Issue 01 | Autumn 2019

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THE TRUST ISSUE

*Why good culture is
good for business*

A QUESTION OF TRUST

Unemployment in both the US and UK is at its lowest point for almost 50 years and regardless of the daily apocalyptic headlines, times are (mostly) good. Yet despite most positions being filled, fears of job loss remain high because there is little trust in the system. According to the 2019 Edelman Trust Barometer –a global study– only one in five people in employment believe the system is working for them. Furthermore, employees in developed nations do not see any light at the end of the tunnel and think they will probably be worse off in five years' time.

There is however an appetite for change and as we have seen in the media in recent years people have become more willing to take responsibility into their own hands and become agents of change. This interest is demonstrated in the Edelman Trust Barometer by a significant rise in news engagement and –perhaps a sign of the times - more women than men are becoming amplifiers.

One of the most present examples of this phenomenon is the #MeToo movement which began to spread virally in October 2017, drawing attention to the widespread prevalence of sexual assault and harassment, especially in the workplace. It followed sexual-abuse allegations against Hollywood mogul Harvey Weinstein and has been given significant exposure by high profile celebrities and commentators including Alyssa Milano and Tanara Burke.

EMPLOYERS NEED TO LEAD BY EXAMPLE

But while celebrity figures serve as champions of societal change, women, men and other gender definitions alike are looking to their employers and CEOs for guidance and leadership. The world over, employers are largely seen as what should be a trusted partner for change and 71% of people believe it is their CEO that should take the lead on change rather than waiting for authorities to impose it[1]. This includes leading the charge on sensitive issues such as discrimination, sexual harassment, and gender equality.

1   Edelman Trust Index 2019

71% of people believe it is their CEO that should take the lead on change

Believing organizational heads should spearhead change isn't quite the same as trusting them to make a good job of it, however. The Hays Diversity & Inclusion Report 2018, a UK focused study, found that only 35% of workers trust their organizations' leaders to deliver change on the diversity and inclusion agenda. This seems to be because people don't think their senior management 'get it' quite yet.

Indeed, only 36% of the same pool of respondents believe that their leaders fully understand the relationship between diversity and inclusion and profitability.

It's become somewhat widely acknowledged that keeping your employees mentally, physically and emotionally healthy is good for business. The last several years have seen an explosion in 'workplace wellness' to the point where it is now more than a $48bn global industry according to the Global Wellness Institute. This is largely because dozens of studies have unanimously proven that employees with good health behaviors and lower stress are more productive. This comes not only from a direct benefit of having fewer people off sick (physically and mentally) and for shorter periods but further benefits the business because healthier, happier people are more engaged and driven at work (lower presenteeism).

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MIND THE TRUST GAP

As the Hays research shows, when it comes to leadership making the right moves, there is however a trust gap between employees and the organizations they work for. Perhaps unsurprisingly, this trust-deficit is highest amongst traditionally underrepresented groups, with just 28% of BAME respondents, 26% who disclosed a disability, and a quarter of those treated differently at work due to their sexual orientation trusting their leaders to deliver on the D&I agenda. Regardless of the agenda, if we consider the findings of both the Hays report and the Edelman Trust Index

in summation, people feel the chips are stacked against them because of institutionalized thinking. Over half (58%) of Hays survey respondents believe their leaders have a bias towards those who look, think or act like them. Furthermore, only 34% consider their leaders to be role models who challenge traditional viewpoints and established ways of working. From a macro view, the global appetite for change suggests that the time has come

to take a more expansive view of workplace integrity. This is more than anti-corruption and compliance, even more than transparency, it also extends to universal ethical principles, such as respect, fairness, and honesty. Workplace integrity, as part of a healthy workplace culture, is doing what's right in a professional and ethical context, treating others with respect and dealing fairly with those inside and outside the

How do we define misconduct?

Misconduct is a violation of the law, an organization's values or principles and/or universal ethical principles, e.g. respect, fairness, honesty.

organization. It should be noted that this expectation of workplace integrity is also facing a higher bar with each successive generation of workers –Millennials expect the companies they work for to be more ethical than the Boomer generation, for example.

According to the Global Business Ethics Survey (GBES) conducted in 2016, in organizations where workplace integrity is implemented and cultivated as the norm, leaders and employees at all levels know, care about and are committed to upholding professional, organizational and ethical standards and values.

The purpose of GBES study by the Ethics & Compliance Initiative was to assess the extent to which an organization and/or its employees are vulnerable to violations of workplace integrity.

The research looks at four key metrics to provide insight into

the ethics environment by highlighting the risks that emerge from lapses of workplace integrity:

Pressure to compromise organizational standards as an important warning sign of future workplace misconduct.

Observed misconduct, the most fundamental indicator of the state of integrity in the workplace, is whether or not employees follow the rules and live out core values.

Reporting of observed misconduct alerts management about the need to address violations, versus silence that allows wrongdoing to continue and grow worse.

Retaliation against reporters, such as the silent treatment, verbal harassment, demotions,undesirable assignments or even violence. Perceived retaliation erodes trust and often deters employees from reporting misconduct, which allows bad behavior to fester and spread.

From over 13,000 global respondents in the data set, 22% had experienced pressure to compromise on organizational standards; 33% had observed misconduct in the workplace; 59% of those had reported the misconduct; and 36% of those had experienced retaliation for doing so.

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IN A SILENT CULTURE, MISCONDUCT IS COMMON

The GBES data shows that where pressure to compromise standards is high, misconduct is also more common. Therefore, organizations that want to look forward with a view to predicting the possibility of future misconduct should look to whether employees feel pressured to compromise their integrity as this is a good indicator.

According to GBES, when it comes to misconduct within an organization, "one-time violations are generally less worrisome than chronic rule breaking, and misbehavior by lower level employees is typically less threatening than misbehavior in the executive suite." Moreover, although misconduct is often committed by an individual, around 10% of respondents who observed misconduct reported its as being "organization-wide."

This is indicative of a broken culture or institutionalized misconduct and often one that is perpetuated from the top down –a phenomenon that is never far from the headlines in recent months.

There is no escaping that there is a certain onus on leadership to set the example and drive the culture from the boardroom. "Inclusive leaders set the tone for an open and trusting workplace and leverage diverse teams to achieve improved organizational performance," is how Hays explains it.

#SpeakUp

Hays defines a desirable workplace culture as one "in which all voices are encouraged to be heard, drives greater creativity and innovation and improves both employee productivity and retention."

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...TOMORROW'S NEWS

OPEN DOOR POLICIES ARE NOT SPEAK UP CULTURES

"No matter how open you are as a manager, our research shows, many of your people are more likely to keep mum than to question initiatives or suggest new ideas at work"
– James Detert

No one in a position of seniority or a stakeholding in the company culture would say their organization has a 'closed-door policy'. So why is the often heard 'open door policy' not a universal solution for cultivating a Speak Up culture?

The extensive research of James Detert, a professor of business administration and the associate dean of Executive Degree Programs and Leadership Initiatives at the University of Virginia's Darden School of Business, highlights a possibly obvious truth: people don't like to rock the boat.

"No matter how open you are as a manager, our research shows, many of your people are more likely to keep mum than to question initiatives or suggest new ideas at work" Detert says.

No matter how good the intentions, well meaning initiatives to encourage openness and transparency fall short for two key reasons: a fear of consequences (embarrassment, isolation, low performance ratings, lost promotions, and even firing) and a sense of futility (the belief that saying something won't make a difference, so why bother?) If this is the case for just suggesting a new way of working, imagine how much this sentiment is amplified when it comes to raising a grievance about misconduct.

Open door attitudes are simply too passive. People still have to initiate a conversation, often with someone more senior than them and on that manager's turf, and that's intimidating.

ANONYMOUS FEEDBACK IS NOT THE SOLUTION

The go-to for canvassing employee feedback is the periodical anonymous survey, intended to give employees a confidential vehicle for voicing their honest thoughts about the organization. The mechanism for misconduct reporting is often similar - an anonymous phone hotline or a webform.

But these mechanisms are counter productive for three reasons, according to Detert's research:

First, an anonymous reporting mechanism reinforces people's fears about speaking up. The subtext is "It's not safe to share your views openly in this organization."

Second, anonymity can set off a witch hunt. When employees provided negative feedback or reported misconduct through hotlines, suggestion boxes, and such, some bosses demanded to know "Who said this?!" If people are going to libraries and coffee shops and using public computers to complete online employee surveys due to a fear of being tracked, you do not have a culture of openness and speaking up.

Finally, it can be difficult to address issues while protecting the identity of the people who raised them. Reporting harassment, bullying abuse or unethical behaviour won't do any good unless an ombudsperson can assess the extent of the problem, explore the causes, and develop recommendations. That means interviews need to be conducted, stories corroborated, and additional data collected –typically from the accuser. And if a complaint refers to a specific incident, it's often quite clear to the case manager which person filed it.

ACCOUNTABILITY HAS TO WORK BOTH WAYS

Open door policies and the canvassing of anonymous opinions are merely lip service to transparency and openness. In order for people to trust the system they need to see action and that means everyone has to be accountable. Detert refers to a project in which a large organization created a task force of senior managers to understand the causes of employee silence and propose solutions. The task force conducted more than 200 interviews across many sites and at all levels. "But when it came time to present the findings to leadership they failed to report how often they had heard about top management's candor-inhibiting behavior."

In speaking up –about speaking up no less– employees were rewarded with a toothless process that reinforced their existing belief that their complaints would make no difference and were not even welcome. That sets a dangerous precedent.

In order for a Speak Up culture to become just that –a culture– speaking up has to become typical behavior. It's OK to ask questions and it's OK to use the misconduct reporting tool –that's what it's there for.

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Detert has some recommendations:

Make feedback a regular, casual exchange

If you ask for input frequently and hold conversations face-to-face, idea sharing will feel less ominous and more natural. For misconduct reporting promote the tool.

Thank people for speaking up

When the first brave souls speak up, especially with comments that challenge how things are done, thank them and publicly acknowledge how much you value their input (even if it is anonymous). Then be sure to act on the information.

Explain the process

Transparency about how the process works and what is expected of the employee can reduce anxiety and increase participation. Spelling out guidelines and commitments up front makes people feel less daunted and their actions less futile.

Close the loop

If you don't want people to think their comments went straight to the trash can, make sure you tell them what you did next and what they can expect as a result. In surveys of more than 3,500 employees in multiple companies, Detert found that a failure to close the loop increased employees' belief that speaking up was futile by 30%. But if the organization had closed the loop in the past, their employees spoke up 19% more frequently.

ORGANIZATIONAL SILENCE IS BAD FOR BUSINESS

A number of studies have found that when employees can voice their concerns freely, organizations see increased retention and stronger performance. At several financial services firms in Detert's research, business units whose employees reported a Speak Up culture had significantly better financial and operational results than others. And at one national restaurant chain, managers were able to persuade senior leaders to make improvements that reduced employee turnover by 32% and saved at least $1.6 million a year.

The takeaway is that organizations can improve society by behaving more ethically and also do well, or better, economically.

Meeting employee expectations builds resilient trust with the employer and it is this trust that cements the partnership between the two. Institutionalized misconduct can have negative implications on an organization regulatorily, financially and reputationally. The core of a positive culture shift is behavior change to break down the institutionalization. With the right education, skills, motivation, tools, and social support, people can change negative behaviors for positive ones to the benefit of all. And the recording and reporting of misconduct needs to be normalized as a positive behavior that builds trust and accountability between employer and employee.

In short, investing in employee trust is investing in your bottom line.

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#speakup

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