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**Workplace culture and conduct:**
Challenges & opportunities

# Workplace culture and conduct: More than a hashtag

The **#metoo** and **#timesup** movements aren't just headlines anymore. Together they represent a new reality for any organization of any size, in any sector, where employee activism and "whistle blowing" on financial crime and corruption has accelerated. No matter the environment, these movements and broader public sentiment are changing the expectations of workplace and social behavior.

With the #metoo and #timesup wave, employees feel empowered to speak up and report misconduct issues in the workplace, which can manifest in several forms, including:

• Sexual harassment, discrimination, bullying, and intimidation

• Fraud, bribery, corruption, financial crime and conflicts of interest

• Absenteeism, insubordination, and recurring performance issues

Any one or combination of these issues could expose an organization to significant—and often irreparable—legal, reputational, and financial risks.

# NOW is the time to act

Workplace culture and conduct seems to be on every organization's radar, and everyone is asking how they can design and build work environments that are free of harassment, discrimination, and destructive workplace conduct. Leaders are being challenged by boards and stakeholders to explain how they plan on implementing safe, appropriate channels for employees to raise concerns about misconduct, should an issue arise, and ensuring employees know that if they do have concerns, they will be addressed respectfully and responsibly.

The urgency for many organizations to address workplace culture and conduct issues is increasing due to the following:

## 01
### Tightening employee health and safety regulations

Healthy employees, both physically and psychologically, are the foundation of a productive workplace. In some jurisdictions, organizations may face expanding legislation requiring them to be responsible for providing a workplace free from harassment, discrimination, and bullying, as well as tone from the top to report financial malfeasance in all its forms.

## 02
### Growing employer liability and reputational risk

Increased scrutiny by the media, regulators, investors, and unions is leading organizations to prioritize how they address workplace culture and conduct issues and incidents of corruption and financial crime. Leaders are paying closer attention to the risks and are becoming better prepared for potential exposure, and are putting systems in place to address the demands of an investigation.

## 03
### Expanding importance of organizational culture

Root-cause analysis, risk factor identification and mitigation, and the incorporation of principles of restorative justice, as well as reporting systems such as whistleblower and continuous monitoring are all important to building a resilient culture.

## 04
### Workplace expansion beyond the traditional office

Thanks to social media, the definition of the workplace has broadened. Employees now connect—and have the potential for conflict—anytime and anywhere. As a result, cases that might once have seemed external may now be deemed internal.

## 05
### Technology enablement of criminal activity

We are in the throes of a 4th industrial revolution of technological advancement. This has weaponized financial crime, fraud and corruption in a manner that enables even the most unsophisticated employee to easily commit fraud and financial crime, and makes the sophisticated to be even more dangerous.

Effective solutions require not only careful planning, customization, and resourcing, but also long-term communication, skill building among staff and leaders with respect to effective conflict resolution, ability to spot potential harmful activities, and training about expectations and policies—all areas where organizations often struggle.

It is no longer sufficient to simply have policies for workplace code of conduct, conflict of interest, fraud/corruption/ financial crime, and/or sexual harassment and violence. Training— often involving web-based solutions, downloads, videos, and slideshows— may be inadequate, creating gaps between workplace policy formulation and implementation. This can also present significant risk management exposure to the organization and its stakeholders.

A broader strategy is often required, as is a consultative process for employees, with a restorative process to ensure there are no ongoing retaliatory or negative behaviors, and that employees are comfortable with the mechanisms in place to report issues. Finally, everything should be emboldened by an appropriate tone from leadership.

# Shifting from risk management to cultural transformation

Workplace culture and conduct is not just a tactical matter requiring a point solution, nor is it good enough to reactively implement a policy and call it a day. Time and again, new strategies designed to address workplace culture and conduct issues fail upon implementation because they conflict with entrenched practices.

The power of organizational culture can mitigate the risks associated with workplace culture and conduct, and also create opportunities that allow employees to operate more closely to their full potential.

Leaders must lead by example, with comprehensive education programs in place to illustrate what misconduct is, and how to approach, recognize, and deal with them.

**For example, when an issue is encountered, how the organization manages it is crucial.**

### Timing

Organizations should act quickly to investigate complaints in a transparent and robust manner, provide a timely resolution-focused response, and restore normal business operations to avoid broader cultural implications.

### Objectivity

Cases may need to be investigated through an independent and objective third party to ensure end-to-end integrity.

### Safety

Appropriate safeguards should be in place to protect employees, clients, and the organization's brand and reputation.

### Stakeholder impact

Organizations should understand—and be prepared to act on— the impact of an instance of workplace misconduct on a wide range of stakeholders, including shareholders, directors, and even the alleged wrongdoer.

**Avoiding the talent risk**

We believe failure to aggressively evolve organizational culture in support of these priorities creates the conditions for a toxic environment that can seriously damage the organization. Workers in such environments do not feel safe, become distracted, and are less productive, absent more often, less efficient, and less confident in management, which in turn degrades organizational culture and values. Top talent will exit the organization, and the ability to replace them will be compromised as negative reports spread through increasingly pervasive social media and employment platforms.

# How we can help

Workplace culture and conduct issues can cut to the heart of an organization, its leadership, its structure, and its culture. Tactical solutions to this strategic issue—like simple job assessments—may be viewed as doing little for organizations under pressure from growing #metoo- and #timesup-driven awareness and stakeholder demands to act decisively. Leaders who assume this only happens somewhere else—because they believe they have a good culture and they treat their employees well—could be making a dangerous mistake.

Deloitte can provide clients with a suite of services to help them better understand and address workplace culture and conduct issues from an end-to-end perspective. We have the breadth, depth, and scale to help clients identify the gaps, and what should be done in the near- and longer-term to evolve their culture and implement the kinds of processes that can help to minimize the risks.

We are well-positioned to deliver significant insight and value as regulators become increasingly interested in an organization's ability to identify blind spots. We help clients navigate changing expectations in broader society—such as values of inclusion and diversity— toward workplace and social behavior, and help them tie business strategy to social capital. Indeed, they already are: 65 percent of CEOs rated "inclusive growth" as a top-three strategic concern—triple the percentage citing "shareholder value".

**Deloitte offers a range of interdependent capabilities, including:**

### Response and Investigation

Includes services to assist clients with a comprehensive portfolio of workplace misconduct solutions ranging from forensic and workplace investigations, crisis response and resolution, data visualization and analytics, reporting and testimony, as well as social media, news and reputation monitoring, program implementation and ongoing regulatory strategy

### Program Development

Includes services to assist clients in workplace misconduct risk assessments and policies and procedures, including data analytics tools, claims management program implementation, regulatory and legal reporting requirements and alternative conflict resolution

### Governance and Oversight

Includes services to assist clients in governance and risk management framework overview, internal audit planning, and internal control evaluation and monitoring

### Culture and Training

Includes services to assist clients in brand and culture perception assessments, culture and organization change management, and education and training related services.

**This fundamental pivot toward social enterprise may seem altruistic, but it drives the bottom line, too.**

Organizations that build 360-degree lenses into conduct-related activities are better equipped to identify and deal with issues as they come up. They also manage their reputations more effectively, and are better at attracting, retaining, and engaging critical workers. These are fundamental business best practices that especially benefit from Deloitte's integrated approach.

# Where to start: Asking the tough questions

To better understand the degree of workplace culture and conduct-related risk within an organization, management should seek to develop and maintain a holistic view of all conduct-related activities to be able to diagnose and treat issues as they come up. A good way to foster a high level of transparency and unity is to openly discuss conduct-related issues. It all begins with inquisition and vigilance—in other words, asking the tough questions.

**Examples of questions to be asked include:**

## 01

How do you think employees would respond to questions about the current culture within your organization?

## 02

Do you have clear and easily accessible workplace culture and conduct policies and processes?

## 03

Do employees have a clear mechanism to report incidents—without fear of reprisals?

## 04

Are workplace culture and conduct policies applied equally to all, or are exceptions made for high performers or senior leaders?

## 05

Are management systems—metrics, compensation, communications protocols, project management, etc.—structured to support the desired culture?

## 06

Are policies enforced? Can people be expected to step forward if policies are not effective and acted upon?

## 07

If your organization was in the headlines tomorrow due to a workplace culture and conduct issue, are you prepared to respond to such a crisis?

**We believe that integrity powers performance.**

That is, If you can get your culture right, if your people feel empowered to make the right decisions day in, day out, based on their own as well as the organization's values, then you are likely to require fewer enforcement- and compliance-related resources. Our experience with compliance as well as HR transformation positions us well to help your organization implement a cultural transformation approach that minimizes the window for workplace culture and conduct issues.

# Let's talk

Workplace culture and conduct issues touch everyone and every organization—so the time to start talking and acting is now. Call us to learn where to begin and how we can help with response & investigation, program development, governance & oversight, and culture & training.

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