

# NAVEX Global's Approach to Culture Assessments

## How to Perform an Effective Culture Assessment

### INTRODUCTION

In order for a business conduct and compliance programme to be successful, it must be firmly rooted and supported by company values that are reflected in a strong corporate culture. But even in the best companies, subcultures and employee perceptions can at times be obstacles to the efforts. A **culture assessment** identifies elements of an organisation's culture that support good business conduct—and others that do not. It provides recommendations on how to further develop the former and mitigate the latter. It is often an eye opener for leadership and a major catalyst for improving management engagement and support.

A company should consider conducting an ethics culture assessment in order to answer these questions:

- Do employees believe that we have a **culture of integrity**?
- What can we do to build **trust and credibility** with employees so they will raise questions and concerns?
- Where are the **potential pressure points** in the organisation that could cause good people to make a bad decision?
- How do we **engage our leaders** in fulfilling their ethics and compliance responsibilities?
- How do **employees perceive** our business conduct communications? Training? Reporting systems?

Information for culture assessments should be gathered using the following methods: **interviews, focus groups and employee surveys**. Interviews provide insight on leadership engagement and support. Focus groups provide both quantitative and qualitative information and they allow us to dig deeper into employee opinions and examine location or job-specific issues. Most importantly, focus groups provide opportunities to understand the underlying reasons for employee perceptions.

### LEADERSHIP INTERVIEWS

Building and sustaining a best practice business conduct programme and organisational culture requires a strong commitment from leadership at all levels of the organisation. This includes:

- **Strong oversight** by the Board or a designated Board committee,
- **Active involvement by high-level executives** who understand their important role and are committed to ensuring that the programme is effective,
- Involvement in and support by **line management**,
- **Business conduct professionals and subject matter experts** who are aligned with the Company's values and expectations, as well as the standards of the profession.

Because of the importance of the role of leadership in defining and maintaining a strong organisational culture, understanding their perceptions using a structured interview process is a cornerstone of our assessments.

## LEADERSHIP INTERVIEWS: OUR RECOMMENDED PROCESS

At NAVEX Global we include interviews with members of the Board of Directors, the senior management team, subject matter experts and others who, because of their responsibilities, can provide valuable insights & perspective.

Each interview should be scheduled for approximately 45-60 minutes and be conducted by a senior independent consultant. You will also need to determine the optimal list of interviewees and to schedule the meetings in a cost-effective and timely manner. Telephonic interviews, though not ideal, may supplement in-person interviews, if necessary.

You will also need to refine the key questions to ask your interviewees. These questions may vary depending on the interviewee's position within the company. And, like a skilled musician, your interviewer should use the questions as a framework to explore the most fruitful areas rather than as a verbatim script.

### SAMPLE QUESTIONS FOR EXECUTIVE INTERVIEWS

- » What are **senior management's highest priorities**? [Not just limited to business conduct and compliance...but strategic/business priorities.] Have priorities changed over the last few years? Are the reasons for the change in direction well understood by employees?
- » How do employees know what to do **when priorities conflict** with the Code of Conduct, Company policies or the Company's values? For example, how do employees balance customer satisfaction with cost savings?
- » What do **you personally** do to make sure employees understand your commitment to the Company's values and your business conduct priorities?
- » Are there areas where **incentives or other pressures** might tempt good people to engage in behavior not in the long-term best interests of customers, coworkers, or the Company?
- » Every company has problems; the important thing is to identify them early. Is this an **environment where people feel free to raise concerns**? [If not, why not?]
- » Are **risks being adequately addressed**? If you worked as the Chairman of the Audit Committee, what would you be most concerned about?

## FOCUS GROUPS

Understanding employee perceptions about business conduct and organisational culture is important for sound business and legal reasons. This is where focus groups can play a critical role. Focus groups enable you to learn about employee perceptions qualitatively, and to understand the cultural and attitudinal underpinnings of effective leadership efforts. They also provide the opportunity to do a "deep dive" into a location, function, risk area or business unit as needed.

Many companies use surveys to address these types of questions, and surveys have great value. Management in most organisations is very interested in rigorous quantitative information. **Surveys, however, often raise as many questions as they answer.** Why do 62% of employees fear retaliation? Why do employees believe that people who violate the Code of Conduct do not face negative consequences?

For this reason, we recommend using focus groups as a complement to any survey processes or to conduct intensive analyses into areas of special concern for the company. Understanding the underlying reasons for employee perceptions is as important as understanding the perceptions themselves.

## EMPLOYEE FOCUS GROUPS: OUR PROCESS

At NAVEX Global we have refined our ethics and compliance focus group protocols over the past twenty years. To ensure an effective and efficient process the following activities are carried out:

- **Messaging** to the workforce and drafting invitations to participants,
- Assisting in the participant **selection process**,
- Planning the **group size** (8-12 is optimal) and the **group's composition**,
- Preparing the **room layout and hospitality** to put the participants at ease,
- Scripting in advance the **questions** as well as likely avenues for discussion,
- Designing post-focus group **employee communications**.

Each element of the process should promote a free flowing, candid discussion during the focus group, and to leverage the focus group as a signal of management's commitment to ethical behaviour.

Each focus group should be conducted with a "flat" group of employees and a guided interview question set to promote discussion. All focus groups should be facilitated by an experienced consultant who is adept at drawing out employee opinion and digging deep into issues.

Be obsessive about ensuring that potential barriers to discussion are removed from each session. **Each session should only have employees from similar job levels.** Focus groups can also be structured by function if desired. This helps to concentrate the discussion on issues specific to each group. In addition, pro-actively work to recognise and address the interpersonal dynamics of focus groups. If these dynamics are not addressed they can undermine the session.

As well as customising each set of questions to meet the needs of your specific focus groups, in many situations we recommend you address employee perceptions in these areas:

- **Leadership alignment** with organisational values and business conduct expectations,
- **Ability to report issues** through various channels, and consequences of reporting,
- Role of ethical/unethical behaviour in **career success**,
- **Pressure to compromise** in order to achieve objectives
- Key compliance and reputational **risks**.

Exploration of these issues is aided by the use of **wireless voting technology**—a process pioneered by NAVEX Global in the ethics and compliance field—to allow participants to express their attitudes anonymously. This technique provides your facilitators with the opportunity to instantly follow-up on the most fruitful areas for discussion. Participants are often surprised to find others have voted the same way and are more likely to provide context and specific examples of the behaviours that drive their opinions.

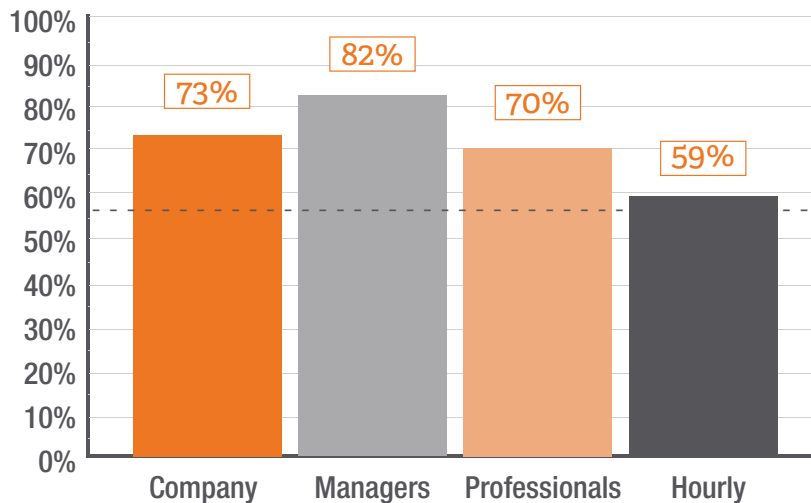
One of the biggest concerns we hear about focus groups is that employees will be fearful of attending and will not talk. Employees often say afterwards that they were surprised to find they enjoyed the session and were pleased that the company wanted to hear their opinions. There have been a few rare exceptions (less than 1%) where after ninety minutes of voting and attempted discussions employees still talk only in generalities and platitudes. While disappointing, even with these sessions the facilitators leave with insight of a different type.

## DELIVERABLES

Make sure you understand how the information you gather will be best received by the organisation. Typically, providing written reports and/or PowerPoint presentations summarising your results will provide the key basics. These reports can include charts like the following:

### Do You Believe You Could Report Unethical Behaviour Without Fear of Retaliation?

*% answering "yes"; dotted line = NAVEX Global Benchmark*



Note that this chart breaks down results by job levels, and provides benchmark comparison to the median result from other companies that have conducted focus groups. In addition to quantitative information, you should also include qualitative information via written feedback.

One of the main benefits organisations get out of focus groups is the fact that they are doing them. The messaging before and after the focus groups, and the positive word of mouth that comes from participants, is a major contributor to encouraging open communications—a key part of a culture of ethics and integrity.

## About NAVEX Global's SaaS Solutions, Data and Services

Over the last 20 years, NAVEX Global has dedicated itself to helping our clients to develop and implement effective ethics programmes in organisations of all sizes and sectors. As well as our range of robust ethics and compliance SaaS software solutions for policy management and third party risk and outsourced hotline reporting systems, our services are tested and proven particularly for tailored benchmarking reports, developing best practice codes of conduct and delivering award-winning eLearning courses.

### ABOUT NAVEX GLOBAL

NAVEX Global's comprehensive suite of ethics and compliance software, content and services helps organisations protect their people, reputation and bottom line. Trusted by more than 13,000 clients, our solutions are informed by the largest ethics and compliance community in the world.