

BUILDING A SUSTAINABLE CULTURE

DAN JOHNSON
HEAD OF ENGAGEMENT

ABOUT THE IBE

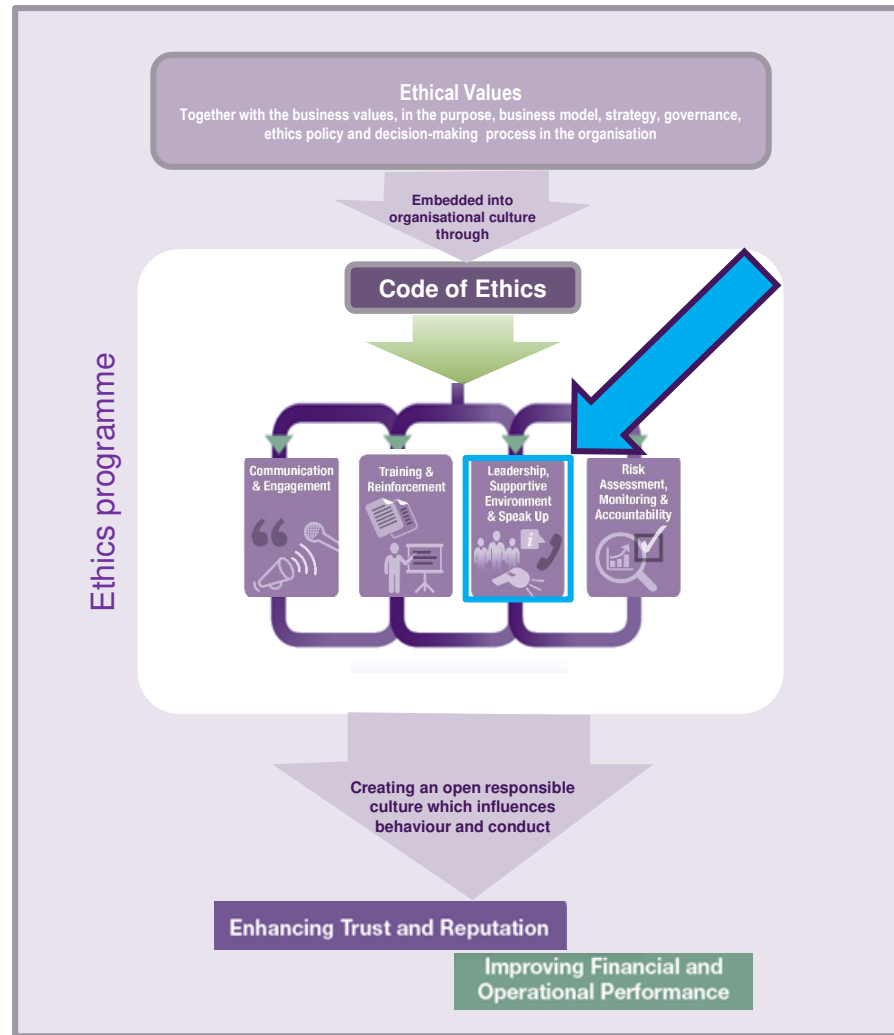
The IBE was established in 1986 to promote **high standards of business behaviour based on ethical values.**

- Advice
- Forums
- Publications
- Research
- Training
- Education



CONTEXT

THE IBE'S FRAMEWORK



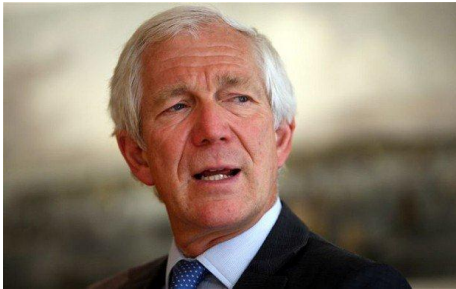
BUILDING (AN ETHICAL) CULTURE



AN INTRODUCTION TO CULTURE

SALZ REVIEW – BARCLAYS BANK

"Culture exists regardless.



*If left to its own devices, it shapes itself,
with the inherent risk that behaviours will
not be those desired."*

Sir Anthony Salz

CORPORATE CULTURE



"The way things are done around here"

What types of behaviours are encouraged and promoted in the organisation?

- Explicitly (above the water line) or implicitly (below)?
- Positive or negative?

ETHICS – THE INPUT TO BEHAVIOUR AND CULTURE

*"The application of
ethical values to
business behaviour"*



AN ETHICAL CULTURE

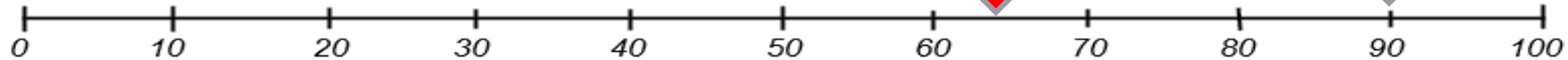
An ethical culture is one where:

- **Good decisions are made**
(ethical decision-making is demonstrated)
- **Bad practices / behaviours are not tolerated** (compliance)
- **Issues are resolved appropriately and effectively**
(speak up)



CHALLENGES TO BUILDING THE CULTURE WE WANT

HOW ETHICAL ARE YOU?



**Blind
Spots**

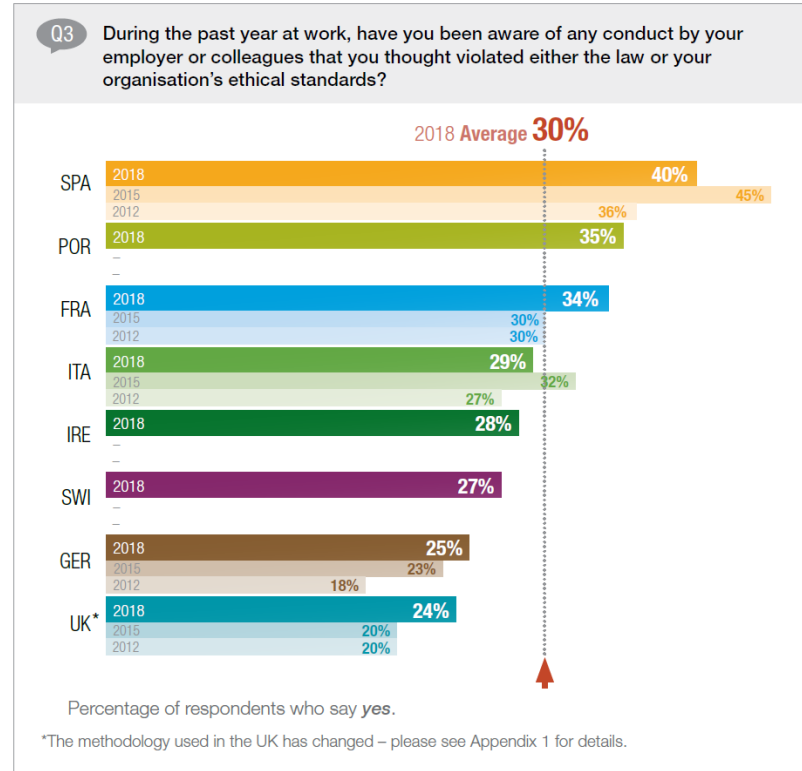
Why We Fail to Do
What's Right and
What to Do about It

Max H. Bazerman
Ann E. Tenbrunsel

EVERYONE

LATEST RESEARCH

AWARENESS OF MISCONDUCT



LATEST RESEARCH

PRESSURES EXPERIENCED

Q11 Which of the following, if any, were the main pressures on you to act unethically?



Percentage of respondents who have *felt pressure*.

LATEST RESEARCH

THE IMPACT OF PRESSURE

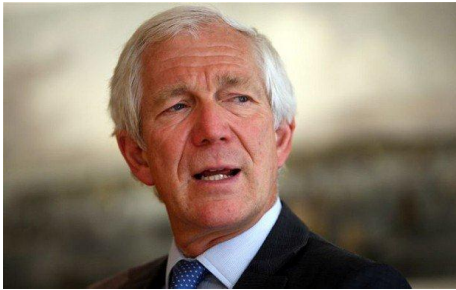
- More **lenient attitudes** to some workplace practices
- More **negative perceptions** of how frequently honesty is practised
- More **negative outlook** on how the organisation engages with its stakeholders
- Increased **awareness of misconduct**
- More **negative perception** of the ability of managers to promote ethics



ADDRESSING THE CHALLENGES

THE IMPORTANCE OF LEADERSHIP

MORE FROM SIR ANTHONY SALZ



"Culture exists regardless. If left to its own devices, it shapes itself, with the inherent risk that behaviours will not be those desired."

Employees will work out for themselves what is valued by the leaders to whom they report."

Sir Anthony Salz

tone from the top

collective and individual

"The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned.

All directors must act with integrity, lead by example and promote the desired culture."

Financial Reporting Council

TONE FROM THE TOP

COLLECTIVE AND INDIVIDUAL

M&S

EST. 1884



- **Purpose and values** – articulating what's important
- **Continuous improvement** – ethics are dynamic
- **Governance** – clear processes for making ethics stick
- **Business case** – assigning business benefit to operating responsibly
- **What happens when no one else is there?** – personal conduct

COLLECTIVE RESPONSIBILITY



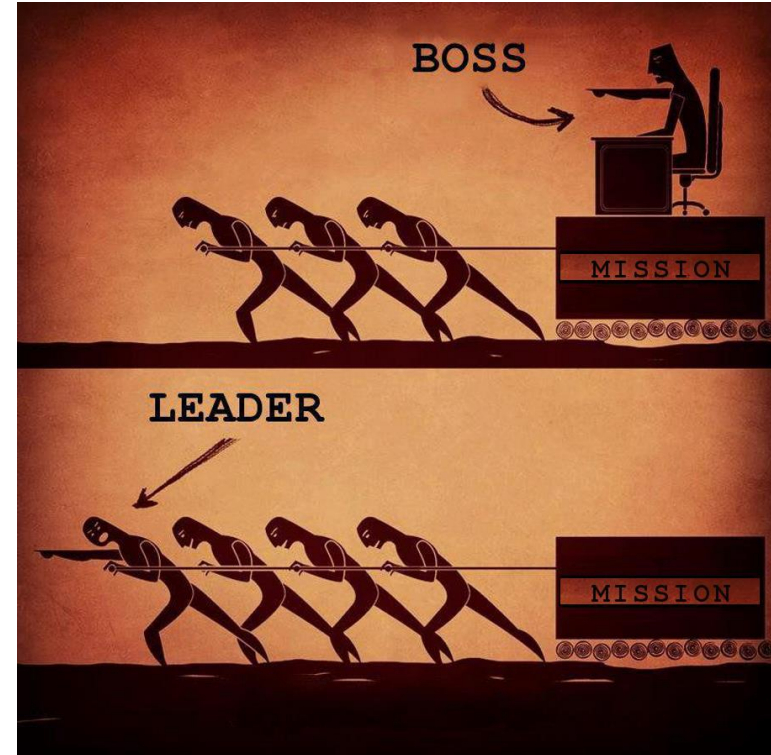
LEADERSHIP AT ALL LEVELS

"The effects of widespread misconduct on the workplace can be very serious . . . people learn by example and tend to replicate their peers' and managers' behaviour.

If employees observe that unethical behaviour is commonplace in their organisation, they will think that it is acceptable as part of their organisational culture."

LEADERSHIP IS NOT ...

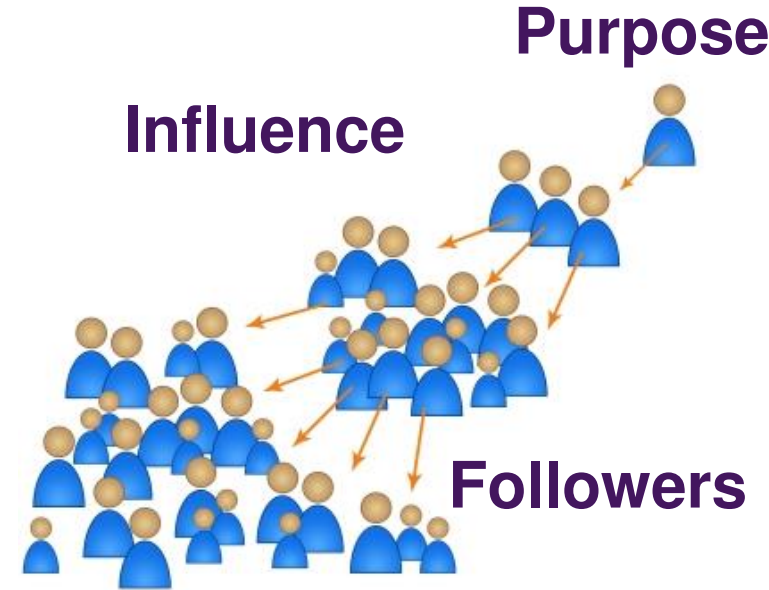
- Leadership has nothing to do with seniority or position in the hierarchy of a company
- Leadership has nothing to do with titles
- Leadership has nothing to do with charisma or extroversion
- Leadership isn't management



MORE DEFINITIONS

LEADERSHIP IS ...

- "... the ability to *engage* a *group* around an *idea*: to engage their hearts and minds" Jack Welch
- "... a process of *social influence*, which maximises the efforts of *others*, towards the achievement of a *goal*" Kevin Kruse

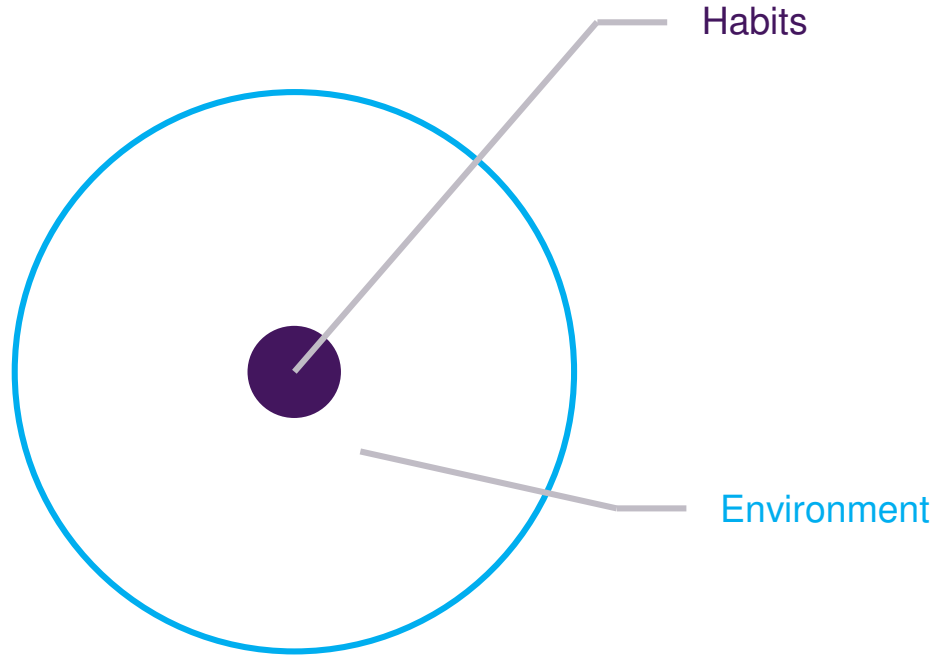


Sources: The Economist (2003) Tough at the Top – a survey of corporate leadership (Jack Welch)

Forbes (2013) What Is Leadership? 09 April, Kevin Kruse

WHAT CAN WE DO?

CREATING THE ENVIRONMENT FOR **GOOD HABITS**



"... the development of habits is dependent on favourable environments"

- Ethical decision making
- Speaking up

EMPOWERING OTHERS – THINK LIKE A CONDUCTOR



Source: TED (2008) The transformative power of classical music. Benjamin Zander – available
https://www.ted.com/talks/benjamin_zander_on_music_and_passion

IBE'S ETHICAL TEST FOR A BUSINESS DECISION

- **Transparency**

Do I mind others knowing what I have decided?

- **Effect**

Who does my decision affect or hurt?

- **Fairness**

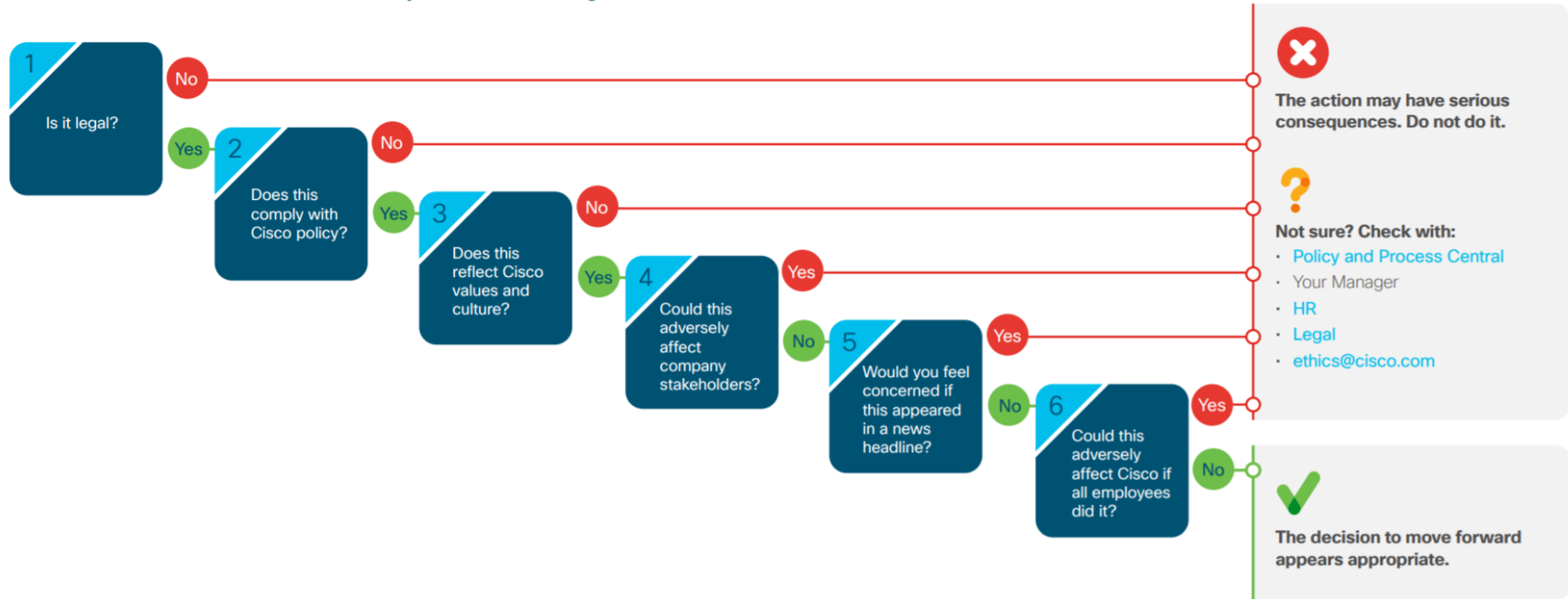
Would my decision be considered fair by those affected?

ETHICAL DECISION MAKING

ASK YOURSELF

“Ask Yourself” – Ethics Decision Tree

Use the Ethics Decision Tree to assist you in determining the best course of action.



ENCOURAGING SPEAKING UP

THE IBE SPEAK UP TOOLKIT

"The freedom to raise concerns without fear of retaliation is a core component of a supportive ethical business culture – one where employees are confident they will be supported to 'do the right thing'."



The five stages of the IBE Speak Up Toolkit



I have a
concern



Speaking to
someone



Making a
report



An investigation
is under way



After I have
spoken up

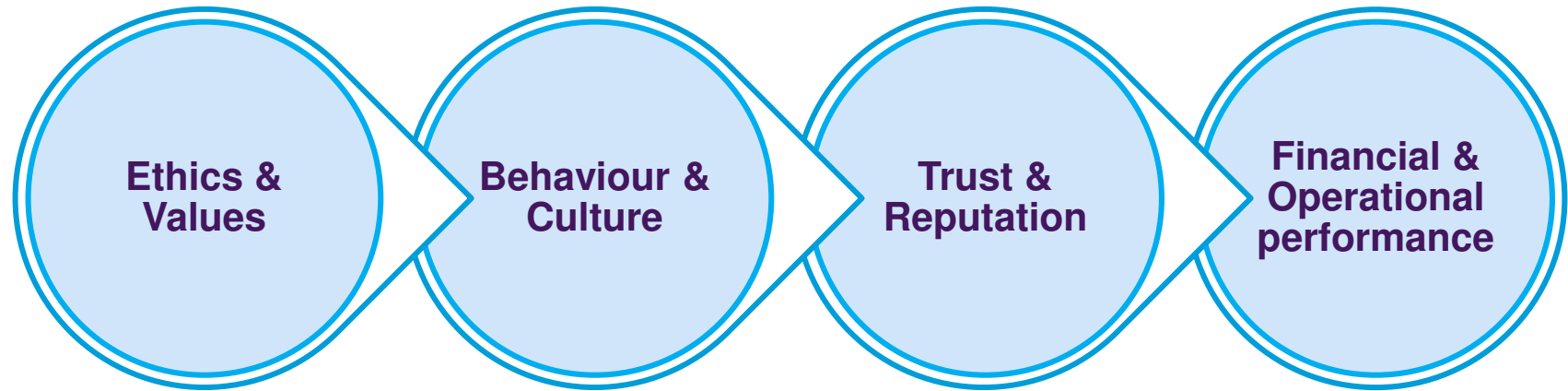
IN SUMMARY...

KEY TAKEAWAYS

KEY MESSAGES

- Culture exists regardless
- There is the opportunity to positively shape it as an ethical / responsible culture
- At all levels, culture is caught before it's taught

BUILDING AN ETHICAL CULTURE IS THE FOUNDATION OF A SUSTAINABLE ORGANISATION



"Doing business ethically, makes for better business"

THANK YOU

ANY QUESTIONS?



Dan Johnson

Head of Engagement



d.johnson@ibe.org.uk

www.linkedin.com/in/doyjohnson/