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Dr Attracta Lagan is co-principal of Managing Values. As a leading subject matter expert in behavioural ethics, she has worked extensively in the corporate and government sectors in Australia and Asia helping executive committee teams measure and benchmark culture, draft organisational values and business principles statements, facilitate ethical leadership programs and engage all organisational members regarding ethical accountabilities. As part of her training initiatives, Attracta has developed a scenario bank of over 300 workplace dilemmas and known workplace risk issues. She has also written over 80 industry articles and two management books about applied business ethics.

# RETHINKING ETHICS AND CODE OF CONDUCT TRAINING

Better design to manage risk

Dr Attracta Lagan

It seems everyone has experienced a code of conduct or business ethics training session that is unmemorable, generic and fails to resonate. The unintended consequence of such training is that it leaves employees jaded with management's intent, annoyed at the waste of their time and frustrated by the lack of relevance of content, despite well-known workplace ethical challenges being unacknowledged and remaining unaddressed.

Such training can also blindside risk managers, boards and regulators into a false sense of security that employees are aware of the specific industry challenges they will face. The sad reality is that we do know where the high-risk areas are in each industry, and it is a management remiss not to engage employees with specific skills training to anticipate and respond appropriately.

So, why do so many training initiatives fail to engage employees or protect employers? As is the case with organisational culture, much training fails simply because of its poor sponsorship by organisational leaders, poor design and poor resourcing.

The systemic source of poor design begins with an approach that takes a legal or compliance perspective. Often the focus is on telling employees about what they can and cannot do instead of recognis-

ing and responding to their innate need to 'make sense' of the codes they are being asked to sign up to, how they apply to their day-to-day activities and decisions and how they are designed to influence interpersonal relationships to enable a shared understanding of what appropriate workplace behaviour looks like.

A compliance approach assumes everyone will make the same interpretation of workplace challenges, so there is only a need for one 'right' answer, and it will cover a myriad of situations including the very different issues of a service context, a marketing context or a sales context within the one organisation.

It further assumes that employees will interpret the code's directives in the same way regardless of age, gender, race or educational background.

The traditional, tired approach to code of conduct training stays silent on the informal cultural priorities that shape workplace behaviours. Such cultural pressures include:

- obeying one's boss
- doing more with less because of budget cuts
- achieving financial targets because personal and group bonuses depend on it
- producing reports to meet time deadlines with pressure to do 'whatever it takes' to achieve this.

Moreover, it stays silent on ‘the other message system’ that prevails, the one where people *listen with their eyes*, see what behaviour is being rewarded and feel they have to either fall into line, vote with their feet and leave, feel compromised, or stay but cheat the system as ‘payback’ because the organisation cheats them.

The recent trend to design content that includes ethical dilemmas or hypotheticals which encourage discussion and reflection could be around the real workplace ethical challenges people face such as reporting managerial bullying, recommending products and services that may not be ‘best’ for clients, or taking liberties with report figures for the sake of ‘looking good’.

Instead, unfortunately, many of these hypotheticals also emanate out of the legal department and are designed to provide the organisation with legal coverage should a scandal emerge. Typically they speak to the black and white decisions and not the contextual pressures that push people over the line such as ‘stretch goals’ or stretching an espoused value to deal with a particular situation.

Lack of resourcing can mean that face-to-face training, where the nuances of organisational culture, situation context and individual interpretations can be professionally mediated, are sacrificed to an obligatory annual online learning program, completed with a mandatory sign-off. These typically ineffectual ethical ‘sheep dips’ may no longer provide a compliance shield as regulators become increasingly savvy to leadership failure to engage and forewarn their people about what is ‘right’ in pursuit of business goals and where tolerances lie.

## The road less taken

Progressive organisations make explicit ‘the how’ of business development and business success. They invest in ensuring employees understand ‘the why’ behind their company values as well as provide clarity on the ‘must nots’ in pursuit of success. The fact that so many high-profile global brands, and, here in Australia, the financial institutions exposed by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, failed to ensure ethical standards of behaviour and have suffered brand damage as well as loss of consumer confidence, hopefully, will help reset the default approach to code of conduct/ethics training.

## Designing ethics or code of conduct training with integrity

### Authenticity of content

Authenticity of content is the first principle. Instead of hypothetical dilemmas, risk managers can canvass employees’ input from different levels within their organisations and identify precisely the ethical challenges they face. This input can be gathered anonymously to offset organisational power politics or by a third party where trust is low.

Tailoring training content in this way ensures genuine situational and cultural challenges are being addressed. It engages employees because it is relevant to their day-to-day situations and it sends a powerful signal to regulators that leaders are genuine in their desire to create an ethical culture where employees are supported to do the right thing.

### Authenticity of design

Authenticity of design in terms of desired results also matters. Organisational leaders need to ‘set the tone’ by showing up at training sessions and speaking openly about some of the challenges they have faced and how they responded. They need to draw on the new behavioural sciences highlighting how organisational contexts can trump an employee’s character causing them to behave in ways not necessarily of their conscious choosing in workplace decisions, making it essential to remain alert to known risks.

### Example: rationalisation awareness

Our ability to rationalise our behaviour is a known risk. Behavioural science shows that when employees’ conduct clashes with their beliefs, they change their beliefs to support their conduct, failing to notice the switch. Unethical actions become acceptable after the fact as the individual re-categorises them as ‘acceptable’. By sharing the list of well-documented rationalisations used by staff at all levels to justify unethical acts, employees are forewarned and forearmed to be alert to their possible ethical slippages as well as those of others. When people, for instance, say, ‘It’s just a business decision’, employees can be alert to the other considerations perhaps deliberately ignored in this decision-making process.

Thus, this research provides employees with the scientific findings on how social pressures *to go along to get along* can ‘push’ people to behave in such ways and can give rise to rationalisations justifying poor decisions or behaviour. It also highlights how in scandal-plagued companies, employees had changed their thinking to justify their behaviours once they had taken unethical steps. Further, the social phenomenon of ‘ethical fading’ means that the ethical dimension may vanish from consideration.

Behavioural science has delivered a new range of very powerful levers to encourage and implement healthy ethical cultures. By sharing these findings with employees, they too can be engaged in the co-design of the desired culture at every level. Instead of depending on ‘courage’ or ‘moral compasses’, employees are forewarned of the ‘slippery slopes’ leading them potentially towards unethical behaviour.



### The quote

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**On-time training**

On-time training means 'tailoring' content to speak to specific cultural risks and contexts or calendar periods where risk is at its highest, rather than focusing on individuals. Employees can be skilled in how to offset specific organisational cultural pressures such as:

- reaching end-of-month sales quotas
- countering the pressures from 'relationship marketing' suppliers in the procurement area
- how to respond to organisational change pressures by skilling employees in change management and ensuring they can continue to experience their organisations as fair places to work. Organisational justice research reminds us that if employees see the organisation as unfair, they may in extreme circumstances be prone to retaliate with workplace sabotage including fraud, data leaks and other misdemeanours.

**Frequency of training**

A once-a-year eLearning program is symbolic of its lack of importance relative to other business communications. Ethical issues arise daily. Thus, conversations and timely training that checks in with how employees are doing, signals that leaders are keen to make it as easy as possible for employees to do the right thing. Further, the frequency of ethical conversations helps to offset 'cultural drift' where informal ways of doing things overtakes the formal ways while employees remain blindsided to the drift.

**Resetting the default button**

If leaders are serious about managing risk and designing cultures of choice, it is time to reset the default button on code of conduct and business ethics training. Employees and employers will reap the benefit of genuine workplace learning opportunities about 'the how' and 'the why' of ethical business practices and accountabilities.

Most people see themselves as ethical. By leveraging off our ethical identities and using behavioural science findings to forewarn and forearm employees at all levels about the ethical challenges they will inevitably face, risk will be managed proactively with engaged employees helping to ensure that a more widespread culture of integrity emerges. **FS**