

Corporate ethics: it's all about behaviours

21 September 2020: Changing corporate culture doesn't happen overnight and organisations must embrace reform from top to bottom to make it happen and cut out bad behaviour, argues corporate ethics expert

Lord Gold.

It is no surprise if business leaders confidently believe that corporate compliance is under control in their organisation when they have in place a clear set of rules and policies dictating what conduct is acceptable. Most companies have such rules and are generally surprised when things go wrong and incidents of bad behaviour are discovered.

The #MeToo Movement, which has gained much recognition over the past three years, demonstrated that in a great number of organisations, behaviours failed to reach acceptable standards despite being so obviously in breach of the rules – yet such behaviour happened. Companies with whistleblower hotlines in place know all too well that most calls report poor behaviours within the organisation, often revealing incidents of bullying or discrimination.

So why does this happen when such behaviours are likely to be against company rules?

There is no one answer, but there are some matters which companies must get right. Here are some questions the Board should ask, and upon which it should seek assurance from senior management:

1. Is the tone from the top delivering a clear message and the leader by their own conduct setting the right example?
2. Is there adequate training in place that is relevant to and understood by those being trained?
3. Is there open and regular discussion of ethical issues throughout the company, constantly reminding employees that good behaviours are essential?
4. Is there a strong disciplinary process in place where those demonstrating bad behaviour will be sanctioned?
5. Is bad behaviour and its consequences openly communicated to the staff?

Only if there is an affirmative answer to these questions can business leaders begin to breathe easy – at least for a while, for these issues require constant reinforcement and attention.

Complacency results in problems. When bad behaviour occurs, an organisation will be damaged both internally and also externally through bad publicity. Once the media latches onto newsworthy stories (especially those with a sensationalist element) they remain in the files and on the internet forever. By its responsive conduct, the company must show that it is determined to change staff behaviours and will be resolute in making this happen.

The questions posed above give some insight into what a company must do but only scratch the surface. As we know through our considerable experience, change doesn't happen overnight. The whole organisation must embrace the necessary reforms.

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