

Building an Ethical Culture

7 Steps for Creating and Maintaining Alignment.



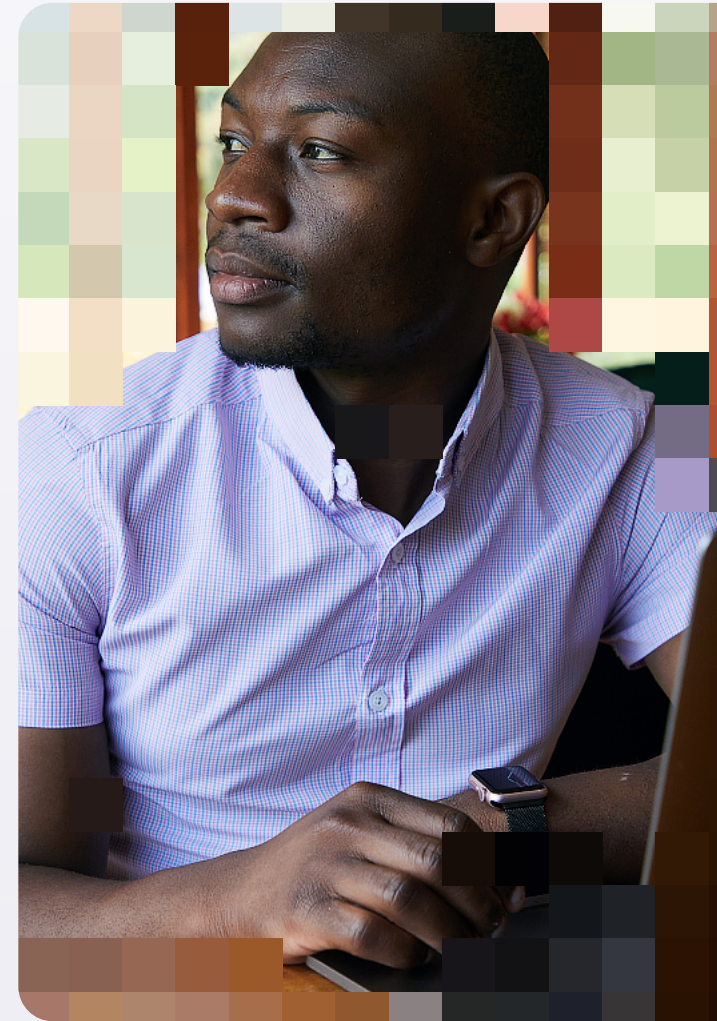
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Every organization has an ethical culture. In some companies, it might be very well defined, and others might be just starting to formalize it.

The questions become “Is it what our organization wants it to be?”, “Does it align with our business values?” and “Are there weak spots we need to address?”.

The purpose of this toolkit is to give readers processes to assess their current ethics environment and create positive change. Think of the toolkit as a way for organizations to “audit” their current practices. The process outlined in the toolkit can ensure that an organization’s words are aligned with their actions in terms of ethics.



Introduction: Why Ethical Cultures are Important.

According to the Ethics and Compliance Initiative's State of Ethics in the Workplace Report¹:



Only 1 in 5 (20%) U.S. employees were in workplaces with a strong ethical culture.

While that statistic has vastly improved over the past decade, it still leaves lots of room for improvement.

Regularly assessing the organization's ethical culture matters. In a CNBC/Momentive survey, more than half of respondents said they wouldn't consider a job with a company that didn't share their values². And in a study conducted by the Kellogg School of Management at Northwestern University, researchers found that consumers tend to support morality with their dollars³.

**What does this mean for organizations?
It means ethics is important!**

- Employees want to work for ethical organizations.
- Consumers want to buy goods and services from ethical organizations.

Having an ethical culture matters to the organization, employees and customers. It's the foundation of our business relationships. But how do employers develop ethics within their workforce? Let's talk about seven steps organizations can take toward building and maintaining an ethical culture.

Step 1: Get buy-in at every level.

Because ethics involves everyone, it's logical to assume that ethics is a part of culture. It might be tempting to think that culture belongs only to the senior leadership team or human resources. In reality, culture is owned at every level of the organization and needs the buy-in of all employees. It also means that any changes to culture should be viewed from an organization-wide lens.

When creating buy-in, a place to start is with a review of ethics. Make the review a proactive process, not reactive. Don't wait for something to go wrong to say, "We need to review our ethical practices." Taking a proactive approach will send the message that organizations—and employees—should feel comfortable discussing ethics at any time.

The senior leadership team can play a big role in creating an ethical culture by considering an ethics review something the organization should do regularly, the same as updating the strategic plan or creating the operations plan. Move beyond thinking of it as "Something unethical is going on so we need to address it by examining our ethics." Maintaining an ethical culture should be an ongoing process like building a strong brand and providing exceptional products and services.

At the operational level, organizations might need to explore psychological safety. For instance, do employees feel they can raise questions or concerns without fear of retaliation? If the answer is yes, then great. But if the answer is "no" or "I don't know", then the organization has some work to do.

The organization's senior leadership team is key in helping the organization integrate ethics into the workplace.



What is a Speak Up Culture (and Why Your Organization Needs One)

A "speak up" culture is when employees, customers, and vendors—basically anyone with a connection to the organization—is encouraged to report and feels comfortable reporting concerns. Organizations with speak up cultures are committed to investigating concerns and taking appropriate action⁴.



Resource Center. Case IQ has a resource page with information for senior leaders, including [how leaders can create a culture of ethics and a webinar with ethics expert Chris Bauer⁵](#).

Step 2: Define your organizational ethics.

Once people are on board with conducting an ethics review, the first step in building and maintaining an ethical culture is reaching consensus on what ethics means, because defining ethics is complicated.

In a general sense, ethics is defined as the “moral principles that govern a person’s behavior”. Based on that definition, it is realistic to assume that there are behaviors that we all agree are good/bad (for example: respect = good, murder = bad). But there could also be behaviors that are more difficult to define or assign a category, like honesty or loyalty.

Think of this step as a way to let every employee know these are the behaviors the company has identified as “good” or as “not good”. Also remember that there’s more than one behavior that must be defined. That’s why organizations need to have ethics standards.

The organization’s ethics standard becomes “the code of conduct for the individuals who work at a particular organization”. It guides communication, decision-making, problem-solving and customer service, which ultimately has an impact on the way business is conducted.

Organizational ethics also has an impact on employees—everything from how employees hear about the company and get hired, to training and development, to rewards and recognition, and ultimately whether an employee chooses to stay.

This might sound like an unnecessary step, but it’s also important to remember that ethics change over time. People change, technology and processes change, society and culture change too. They all have an impact on our personal ethics, which means they will have an impact on our organizational ethics.

Resources to guide defining your organization’s ethics

Whether you’re building one for the first time or revising your existing policies, having a documented process for creating and evaluating your code of ethics and ethics policies is critical. The good news is that Case IQ has done the heavy lifting for you. In the articles below, you will find resources to help plan your discussions and document final outcomes.



[6 Core Values Exercises](#) for Defining Your Company’s Ethics Culture⁶



[6 Essential Things to Include](#) in Your Company’s Code of Ethics⁷



[4 Must-Haves](#) for Your Company’s Ethics Policy⁸

Step 3: Assess the existing ethics culture.

With our definitions in hand, we can now look at our current situation. Please note: The purpose of doing an assessment isn't to necessarily find problems. It's to understand the current situation and, more importantly, determine if the organization is okay with it. Before starting the assessment, take a moment to consider a few logistics.

1. Take a moment to consider who should conduct the assessment.

Organizations are very invested in their culture. As such, they need to ask themselves who is the best person to get the unfiltered truth. If there's someone inside the company who can do it, great. However, it's worth considering an outside third party to conduct the assessment. Sometimes, the organization might need someone who is willing and able to say, "You might think this is working, but it's not."

2. Consider what is the best way to collect feedback

Think about the best way to collect feedback from employees, managers, executives, board members and possibly even customers. In the appendix, we've put together an overview of how to solicit feedback during the assessment process. There are advantages and disadvantages to each approach.

3. Examine existing organizational values.

So far, we've been discussing ethics. At some point, organizations must ensure that their ethics and values are in alignment. This could be a very short activity, but it should be done. Companies use their values to guide behavior. Where it can get tricky is when organizations use their values as a marketing tool.

Make sure the values listed are the ones that the organization wants on display. Confirm that the values are defined the way that the organization wants them to be defined. And keep in mind by examining the existing culture, the organization could recognize values that they aren't communicating that they really should.

At the end of this step, the organization should understand their current values, how those values are being displayed in the organization, and how employees/customers feel about each value in the context of the company's culture, products, and services.

Step 4: Create and communicate ethics guidelines.



As we mentioned earlier, developing ethics guidelines can be complex. We can't assume everyone knows the organization's ethics standard, because that's not fair. If we're going to hold people accountable for operating in an ethical manner, then we need to share expectations. After the organization conducts their assessment, they should create or revise their ethics guidelines.

Code of Ethics Templates and Samples

When it comes to documenting ethics guidelines, reviewing samples and templates can be a great source of creative inspiration. Case IQ has a couple of online resources to assist.



[18 of the Best Code of Conduct Examples](#)⁹



[Code of Ethics Template](#)¹⁰

For compliance purposes, any draft documents should be reviewed by the company's legal and risk departments.

As for the document itself, here are a few presentation suggestions.

Message from senior leadership. If the document doesn't already include one, the CEO should include a message of support for the organization's ethics guidelines. If there's already a message from leadership in the ethics standard, consider whether it needs a revision to reflect current times. It might even make sense to have a joint message from the CEO and CHRO.

Accessibility. Make the document accessible by anyone – employees, investors and possibly even customers. This aligns with the organization's goal of being a speak up culture. Ensure that the document is accessible in written and online formats. And make sure the document is accessible for individuals who have a disability.

Alignment and branding. The organization's ethical guidelines should align with company culture and values. The document should be branded with the organization's identity (i.e., company logo, coloring and consistent with the company's voice.) Yes, this document will be reviewed and approved by legal, but it should be easy to read and understand.

White space and reading level. This elaborates on the last paragraph about branding. Don't be afraid of white space. Using bullets points and lists can help readers process information. Also, remember that the company's ethics guidelines should be written at a reading level for everyone to understand. Don't use words or slang that could be easily misinterpreted. Try to avoid jargon and acronyms.

Follow-up. Again, in keeping with the organization's speak up culture, tell readers where to go if they have questions or concerns. Ideally, individuals should have multiple places they can go so if a person is unavailable, they can still get their questions answered.

Bring Ethics into Recruiting

Now that the organization has an ethical standard and it's being communicated, consider including questions about ethics in recruitment.

Here are a few examples:

- Tell me about a time when you were challenged ethically.
- Describe a time when you discovered a co-worker wasn't honest. How did you handle it?
- Tell me about a time there was no rule to help you solve a problem.

We mentioned earlier that employees want to work for ethical organizations. Asking questions about ethics will send the message that ethics is important.

Step 5: Investigate ethical concerns.

While it would be fantabulous if ethical concerns didn't exist, that's not a practical outlook. Organizations should be prepared to hear and investigate concerns—from inside and outside the organization. This means having a documented investigation process in place.

The process should include:

- How to evaluate whether a formal investigation is required
- Planning the investigation, including who will be the investigator, objectives and a timeline
- Conducting interviews, collecting data and documentation
- Analyzing findings and developing recommendations
- Determining corrective actions
- Closing the investigation, including follow-up with individuals and recordkeeping

Organizations should consult with legal counsel about their process and recordkeeping to ensure compliance. The conversation should also include the benefits of using technology solutions during investigations. Today's technologies can help organizations stay focused and organized during the investigation. In addition, technologies like Case IQ allow organizations to look for trends and take proactive steps to reduce liability.

Have a Whistleblower Policy

Often when employees ask questions or express concerns about something happening at work, it falls into the category of whistleblowing (A.K.A. “blowing the whistle”) on inappropriate behavior. Organizations should have a whistleblower policy which clearly outlines when employees should speak up, how to report behavior and a firm commitment to anti-retaliation.



Whistleblower policy template.

If you're looking for resources to draft a whistleblower policy, Case IQ has an article in their resource center titled: [Here's What You Need in Your Whistleblower Policy \(and Why\)](#).¹¹ Don't forget that a draft policy should be reviewed by the company's legal and risk teams as well.

Step 6: Conduct training and refresher training.

While we're mentioning training and refresher training toward the end of these steps, organizations should take a proactive stand and conduct ethics training early in an employee's career.

Orientation and onboarding. Organizations should explain the ethical standard and make sure employees have a copy. Employees should know the individuals they can speak with if they have questions or concerns.

Training and learning. Consider creating a training session on ethics in the workplace. In addition, organizations should include discussions about ethical behavior in existing training programs like customer service, anti-harassment, etc.

Management development. Organizations should provide managers with training on how to listen for ethical concerns from employees and what to do when they are made aware of ethical challenges. In addition, managers should also be given guidance on the impact of retaliation—both from a financial and morale standpoint.

Just because an employee attended ethics training as a new hire, it doesn't mean they won't appreciate and benefit from refresher training. Employees should have access to short refresher programs that reinforce the organization's commitment to ethics and the process.

All the following formats give the organization an opportunity to remind viewers/listeners about the company's commitment and policy regarding ethical behavior.



Webinars. Internal leaders and/or outside partners can be a great way to discuss ethics. Often subject matter experts (SMEs) don't have the time for a regularly occurring live event. Recording a webinar and giving employees access creates the best of both.



Podcasts. With the popularity of the podcast format, this can be an ideal opportunity for senior leaders to discuss workplace topics not just for ethics conversations but in general. Consider bringing in special guests to add fresh perspective and insight.



Microlearning. These are short (less than 5 minute) videos that address a topic quickly and succinctly. Most people can shoot high-definition video using their phone or computer. In terms of content, consider using real-life situations where the details have been altered to protect privacy.

Step 7: Monitor for future risk.

The final step in building an ethical culture brings all the pieces together. Yes, the organization needs to react when questions and concerns are raised, but taking a proactive stand will help the organization transform into an ethical culture¹². Think of the steps we've discussed as a regularly occurring process versus something that just happens occasionally, maybe after an incident.

Organizations can discuss ethics during the recruiting process. They can communicate the ethical standard during onboarding and training. Employees can share feedback about ethics and values during surveys, meetings, etc. If the organization finds itself investigating concerns, they have a consistent process to follow. And they can use today's technology solutions to look for trends and address them quickly.



Adopting this proactive approach increases psychological safety which ultimately improves the ethics of the organization.

Appendix: How to Collect Feedback

Throughout this toolkit, we've talked about several opportunities for organizations to collect feedback from employees, managers, executives, board members, customers, etc. For example, organizations might want to ask how their written values are being applied? There are many ways to collect feedback, each with their own advantages and disadvantages. Below is a chart summarizing the different methods. This can be used in building an ethical culture and other business projects.

Method	Advantage	Disadvantage
In-person interviews	Great for collecting detailed information because you can ask follow-up questions.	Can involve a huge time and resource commitment. The best results come by using a skilled interviewer.
Video interviews	Good when you have a dispersed group that you want to engage with, and the company wants to conserve resources.	If you're recording the interview, make sure you get proper permissions and/or authorization from participants.
Observation	This method involves watching the operation or process in action. Depending on the situation, it can be beneficial to actually see the behavior.	People might change or alter their behavior because they're being observed. Best results come by using a skilled observer who knows how to take notes.
Surveys	Feedback can be gathered from a lot of people. The survey can be anonymous (no identifying information) or confidential (limited identifying information).	Survey fatigue! And anonymous feedback could be difficult to interpret.
Focus groups	Nice way to create engagement, especially with employees who might typically be quiet or introspective.	Best with a skilled facilitator and note taker. It will be important to keep participants from moving toward groupthink.



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Footnotes

1. <https://www.ethics.org/global-business-ethics-survey/>
2. <https://www.cnbc.com/2022/07/01/most-workers-want-their-employer-to-share-their-values.html>
3. <https://insight.kellogg.northwestern.edu/article/consumers-care-if-your-product-is-ethical>
4. <https://www.caseiq.com/resources/what-is-speak-up-culture-and-why-your-organization-needs-one/>
5. <https://www.caseiq.com/resources/ethics-at-the-top-how-the-c-suite-affects-company-culture/>
6. <https://www.caseiq.com/resources/6-core-values-exercises-for-defining-your-companys-ethics-culture/>
7. <https://www.caseiq.com/resources/6-essential-things-to-include-in-your-companys-code-of-ethics/>
8. <https://www.caseiq.com/resources/4-must-have-sections-for-your-companys-ethics-policy/>
9. <https://www.caseiq.com/resources/18-of-the-best-code-of-conduct-examples/>
10. <https://www.caseiq.com/resources/code-of-ethics-template/>
11. <https://www.i-sight.com/resources/heres-what-you-need-in-your-whistleblower-policy-and-why/>
12. <https://www.caseiq.com/resources/your-complete-guide-to-establishing-an-ethical-culture/>