got what they needed without 2) giving out too much peanut butter, since not everybody always wants to eat peanut butter sandwiches, so to speak.

Erica jokes that perhaps she beat the peanut butter metaphor to death, but it

organization. These needs vary from person to person, from organization to organization. I keep thinking about the peanut butter metaphor because it can go even further. Just like any other food, peanut butter is getting expensive. It is not always possible, and can be outside of the budget, to give everybody the same thing, the same amount of time, or the same resources. Maybe senior leadership can't visit every pocket of the organization. However, by collecting that demographic information, we can really see where we should be utilizing those finite resources.

When conducting a culture assessment or a culture survey and an organization wants to gather specific demographic data, what are they typically looking for? Is it more than simply filtering enterprise-wide questions by a dimension of diversity?

We are looking for that story that is hidden within the data. Every data set has a story to tell. The trick is understanding how to properly contextualize it so the story holds up under scrutiny. With a culture assessment, we're looking for that story. We're looking for things that maybe we don't have an idea of or a pulse on yet. Outliers, biases – these are the types of stories that we will find

It makes sense if you sit and really tease it apart; those that have been there the least are perhaps closer to their onboardings or they have just been hired and they're really amped about what's happening with the values within the organization. Meanwhile, the people who have been there the longest might be senior leaders or people who are there at the company because they really believe in what's happening within the organization.

The people in the middle? Maybe they are considering leaving the organization because they don't think that leadership really embodies the values. Maybe they've spoken up about observed ethical misconduct and nothing happened, so they're a little more jaded about the state of things within the organization. This is an example of one of the trends that we look for, to see if there is a reason to dive even deeper into the data. Maybe those people aren't jaded, after all. Maybe they just need a refresher on the values of an organization, but those are the stories that we might not even begin to tell unless the data brings the story to us.

When talking about tenure smile, there is a tendency to wonder if there

is a particular “tenure band” in which employees are most likely to hit that bottoming out period. It would be easy if there was a universality to that, but when it comes to this kind of data, it is really important to collect what is valuable to your organization. If we’re looking at Ethisphere’s data from April of 2020 to now, we see the highest ethical favorability in those that have been with the company less than one year. The “smile” decreases in the next band, measured in increments of one year, and “bottoms out” at those that have been with the company between five and six years. Starting at seven years, the data begins the climb again, raising to the next highest point with those that have been at a company for ten or more years. Results at your company may be different because tenure can be heavily dependent on the age of an organization and the age groups within it. If we collect data surrounding age bands and generations, Ethisphere has a ton of great research on how different generations view different pieces of ethical culture. Those pieces will show tenure can cross-reference with age in a way that creates heavily nuanced results that are highly dependent on how a given organization exists in the world.

OVERLOOKED DEMOGRAPHICS & OUTLIERS

Another question that arises frequently is whether there are commonly overlooked demographics that the company would be wise to consider. Once again, the answer to this heavily depends on what data you are already collecting within your organization. Anytime you can layer your survey results with other metrics that you already have, it multiplies the value of the data that results. Aligning what you are collecting in a culture measurement with other HR data, aligning it with click metrics, aligning it with real-world locations within the enterprise... those factors all bring potential value.

Often, we will work with clients at Ethisphere and find something in their data that catches our notice, yet we can’t easily tell what the story might be behind it. When we ask the client if that detail is surprising to them, the client

often provides additional detail that was not in the culture survey, but provides critical context to the survey results. An outlying demographic group or data point might be the result of a location that had a lot of turnover. Maybe the collected demographic is made of respondents that are new to the parent company due to recent acquisition. When we put the datapoints in the correct context, sometimes outliers suddenly make a lot more sense.

When including demographic information in a culture measurement, it really goes back to those questions about the business as a whole. Ask yourself how you plan to use the information and work backwards from there to better understand what data you should collect. Are you going to roll the survey out to leaders across different market areas? Then you should probably collect information about those market areas first. Are you going to roll it out to leaders in a given country? Then collect that information. Do you want to look at how different cultures in different countries affect the trainings that you provide or the way your trainings are received? You need to collect that information from those targeted countries.

The [Ethisphere 2023 Culture Report](#) had some very interesting results in it about age cohorts, specifically around Gen Z employees, how often they experience workplace bullying, and the extent to which they reported it. That report involved some eye-catching data that was so far outside the average that it commands your attention. But what if you find a similarly dramatic data point within your own assessment? You’ve done the work of collecting the data from your employees, you’ve spotted a substantial anomaly within a particular demographic...what could or should you do with that?

This is an important issue that gets to the heart of why we collect demographic data in the first place.

Data can tell us where things are going well. It can tell us where things need improvement. At this point, we’d recommend you lean into both sides

of those kinds of discoveries. Find out what’s going well when you spot a really positive data point, find how and where you can celebrate the work that’s been done, and dig in to see how it could be replicated elsewhere in the organization. Conversely, take those negative data points and use them to find out where you need to make an improvement.

For the ethics and compliance officer, there is a natural tendency to want to fix everything. However, it’s likely more productive, and more achievable, to pick a couple of data points that you and your team can really focus on, take action, and really dig in. That’s where you get the story and the detail behind the data. And this is often a hard part as well; it can involve some self-reflection on the ethics and compliance team’s part. It can involve self-reflection on senior leaders’ part or managers’ part. Discovering potential personal bias that prohibited you from seeing this story before, or even realizing that this trend was there can be pretty difficult to uncover. This crux is where the hard work of the data collection comes in, but also the beauty.

I got into data analysis because I think data is so beautiful. It tells us a story at times that we didn’t even realize existed. No part of data collection or analysis is easy, but by doing the hard work, you can really turn it into a Choose Your Own Adventure book for your organization. You get to change the ending based on the actions that you make from the data. And that is a beautiful thing. ■

ABOUT THE AUTHOR

Katie Kruger is a Data Analyst for Ethisphere, where she works on the Data & Services team, helping organizations properly contextualize the results of their culture measurement efforts.

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Storytelling Is Your Ethics Superpower

An Interview with **Joe Rodgers**, Senior Vice President, Global Ethics and Compliance, **Eaton**

Interview by Bill Coffin

Eaton is a multinational, intelligent power management company that manufactures a wide range of products in the electrical, aerospace, vehicle, and eMobility sectors, serving clients in more than 160 countries around the world. Eaton is a large organization, with more than 92,000 global employees, which makes creating a unified culture of ethics and integrity nothing short of a monumental goal.

But that doesn't stop Eaton. As a long-time World's Most Ethical Companies honoree, Eaton knows better than most companies what it takes to maintain a best-in-class ethics and compliance program. One of the secrets to Eaton's success? How it uses storytelling to express the company's commitment to business integrity with enthusiasm and authenticity in a way that engages leadership and employees alike.



JOE RODGERS

You do an awful lot of work at Eaton to engage the company's leaders on ethics, especially in the form of communications and storytelling. Can you tell us more about what you're doing there and more importantly, why you're doing it?

To answer the most important question of why, it's pretty simple. Because it's effective.

I don't think you can overstate the significant power of leaders and

managers to influence ethical culture. In some ways, that's stating the obvious. In fact, Ethisphere has some great material out there that we use on the power of managers. We've used it in the past, we continue to use it. But it is really important.

Fortunately, it's not too hard to engage our leaders. We have leaders at Eaton who are very much invested in ethics and compliance. It's really core to our company.

I'll give you an example of one way that we leverage our leaders. We have a interview program called Integrity in Action. And the whole point of this is that we developed it a couple years ago to talk with leaders around the world about how they lead with our values and how they put integrity into action (thus, the name of the show). The questions we ask are basic but very impactful. Such as:

- Who was it that influenced you as an ethical leader?
- What do you say to those people and employees who may not be comfortable speaking up?
- What does tone at the top mean to you? How do you act accordingly?
- What advice do you give to employees about leading with integrity?

From there, we talk about examples of what it's like when those principles are put into action, especially around areas that are more gray. We ask if people have dealt with those and what the challenges might have been. We're trying to get employees to share and reflect and be transparent and authentic. And it has been tremendously useful.

We work hand in glove with our communications team. I could not do my job without them. We take these interviews and we put them on Eaton.com. We have a short version and a long version, because we want to appeal to different preferences of our employees. We provide them to all of our employees and we also put them on our onboarding site, because we think it's really important, when new employees join Eaton, that some of the first messages they hear are focused on ethics. We get a lot of traction out of this, and I look at it very practically. Where else are you going to hear leaders talking about these kinds of issues? Maybe if you're on their team, maybe if they're on a seminar or a panel or something. But I think it's incumbent upon us as ethics and compliance leaders to really share this information as broadly as possible so that employees can hear it and they



can really get a sense of what that tone at the top means for our leaders.

Given that you're in the content generation business, can you talk about your creative process? You interview a lot of wonderful people at Eaton; what are some of the hallmarks for you that a conversation went really well, build a lot of value, or truly expresses what Eaton is all about?

I know when I walk off the set if it's a great interview, typically. And they're all great, by the way. I can't recall one interview that was bad. But when I don't even remember that I'm talking on a set, when I'm just engaged in a conversation, I know it's going very, very well.

I think the best interviews are those where the leaders really open up and are vulnerable and transparent. I think those are the ones when they're talking about personal stories. It's one thing for ethics and compliance leaders to talk about ethics and compliance and issues and examples. But when leaders share a story about it, it's another thing entirely. That is so much more powerful because of the influence that leaders have on our culture and on employees in general.

Storytelling is a superpower. With that in mind, how would you say that you have developed as an ethics storyteller yourself? And what advice would you give to somebody who wants to use storytelling as a method for employee

engagement, especially when it comes to advancing compliance and ethical culture within their organization?

Well, first of all, I love characterizing it as a superpower because that is absolutely fitting, in my view. We know what the forgetfulness curve says about how quickly individuals forget information within minutes, certainly within hours. But I've seen data that suggests that people are 20 times more likely to remember a story versus a fact. I don't care if it's five times or 20 times, that's enough for me to say that we really have to leverage that, especially in ethics and compliance, where we are so focused on changing hearts and minds. We like to use that phrase, but it's true; that's what we do. And when you look at behavior and attitudes, it is the story that has the ability to change that more than any other way that we communicate. You know it. It seems almost intrinsic. It's visceral.

We use stories in so many different ways. For example, we have what we call the *Integrity Report*, which we do every year. It's really a labor of love for the ethics and compliance team. But going forward, we're changing the name of it to be called *Reflections on Ethics*, for a little bit of a softer feel, since the report concept felt a little heavy. But this is something that we've thought about a lot, and it's a yearbook of the prior year where we showcase those in the company who have really gone above

and beyond for ethics and compliance. We could probably name thousands of people, honestly. But for this year, we are showcasing 10 leaders, managers, and employees. We talk about data. We talk about lessons learned.

But one of the key parts of that is actually telling the stories of employees who are our champions. They are the ones who are multiplying the message. That is so important to what we do. Some of them are seemingly small, but when you multiply that over a number of years, given the size of our company, they become very impactful. We have a leader who has instituted a process where goes around the factory floor and asks employees about ethics. "Hey, do you know how to contact the helpline? What does an ethical issue look like to you and how would you resolve it?" He's basically taken [the Gemba process](#), which is sort of a manufacturing term of art that is often associated with safety and quality, and applied it to ethics. Now *that* is creativity.

We had an employee—a plant manager—who, during ethics week, asked the employees' children to draw pictures of what ethics means to them. They created this beautiful collage of very simple messages from children: act with integrity, honesty, treat others with respect. All the stuff that we talk about every day in ethics and compliance and in the world generally.

And one other example I like to cite—because I always look at these and am amazed by how much is going on out there—is about our refreshed code of ethics, which has this beautiful wheel that symbolizes our ten ethics principles. Now, we have a plant in Mexico that, on their own, took this wheel and they blew it up on the wall so that employees and others could see it when you walk into the building. You enter and see an ethics station with our 10 principles and other things. It's beautiful.

But all of this goes back to what we just talked about. If we're not going to share those things, who's going to? And some of this is just crowdsourcing. We want others to know about the wonderful work that's taking place in our factories,

in our facilities, and in our plants so that hopefully, others will replicate it. We want our employees to walk away, after having read the *Integrity Report* or *Reflections on Ethics*, inspired and energized. We want them to feel even more engaged in the process. We are really excited about it, ourselves.

In terms of what advice to offer, I'm still learning myself. I've got a great ethics and compliance team who are themselves great storytellers. We are always working on our storytelling because it's so important. But to me, what's really important is to talk about real cases and real lessons learned. We don't talk too much about hypotheticals and things that might never happen. We want to share real stories with employees.

When we do that, what I found is we gain rapport, we gain connectivity, and most importantly, we gain employees' trust. We see that when we go back to the data on our storytelling, and that's why we do this. We want employees to be inspired and to feel like they're part of the process.

How does Eaton's culture empower its storytelling? And how does your storytelling, in turn, empower the culture?

I think it starts from our philosophy that we grow and get better by being transparent. And we have a high premium on sharing lessons learned and we're not perfect. And when we're not perfect, we want to talk about it. And why do I point that out? We have a "lessons learned" process here at Eaton, and it's within ethics and compliance and certainly other functions. But what I would probably call that more accurately, it's a storytelling process. And when we have an issue that comes up—for example, in a business that we want to share more broadly—we have a one-pager and we tell that story in very simple, straightforward terms. What happened? What did we find? And what are the learnings from that? And we cascade that to employees and businesses, depending on the particular function, and we keep it going throughout the year.

So, ethics really does become part of the drinking water, another term we hear a lot. But that is so important because ethics is out there. We're talking about ethics, but it goes back to that more fundamental idea that when we do that, we're continuing to gain the trust of our employees, because they know that we're being vulnerable. We're talking about issues that happen.

Our team gets invited to a ton of business meetings, and we always think of it as, are we earning our seat at the table? If we're going to be involved in senior leadership team meetings and other business meetings, we have to provide meaningful content. If we go in there with a bunch of data and metrics, that's not terribly impactful. We talk a lot about data and metrics already. We talk about regulations and rules. That's all part of it. But we need to be very practical with our employees. What I have found is that employees do not like to be talked at. That is old school. And so we try not to talk at employees. We want to engage them in the discussion. Some of the best meetings I've had are ones where I haven't said a word for 15 minutes. I've told a story or the team's told a story and suddenly the employees, they're thinking about it, and they're talking about it, and they're coming up with solutions. That's when I know that this is resonating. ■

*To learn more about Eaton's ethics and compliance program, including episodes of its *Integrity in Action* interview series, [click here](#).*

ABOUT THE EXPERT

Joe Rodgers is Senior Vice President, Global Ethics and Compliance at Eaton, a multinational intelligent power management company that manufactures a wide range of products in the electrical, aerospace, vehicle, and e-mobility sectors, serving clients in more than 160 countries around the world. In his role, Joe is responsible for leading Eaton's ethics and compliance programs and strategies.



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BOOK A DEMO

Advancing Speak Up Environment by Creating a “Hear Me/I’m Listening” Culture

by **Steve Koslow**

Only about half of all employees who witness misconduct actually speak up about it. As organizations strive to foster a culture that makes it safe for employees to act on their instinct of doing the right thing, Allianz Life takes an innovative approach to speak-up culture and operationalizing the power of mutual respect.



The proverbial holy grail of ethics and compliance programs is a speak up culture where employees freely offer their thoughts, opinions, and concerns. A cultural atmosphere of psychological safety where employees feel, in their core, that their voice is welcome. In these environments, employees openly discuss where behaviors may be contrary to their company's values or may be needed to further these same values.

Importantly, a healthy speak up culture goes much deeper than identifying and addressing unethical behaviors. It demonstrates the critical distinguishing factor between those companies where innovation flourishes and growth accelerates, and those companies that struggle to remain relevant.

Allianz Life is embarking on an aggressive growth strategy that includes the introduction of new products, to new markets, using new technology and capabilities. At the heart of our strategy is the structural dissemination of decision-making away from historical hierarchal structures and down into the heart of our business operations. Smaller and more concentrated teams are necessarily empowered with significantly greater decision-making without many of the traditional checks and balances that existed with layered, and time-consuming committees. Decision-makers at all levels of the organization need to get it right and their reliance on the knowledge, experience, and views of their teams has never been more important. More than ever before, decision-makers need to hear the voice of their teams,

not only to avoid the risk of making a bad decision but to gain the insightful sparks that generate true innovation.

If leadership is not hearing the voice of employees when it comes to directional concerns or innovative ideas, they will certainly not hear the voice of employees who are concerned about behaviors that do not align with a company's values.

For years, ethics and compliance professionals have discussed, examined, and explored how to strengthen speak-up culture. We have clearly moved the dial with greater focus on anti-retaliation and meaningful action. It is difficult to imagine a code of conduct that does not strongly convey that retaliation for the raising of good faith concerns will not be tolerated..and back up that

precept with the careful tracking of individuals who do raise concerns. Moreover, meaningful investigations will result from the raising of these concerns. However, notwithstanding the great work of ethics and compliance organizations across the country, more is needed. For example, according to the global culture survey dataset in Ethisphere's data benchmarking platform The Sphere, only 73% of all companies surveyed specifically covered "viewing reporting as a positive opportunity to address issues" as part of their non-retaliation training for managers. And only 71% covered "observation to prevent retaliation from co-workers" in manager training, as well.

If there was a simple, single, answer to this challenge, we would have discovered it long ago. As an ethics and compliance community, we need to explore, experiment, and share more ideas that can help us collectively move this extremely complex but vitally important dial even further.

At Allianz Life, we are experimenting with a concept (that we readily admit may not be new or unique) to help us on this important journey of creating a sustainable and viable speak up culture. Simply, we are working to shift the paradigm from the traditional "speak-up" culture to one that is more of a "hear me" culture. When management tells employees to "speak-up," management retains the power and authority; management is directing employees to take an action. In a "hear me" culture, employees retain the power and authority inherent in all human beings, regardless of positional authority, to be heard. We do not simply want management directing employees to speak up, we want an employee directing management to hear me, and for management to really listen to what the employee is saying. At Allianz Life, our company values of Integrity, Caring, Excellence and Respect embody the concept that all employees have a right to be heard because their thoughts, ideas, opinions and concerns are important and have worth.

In 2023 we kicked off our "Hear Me/I'm Listening" campaign with employee



Steve Koslow
Allianz Life

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To learn more about Steve's insights on the Hear Me/I'm Listening campaign, check out "How Active Listening Creates a Better Speak-Up Culture" on the Ethicast.

articles, leadership discussions, surveys, and town halls across the company. We worked from a very simple set of principles:

Everyone deserves to be heard. Everyone has ideas, opinions, and concerns that are worthy of consideration.

We do not always have to agree, but can commit to listening and discussing everyone's ideas, opinions and concerns.

No one should be penalized or criticized for voicing their ideas, opinions or concerns in alignment with our values.

As we all know, a single campaign does not a culture make. Now the hard work begins. In 2024, we are committed to holding numerous focus groups where we can hear from employees across the company about what is and is not working. Where are there micro-environments in our company where employees feel and do not feel heard? How do we leverage, replicate, and celebrate environments that are working and adjust those that are not?

We will be having focus groups with employees and separate focus groups with managers to gain all perspectives in safe environments. We will be talking with managers and leaders from across the company to better understand what is working and what is not working in

their desire to effectively listen to the voice of our employees. In addition, we will continue with spot surveys to assess the state of our "hear me" culture.

Importantly, we will be turning to the Business Ethics Leadership Alliance (BELA) and the amazing readers of this publication for additional ideas, examples and thoughts.

While we do not expect to solve this complex challenge and magically create a perfect speak-up culture in the next year or two, we hope to move the proverbial dial in helping employees feel more comfortable raising their voices to be heard. ■

ABOUT THE AUTHOR

Steve Koslow is Chief Ethics and Compliance Officer of Allianz Life Insurance Company of North America. With more than 20 years of experience in the financial services industry, Koslow has broad knowledge in the development of ethics and compliance programs for insurance companies. He has experience leading large, complex ethics and compliance organizations and is an industry innovator in the areas of ethics, analytics, and risk management. | [LinkedIn](#)

Spotlight on the Chief Regulatory Officer Role

How regulatory change is calling for a C-level specialist leader

by Cara Bain

As the rate of regulatory developments quicken, companies that are public, in highly regulated markets, have an unusually high profile, or some combination of the three are looking to a specialized leader to handle these developments in a way that manages risk and builds value. Enter the Chief Regulatory Officer.



CARA BAIN

Some industries have been feeling the heat of a very active regulatory environment, while other industries have been advocating for increased regulation. In both instances, one tactic that organizations may use is to add another, less common role to their C-suite: the Chief Regulatory Officer.

While not as common as a general counsel or chief compliance officer, we are seeing an increase in these roles in organizations in industries that are navigating complex or active regulatory environments, such as financial services and life sciences. On the opposite end of the spectrum, companies in industries

without robust regulatory landscapes, such as decentralized finance and artificial intelligence, anticipate—and in many cases need—increased regulation to provide clarity, and chief regulatory officers may help achieve those goals. The latter instance is more common with start-ups and early-stage companies.

Unlike similar legal and compliance leadership roles, including general counsel, chief legal officers and chief compliance officers, the chief regulatory officer role is often more dynamic, blending a variety of traditional functions. Generally, a chief regulatory officer is responsible for overseeing and coordinating the regulatory strategy of the company and managing global, where applicable, regulatory risk. A chief regulatory officer can help bridge or supplement legal and compliance—and in some cases other functions such as government affairs and marketing—and create operational efficiencies.

In some or even many organizations, the chief regulatory officer is not a standalone role, and the title is often paired with the general counsel or chief compliance officer title. This is especially true in the start-up space where innovation outpaces regulation, and savvy companies recognize the critical impact of future regulation on their business. We tend to see standalone chief regulatory officers in more traditional, institutional and/or larger organizations.

CHIEF REGULATORY OFFICERS IN FINANCIAL MARKETS

In financial markets, the chief regulatory officer is a common role with more universally defined responsibilities, particularly at self-regulatory organizations including securities and commodities exchanges. A self-regulatory organization is a non-governmental organization with the

on an ongoing basis with regulatory departments at other exchanges.

As of late, regulators have signaled an increased focus on this role. Recently, the Commodity Futures Trading Commission (CFTC) proposed a rule including requirements regarding the parameters of the chief regulatory officer role. Specifically, the CFTC proposed to require, in part, that designated contract markets (DCMs) appoint a chief regulatory officer to administer the DCMs regulatory function, with the chief regulatory officer having supervisory authority over all staff performing the DCM's market regulation function. The rule also proposed that the chief regulatory officer report to the board or the senior officer (likely the CEO) of the DCM. While it remains to be seen whether the rule or this portion will be adopted, the proposal emphasizes the level of responsibility that regulators view as attendant to this role.

DIFFERENCES BETWEEN A CHIEF REGULATORY OFFICER AND A CHIEF COMPLIANCE OFFICER

A chief regulatory officer and a chief compliance officer both serve one key, overarching purpose: to help the business safely achieve its goals, accounting for applicable global regulators and regulations.

“When a company has both a chief regulatory officer and a chief compliance officer, they likely handle nuanced, separate responsibilities.”

In many instances, however, this role differs from company to company as the parameters of the role are based on what best serves the organization. For example, organizations might appoint a chief regulatory officer to navigate and shape or influence potential future regulation that could have a make-or-break impact on the business. This role may also be used to signal, internally and externally, that the person in the role has a strong regulatory background. In some cases, companies recognizing the critical impact of the regulatory function on their business may opt to appoint a chief regulatory officer instead of a head of regulatory affairs in order to give their most senior regulatory specialist a place in the C-suite.

authority to regulate the operations of its member organizations by promulgating and enforcing rules, and therefore, the chief regulatory officer's function is imperative to the organization.

In these organizations, the chief regulatory officer generally oversees the administration of an exchange's regulatory function. The person in this role is likely responsible for tasks including designing and promoting compliance with the exchange's rules and regulations by its member organizations. He or she also likely serves as the main point of contact and engagement with the exchange's primary regulator and oversees the coordination of regulatory activities

However, when a company has both a chief regulatory officer and a chief compliance officer, they likely handle nuanced, separate responsibilities. The chief regulatory officer may focus on directing the firm's regulatory function, including overseeing an external regulatory strategy and managing risk, whereas the chief compliance officer may focus on ensuring ongoing internal compliance with existing regulations. The chief regulatory officer may oversee staff focused on monitoring regulatory activity on a global basis, maintaining relationships with regulators to stay ahead and abreast of regulatory developments, and responding to regulatory inquiries. Meanwhile, the chief compliance officer may oversee functions that monitor for compliance with applicable regulations and company policies

COMPLIANCE LEADER VERIFICATION

and procedures, like for a financial services firm, core compliance, trade surveillance and audit, to ensure that the firm is sufficiently compliant with current rules and regulations.

A chief compliance officer's oversight of an organization's traditional compliance function is table stakes, especially in highly regulated industries. A chief regulatory officer can then add value by taking on some legal and/or compliance tasks when the regulatory framework is complex and/or by making sure the organization has a seat at the table, coordinating with their primary regulators, global regulators and other stakeholders, including peer organizations and trade associations.

RECIPE FOR SUCCESS

Because this is a C-suite role and typically a role that is critical to the organization, many of the skills required of all successful C-suite leaders are also necessary in a chief regulatory officer:

- **Interpersonal skills:** Given the need for relationship building, advocacy and coordination in this role, chief regulatory officers must have strong interpersonal skills. While high emotional intelligence is a marker for success in many roles, it is particularly important here as chief regulatory officers manage and navigate critical relationships and strategies. Successful chief regulatory officers must be able to build and maintain relationships with legal, legal-adjacent and non-legal professionals and must be able to exercise good judgment and communicate effectively. Active listening skills will equip a chief regulatory officer with the ability to understand what is being said and to read between the lines where necessary.
 - **Business oriented:** A chief regulatory officer must be willing and able to learn the
- business from top to bottom, including understanding its history, current strategies, and future growth plans and goals. Without a genuine understanding of this context, advocacy and strategic planning efforts will be less impactful. Like a successful and effective general counsel/chief legal officer, chief regulatory officers should be creative, open-minded and solution-oriented to help the business achieve its goals.
- **Effective operator:** Chief regulatory officers must excel at blending functions, creating and implementing strategies, and building consensus both internally (e.g., with the C-suite and internal committees) and externally (e.g., with industry groups and regulators). A successful chief regulatory officer should be able to identify operational efficiencies, as they may straddle several key areas of a business.
 - **Leadership presence and gravitas:** A chief regulatory officer interfaces with key decision-makers, including the C-suite, partners, and regulators, and they, therefore, must be able to read a room and lead by influence.
 - **Law degree:** While a law degree is not essential for—and does not guarantee success in—this role, it may be a meaningful value add. Having a lawyer in this role, especially one with regulatory experience, makes it more likely that the person in the seat will succeed at navigating relationships with legal teams and think strategically within legal confines and frameworks. As many companies increasingly

look to hire lawyers for the chief compliance officer role, we believe that they will do the same for this role, too.

Because of the breadth of the skillset needed to excel in tying these functions together, chief regulatory officer roles tend to be staffed by high-performance, highly intelligent, dynamic leaders who can easily scale a learning curve.

TRENDS IN THE CHIEF REGULATORY OFFICER ROLE

Given recent active regulatory environments, periods of exponential innovation and the continued growth of private equity, we anticipate that many companies will consider adding this role to their C-suite in the future. Having a chief regulatory officer as part of a thoughtful legal and compliance structure can signal to regulators that the organization takes its regulatory and compliance function seriously. Indeed, having a chief regulatory officer may give organizations an edge over competitors who do not have one. It is easy to see how this role might evolve and become more commonplace—and how organizations can justify adding a chief regulatory officer to their bench. ■

ABOUT THE AUTHOR

Cara Bain is a Director in Major, Lindsey & Africa's In-House Counsel Recruiting team. She partners with global, national, and regional organizations to help identify and staff their legal, compliance, regulatory, and government affairs teams, including at the leadership level. Prior to joining Major, Lindsey & Africa, Cara spent nearly a decade practicing law in the financial services regulatory space, including at a global law firm, as an Assistant General Counsel in FINRA's Office of General Counsel, and most recently as an Assistant General Counsel in Robinhood's Regulatory group.

A large grid of diverse people's faces, including men and women of various ethnicities and ages, smiling and looking forward. The grid is composed of many small, overlapping portrait photos.

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Excellence in Action

Showcasing Best Practices from AtkinsRealis, Ingredion, and JBS Foods

by Bill Coffin

Ethisphere's mission is to build a better world by advancing business integrity. And a big part of that is not just directly helping organizations across the globe achieve ethics and compliance excellence, but in sharing those stories so that everyone in the ethics economy can see what great looks

like. That is why we showcase those companies whose business integrity efforts truly stand out. Some of these may have earned recognition through Ethisphere's rigorous [Compliance Leader Verification](#) process—which identify areas of strength and improvement around six key areas: program resources and structure; perceptions of ethical culture; written standards; training and communication;

risk assessment, monitoring and auditing; and enforcement, discipline, and incentives. Others may be a [World's Most Ethical Companies](#)[®] honoree. And others still may be forging ahead boldly on their ethics and compliance journey in a way that is bound to educate and inspire others. But all of the exemplary excellence in action.

ATKINSRÉALIS

Founded in 1911, **AtkinsRéalis** is a global, fully integrated professional services and project management company that supports various sectors, including buildings and places, defense, industrial, minerals and metals, nuclear, power and renewables, transportation, and water.

AtkinsRéalis's exemplary ethics and compliance program embeds integrity across the organization. The company has made significant investments in compliance and ESG, and implemented major initiatives, from building a culture that requires managers to frequently communicate with their teams on ethics and compliance, to robust third-party risk management procedures.

For these things and more, AtkinsRéalis received Ethisphere's Compliance Leader Verification in May 2023. And just recently, it became the first engineering company in the UK to achieve the Clear Assured Platinum Standard for its progress and impact with DE&I initiatives. With 37,000 employees that speak, over 70 languages and representing 130 nationalities across six continents, AtkinsRéalis works across a diverse set of markets, from buildings and places to defense, industrial, minerals and metals, power and renewables, transportation, water, and even nuclear. These factors collectively require a certain diversity-driven perspective within the compliance program and around business integrity in general.

"I would say our long-term strategic plan has always been about ensuring that our integrity program is there to support employees in their day-to-day workings and to make sure



that it's pragmatic and as much as possible integrated," says **Hentie Dirker**, Chief ESG & Integrity Officer for AtkinsRéalis. "I come from a business background. I was in sales and marketing. And people on the ground are really busy. So in order to make things easy and to get that buy-in from them, you have to really make sure that you always integrate your systems as much as possible into things that they would already be doing or interacting with from a day-to-day basis and to really to avoid unnecessary bureaucracy."

[Click here](#) to learn more about the many different ways in which AtkinsRéalis builds and advances its culture of integrity. And to learn more about how Hentie and his team are moving the needle within AtkinsRéalis, check out Hentie's recent Ethicast interview [here](#).

INGREDION

Ingredion is a leading plant-based global ingredients solutions company headquartered in Westchester, IL. The company makes sweeteners, starches, nutrition ingredients and biomaterials that are used in a wide range of food, beverages, paper, and pharmaceuticals. Or to quote Ingredion itself: "We turn grains, fruits, vegetables and other plant materials into ingredients that make crackers crunchy, candy sweet, yogurt creamy, lotions and creams silky, plastics biodegradable and tissues softer and stronger."

Ingredion is also a current World's Most Ethical Companies honoree – a distinction it has earned an impressive 10 times. So it comes as no surprise to learn that the company is doing some compelling work in the area of speak-up culture and internal investigations, such as conducting post-investigation surveys with all parties involved in an investigation as well as detailed walkthroughs of the investigations process to demystify it and make it less intimidating.

"When you start pulling the lid off of things and you really start shining a spotlight on it, it becomes less scary. And if it's less scary, then people are more likely to engage," says **Kimberly White**, Ingredion Vice President and General Counsel-Compliance. "We have gotten more than 100 responses, from those [post-investigation] surveys. And we have found even with people who are implicated, they are coming up and saying, you

JBS FOODS

JBS Foods is a leading global food company that processes, prepares, packages and delivers fresh, further-processed and value-added premium protein products for sale to customers in approximately 100 countries on six continents.

With more than 250,000 team members and operations in 15 countries, JBS is the #1 global beef producer, the #1 global poultry producer, the #2 global pork producer, and the mothership for major brands such as Pilgrims and Primo. It's safe to say that if you haven't yet eaten a JBS product, you probably know someone who has.

Over the last several years, JBS has made substantial efforts not only to deepen and expand its ethics and compliance program, but more importantly, it has done so with an eye towards the future sustainability of the program itself, especially when it comes to budgeting.

You have to realize, when you're forming budgets, what hills to die on, says Michael Koenig, Global Chief Ethics and Compliance Officer. "Every compliance officer has their wish list, but you're not going to get everything you wish for. What are the things I absolutely must have, what I'd like to have, and what are the things that would be nice, but if I don't have, that's okay? You have to think of budgeting that way as well. You have to build internal trust and confidence that when you



know what, this was not a bad experience. And I think that's a real testament to our speak-up culture and also our processes."

Kimberley adds that this is all a part of how seriously Ingredion takes its speak-up culture, and its business integrity program. But it never hurts to have a little help from the outside, too.

"Of course, we have Ethisphere that helps us also continuously improve," Kimberley says. "Thank you to Ethisphere and thank you to all of my colleagues out there who make this such a wonderful practice so that we can really level up the game for all corporations to be ethical business partners."

[Click here](#) to learn more about Ingredion's [Business Integrity, Ethics & Compliance](#) program, including a special integrity message from Ingredion CEO Jim Zallie, Ingredion's Code of Conduct, and more. And to learn more about Ingredion's innovative approach to internal investigations and speak-up culture, check out Kimberley's recent Ethicast interview [here](#).



go asking for more resources for something, the leadership will say, you know what, we trust what they've done."

People don't like surprises, Michael says, especially when it comes to budget. The key is to have candid, ongoing discussions about resources, especially around issues that could suddenly require unexpected costs. That's when all that discussion pays off. "I would much rather deal with problems than surprises," Michael says. "That's true in the substantive world, and it's true in the budgeting world."

[Click here](#) to learn more about Governance and Compliance at JBS—as well as its culture, leadership, and sustainability efforts. And to learn more about JBS's remarkable compliance journey, check out Michael's recent Ethicast interview [here](#).

By the Numbers

THE BURDEN OF LEADERSHIP

Corporate leadership is under immense pressure, thanks to a swiftly evolving regulations, economic uncertainty, an endless culture war, and long-simmering burnout. As we focus on culture, it pays to remember that the leaders on whom every ethics and compliance program depends aren't as okay as they may appear.

1,914

CEOs left their posts in 2023, the highest rate since 2002. 19 of those CEOs died on the job. And so far, 2024 is pacing to exceed 2023's numbers. [Challenger, Gray & Christmas](#)

15%

of CEO exits in 2023 were forced dismissals, which is within historic norms, but markedly higher than 2022, suggesting that post-COVID, Boards are expecting more of top leadership. [Spencer Stuart](#)

82%

of S&P 1500 CEOs are serving in their first public company CEO role. 81% were promoted to their role internally from COO, enterprise president, or divisional CEO/president roles. [Spencer Stuart](#)

60%

of CEOs worry about losing their job. Some 30% say they are more anxious in their role than a year ago, and 65% say their companies are going through significant disruption. [Alix Partners](#)



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The Final Word

Dog Years



by **Bill Coffin**

Coffin's Laws of Pet Ownership: 1) Never own a pet that makes you question your place on the food chain. 2) Never own a pet that if it escapes its enclosure, your first inclination would be to kill it rather than recapture it. 3) If you are going to have a dog, have two dogs. They need each other.

This two-dogs rule has served my family well over the years. Typically, we have one older, and one younger. The younger keeps the older spry, and the older shows the younger the ropes. When the older dog inevitably breaks our hearts, the younger gets promoted and teaches the new puppy everything it knows. It's a great system that is ultimately overseen by our cat, Kismet. We have had Kismet for 15 years, and she has laid down the law for five generations of dogs in our house: Sydney, Ginger, Orion, Luna, and most recently, Dipper. Whenever a new dog comes into the house, one

of the first things the older dog does is introduce them to Kismet. "This is Kismet. She is the boss. Follow her lead when it comes to asking for snacks and taking naps. Also, she has exclusive rights to upstairs." And the dogs listen to each other. At this point, Kismet doesn't even need to instruct the new dogs anymore. The old dogs do it for her, passing knowledge down from dog to dog. Luna doesn't know the agreement that Kismet and Sydney initially hammered out in 2009. She just knows what Orion taught her, which she has since taught to Dipper. And on it goes.

Why do I mention this, apart from the fact that dogs and cats are awesome, and I would find a reason to include them in every issue, if I could? Because this "Kismet runs the house" thing isn't just a curious artifact of dog years vs cat years. It's actually culture.

When I was in college, I took an anthropology class in which I learned that culture, at its most basic, is the transmission of learned knowledge. When a sea otter shows another otter where to find the best rocks for smashing oysters, and then that otter passes it along to another otter, that's culture. When a troop of chimpanzees discover and preserve a tradition of using a certain kind of grass to get termites out of their nest, that's culture. When a pod of killer whales goes around wearing [dead fish on their heads as hats](#), that's culture. (It's also tacky, but who's going to tell an orca that?)

The fact that culture isn't exclusively human does something very interesting. It removes culture from the ephemeral, subjective, unquantifiable realm of

art and places it into the inherently measurable and quantifiable realm of science. Once we understand that, it massively transforms our understanding of what culture is, and more importantly, how we can define, modify, improve, and transform it.

For organizations, this means that their workplace culture is something they can optimize if they take seriously the task of measuring it, understanding it, analyzing it, and implementing change. Culture doesn't exactly thrive under the hazy standard of "this is how we've always done things." That might work for those of us who live in dog years, but for the rest of us? Not so much.

If your organization rewards bad behavior, then you not only have a compliance problem, you also have a culture problem. And if your culture seems immovable, it's because you haven't measured it yet. As in all things, the data will set you free. Art produces reactions. But science produces results. Be scientific about your culture. You'll be glad you did, and so will everyone else within it.

Now if you'll excuse me, I need to go. Kismet has called a meeting...



BILL COFFIN
Editor in Chief

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backyard makeover*

Kylie, 12
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