

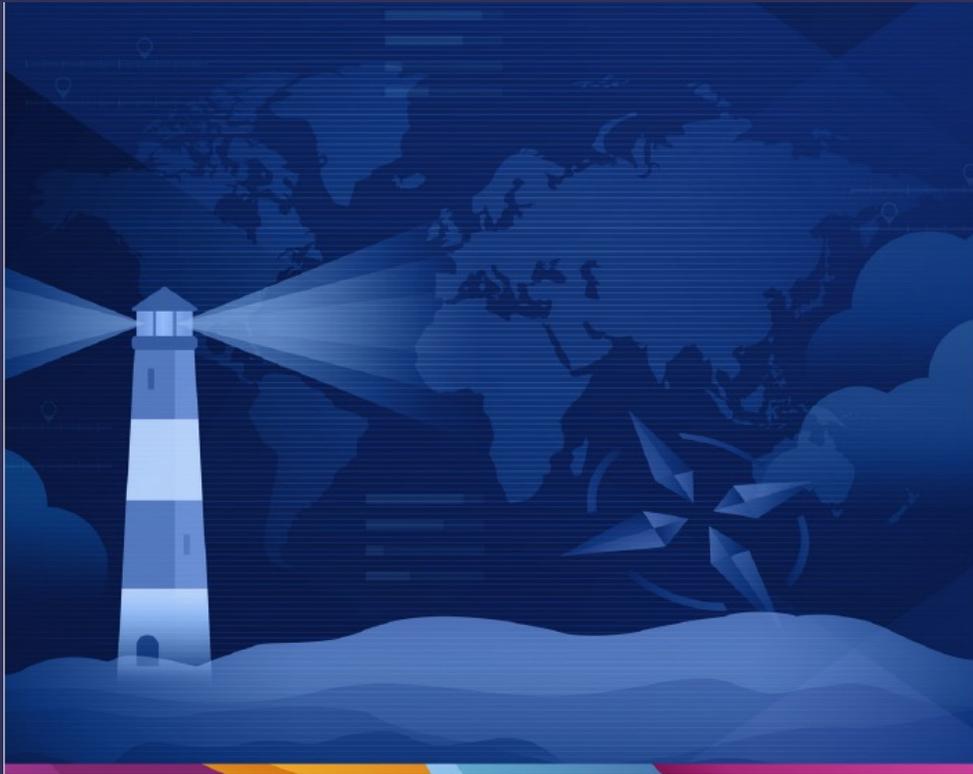
PSYCHOLOGICAL SAFETY AND A WORKPLACE CULTURE OF INTEGRITY

with Suzanne Matthiessen, LPEC





ABOUT ME



Positioning Ethics and Compliance as a Strategic Leader in Times of Stress or Crisis

► 2021 ECI WORKING GROUP

February 2022



STRESS READINESS RESPONSIVENESS & RESILIENCY AWARENESS + ACTIONS TOOLKIT

The Risks of Workplace Stress

Stress: Good, Bad & Ugly

Leadership & Culture "Elephant"

The Toolkit: Address Root Causes First

Healthy Self-Care Practices

Contact Us



Welcome to the Toolkit



Is your organization rolling the dice when it comes to the risk impacts of workplace stress?

Unaddressed workplace stress is an organizational Ethics and Compliance risk in and of itself, regardless of the cause. It is compounded when internal and external changes occur, and an organization is perpetually in a reactive "clean up on aisle 12" mode. However, if the organization implements an effective and sustainable company-wide Readiness, Responsiveness and Resiliency program, they are much better equipped during stressful times of change and when a crisis arises seemingly out of nowhere.



“Perception is very important in understanding the impact of stress on us as individuals and as a corporate body.”



**Effectively Addressing Root Causes of Workplace Stress
Calls for a "Systems Thinking" Approach**

PSYCHOLOGICAL SAFETY

ADAPTIVE LEADERSHIP

MINDFUL AWARENESS/SOCIAL MINDFULNESS

HEALTHY SELF CARE/WORKPLACE WELLNESS

ORGANIZATIONAL/OPERATIONAL RESILIENCE

Integrated and synergistic – you can't simply pick and choose which ones you *want*.



INTEGRITY HAS
BECOME A BUZZWORD
AND ITS MEANING HAS
BECOME DILUTED

INTEGRITY DEFINED

Although there are slight variations in how integrity is defined by various dictionaries, *Lexico*, an online dictionary driven by Oxford provides a fairly clear one:

- The quality of being honest and having strong moral principles; moral uprightness.
- The state of being whole and undivided.
- The condition of being unified, unimpaired, or sound in construction.
- Internal consistency or lack of corruption [in electronic data].

The Cambridge Dictionary gives one that takes the *Lexico* definition to the point of *integrity itself*:

- The quality of being honest and having strong moral principles that you refuse to change:
No one doubted that the president was a man of the highest integrity.

INTEGRITY IS
NOT
MEASURED IN
FRACTIONS OR
PERCENTAGE
POINTS

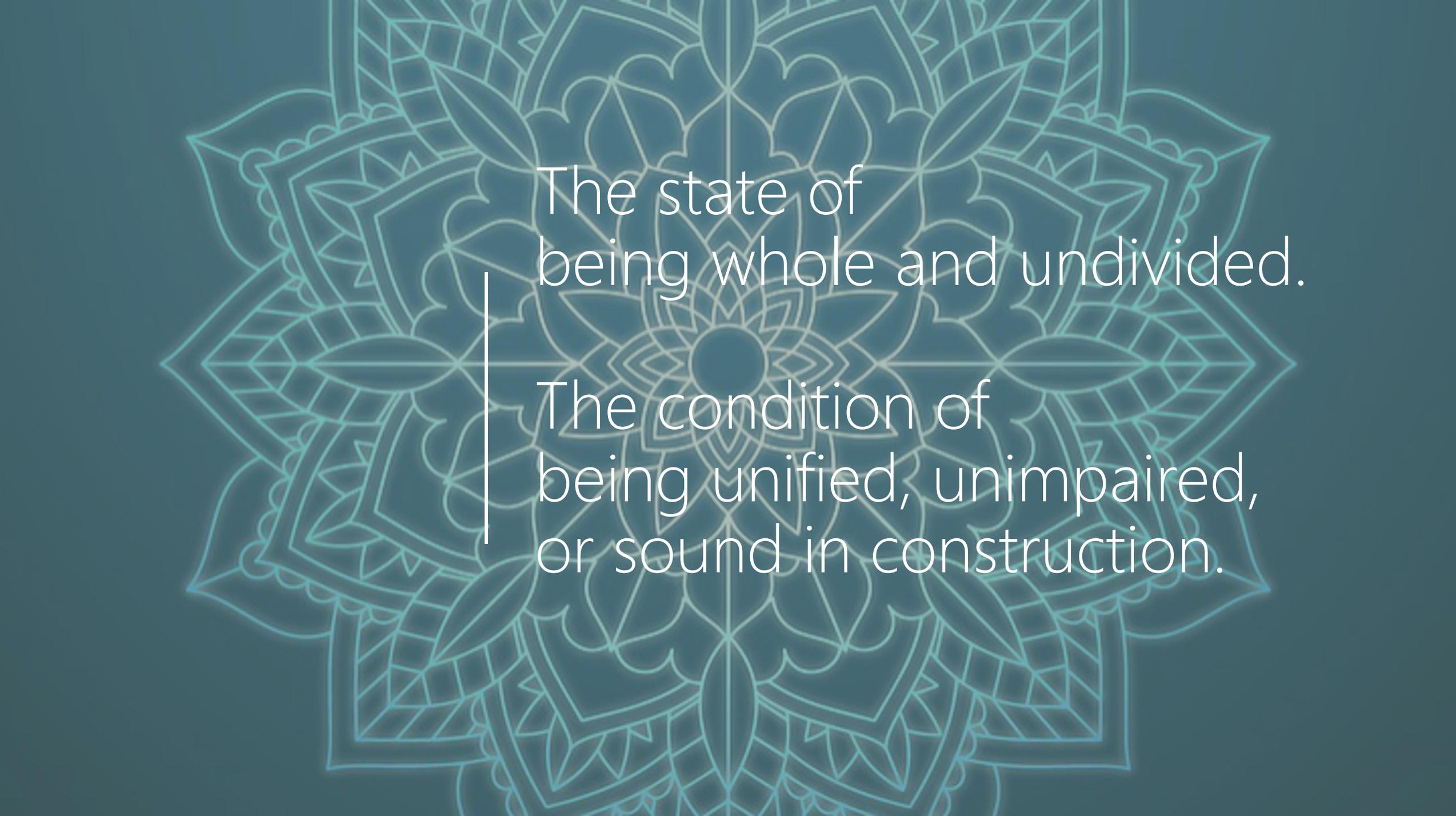




HQP THREE:
A WORKPLACE CULTURE
OF INTEGRITY

**ECI'S HIGH QUALITY ETHICS AND
COMPLIANCE PROGRAM**

#3: LEADERS AT **ALL LEVELS OF THE
ORGANIZATION** BUILD AND SUSTAIN
A CULTURE OF INTEGRITY



The state of
being whole and undivided.

The condition of
being unified, unimpaired,
or sound in construction.

Leading with integrity in the workplace means consciously choosing to *always* uphold and model behaviors consistent with the company's stated values, principles, mission, **and a code of ethical conduct and culture** that shapes its long-term public legacy.

A leader with **unbroken** integrity demonstrates personal character traits that include honesty, impeccability, fairness, inclusivity, civility, and courage, as well as being free from corruption and hypocrisy. **No exceptions.**





WHAT SHATTERS
WORKPLACE
CULTURAL INTEGRITY?

FEAR





COMPROMISING ORGANIZATIONAL INTEGRITY



The value of corporate culture ☆

Luigi Guiso ^a, Paola Sapienza ^b, Luigi Zingales ^c  

[Show more](#) ✓

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<https://doi.org/10.1016/j.jfineco.2014.05.010>

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Abstract

We study which dimensions of corporate culture are related to a firm's performance and why. We find that proclaimed values appear irrelevant. Yet, when employees perceive top managers as trustworthy and ethical, a firm's performance is stronger. We then study how different governance structures impact the ability to sustain integrity as a corporate value. We find that publicly traded firms are less able to sustain it. Traditional measures of corporate governance do not seem to have much of an impact.

Introduction

Resigning from Goldman Sachs, vice president Greg Smith wrote in a very controversial *New York Times* op-ed: “Culture was always a vital part of Goldman Sachs's success. It revolved around teamwork, integrity, a spirit of humility, and always doing right by our clients. The culture was the secret sauce that made this place great and allowed us to earn our clients' trust for 143 years”. He then adds “I am sad to say that I look around today and see virtually no trace of the culture that made me love working for this firm for many years.” In his follow-up book, Greg Smith seems to blame the demise of Goldman Sachs's culture to its transformation from a partnership to a publicly traded company.

THE CHALLENGER DISASTER



Image source: NPR.org

"I stopped **when it was apparent that I couldn't get anybody to listen** ...The result would be a catastrophe of the highest order - loss of human life." - Thiokol engineer Roger Boisjoly.

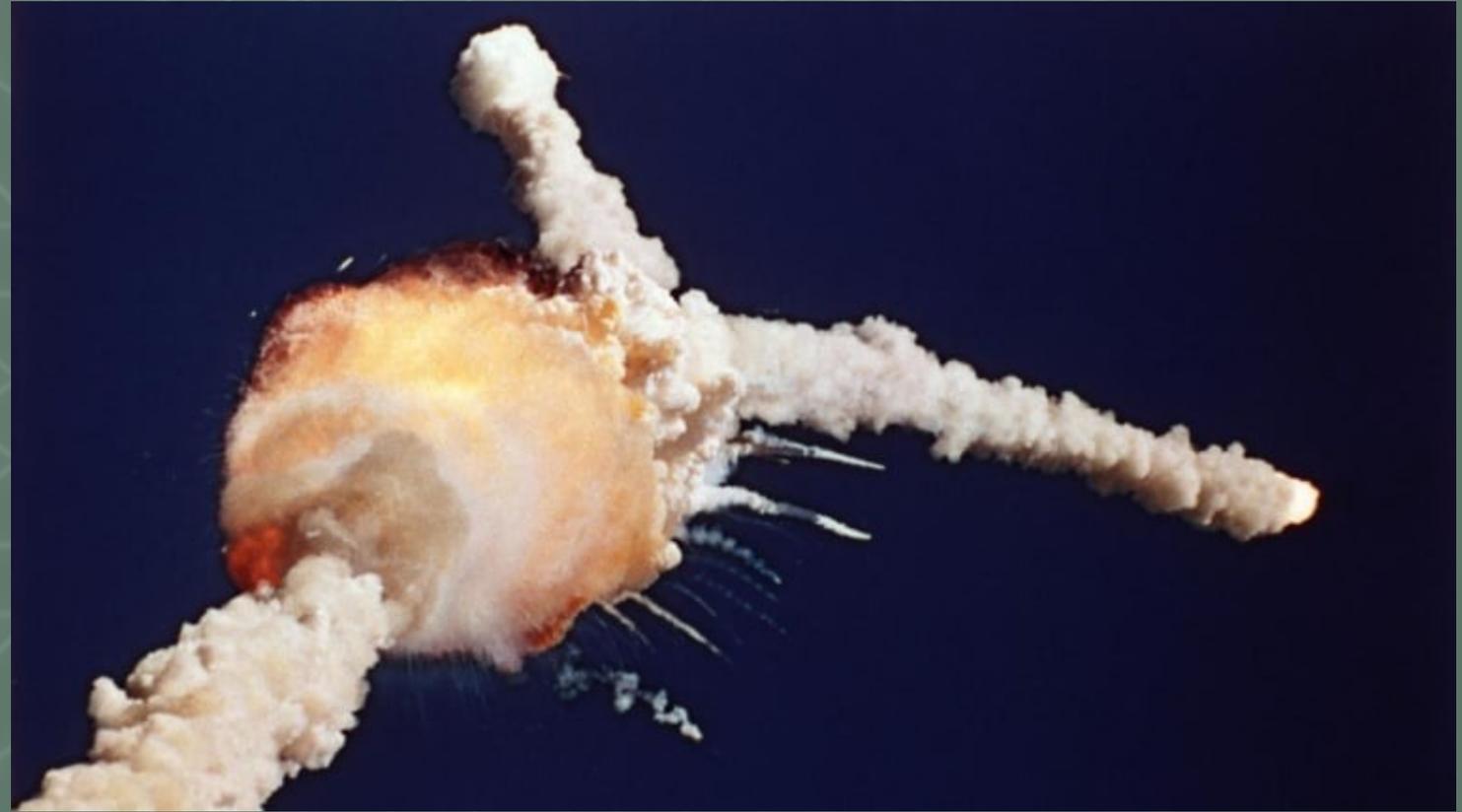


Image source :history.com

The next morning, Jan. 28, Boisjoly watched the launch from Thiokol's Utah headquarters and saw the Challenger explode 73 seconds after lift-off. Within days, he and senior engineer Alan McDonald were both praised and condemned **for telling the truth.**

US DEPARTMENT OF LABOR ORDERS WELLS FARGO TO PAY MORE THAN \$22M FOR RETALIATING AGAINST EXECUTIVE THAT ALLEGED FINANCIAL MISCONDUCT

The Wells Fargo logo is displayed in a red rectangular box. The words "WELLS" and "FARGO" are stacked vertically in a bold, yellow, serif font.

**WELLS
FARGO**

According to the Labor Department, **the executive had reported the alleged misconduct to other managers and the company's corporate ethics line** – a contact for staff to report possible fraudulent activity, violations of Wells Fargo's Code of Ethics and more.

Accounting giant Ernst & Young admits its employees cheated on ethics exams

June 28, 2022 · 6:00 AM ET

JACQUELINE GANUN



Ernst & Young, one of the "big four" accounting firms, was fined \$100 million by the SEC.

Gabriel Bouys/AFP via Getty Images

Source: NPR.org

From the NPR Piece:

"Because it's their job to hold others accountable, Ernst & Young — one of the 'big four' accounting firms — says it holds itself to a high standard of ethics. In fact, the firm's entire global code of conduct is based on an 'ethical' framework.

'At EY, nothing is more important than our integrity and our ethics. These core values are at the forefront of everything we do,' Brendan Mullin, a spokesperson for Ernst & Young, said in an email to NPR.

"Many of the employees interviewed during the federal investigation said they knew cheating was a violation of the company's code of conduct but did it anyway because of work commitments or the fact that they couldn't pass training exams after multiple tries."

PRESSURE





POORLY ADDRESSED
WORKPLACE STRESS +
TOXIC LEADERSHIP &
CULTURE ARE ETHICAL,
FINANCIAL, WELLBEING,
AND REPUTATIONAL RISKS



HQP TWO: RISK MANAGEMENT

ECI'S HIGH QUALITY ETHICS AND COMPLIANCE PROGRAM

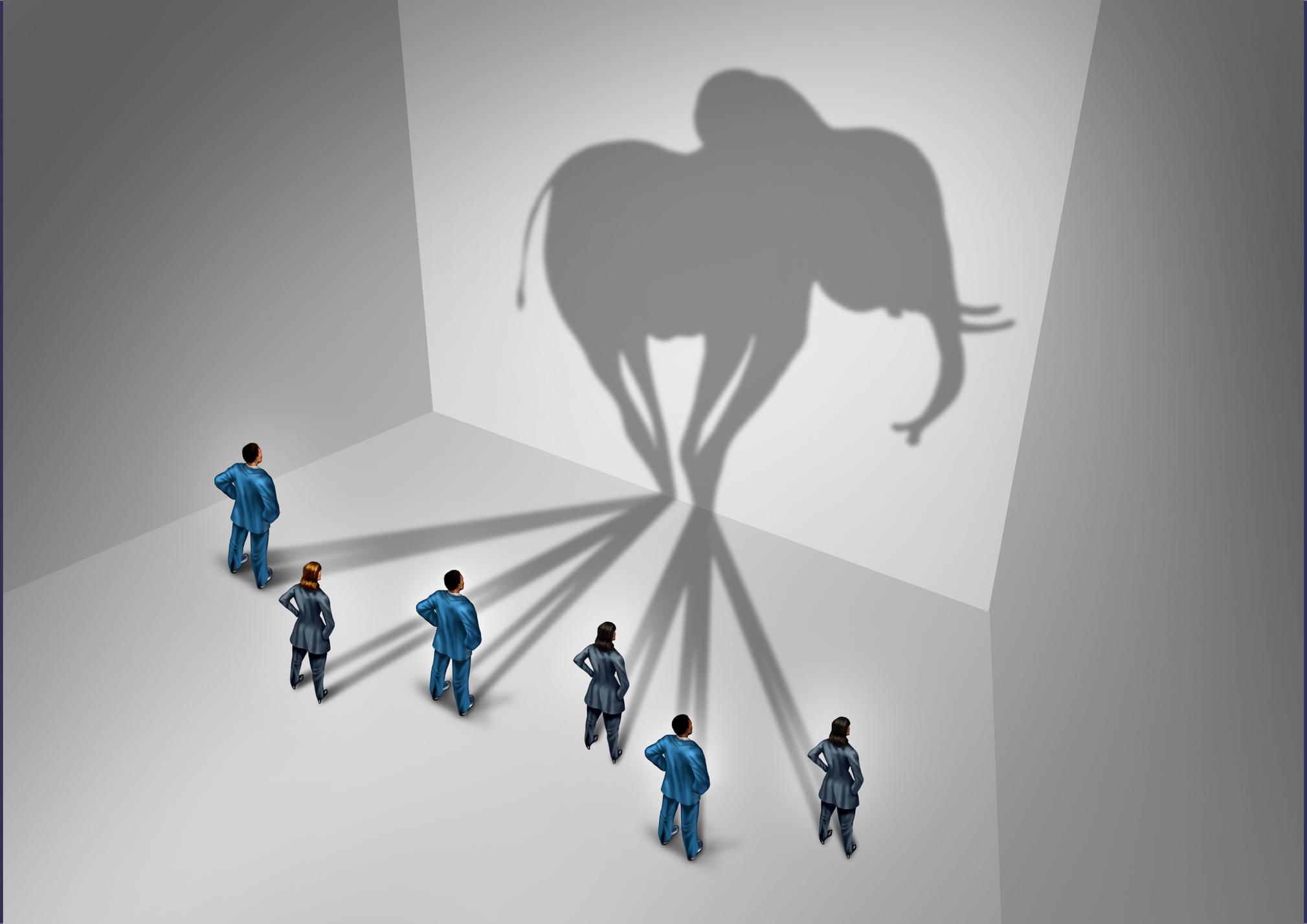
**#3: ETHICS & COMPLIANCE RISKS ARE
IDENTIFIED, OWNED, MANAGED AND
MITIGATED**



Welcome to the Toolkit



Is your organization rolling the dice when it comes to the risk impacts of workplace stress?





TOXIC CULTURE IS DRIVING THE GREAT RESIGNATION

"A toxic corporate culture is by far the strongest predictor of industry-adjusted attrition and is 10 times more important than compensation in predicting turnover. Our analysis found that the leading elements contributing to toxic cultures include failure to promote diversity, equity, and inclusion; workers feeling disrespected; and **unethical behavior**. In an upcoming article, we will dive deeper into each of these factors and examine different ways managers and employees can spot signals of toxic culture. For now, the important point is that a toxic culture is the biggest factor pushing employees out the door during the Great Resignation."

Source: *MIT Sloan Management Review*, January 11, 2022.



Top Predictors of Attrition During the Great Resignation

The authors analyzed the impact of more than 170 cultural topics on employee attrition in Culture 500 companies from April through September 2021. These five topics were the leading predictors of attrition. Each bar indicates the level of importance of each topic for attrition relative to employee compensation. A toxic culture is 10.4 times more likely to contribute to attrition than compensation.

← Importance relative to compensation →

Toxic corporate culture



Job insecurity and reorganization



High levels of innovation



Failure to recognize employee performance



Poor response to COVID-19





The Toxic Five

Five attributes — disrespectful, noninclusive, unethical, cutthroat, and abusive — have by far the largest negative impact on how employees rate their company's culture in Glassdoor reviews. Each bar represents the marginal impact a negative mention of a topic had on an employee's rating of their organization's culture. If an employee says they feel disrespected in their review, for example, their culture rating will be 0.66 lower on a five-point scale on average, all else being equal.

DISRESPECTFUL

Lack of consideration, courtesy, and dignity for others

(.66)

NONINCLUSIVE

LGBTQ inequity

(.65)

Disability inequity

(.59)

Racial inequity

(.58)

Age inequity

(.44)

Gender inequity

(.40)

Cronyism and nepotism

(.40)

General noninclusive culture

(.33)

UNETHICAL

Unethical behavior

(.62)

Dishonesty

(.59)

Lack of regulatory compliance

(.44)

CUTTHROAT

Backstabbing behavior and ruthless competition

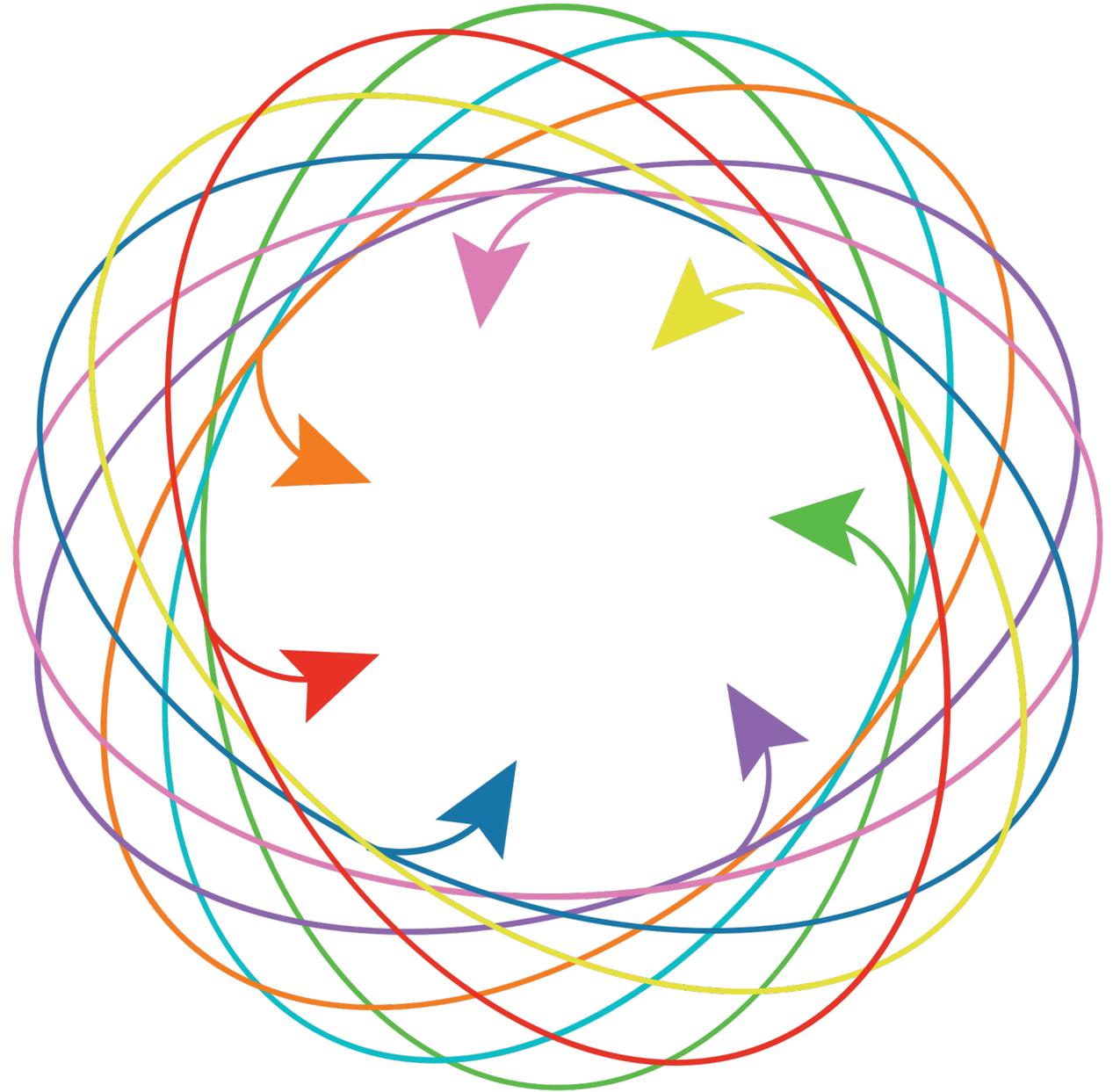
(.61)

ABUSIVE

Bullying, harassment, and hostility

(.50)

PSYCHOLOGICAL
SAFETY IS A
MUST HAVE FOR
A FEARLESS
WORKPLACE
CULTURE OF
INTEGRITY





HQP FOUR: SPEAKING UP

ECI'S HIGH QUALITY ETHICS AND COMPLIANCE PROGRAM

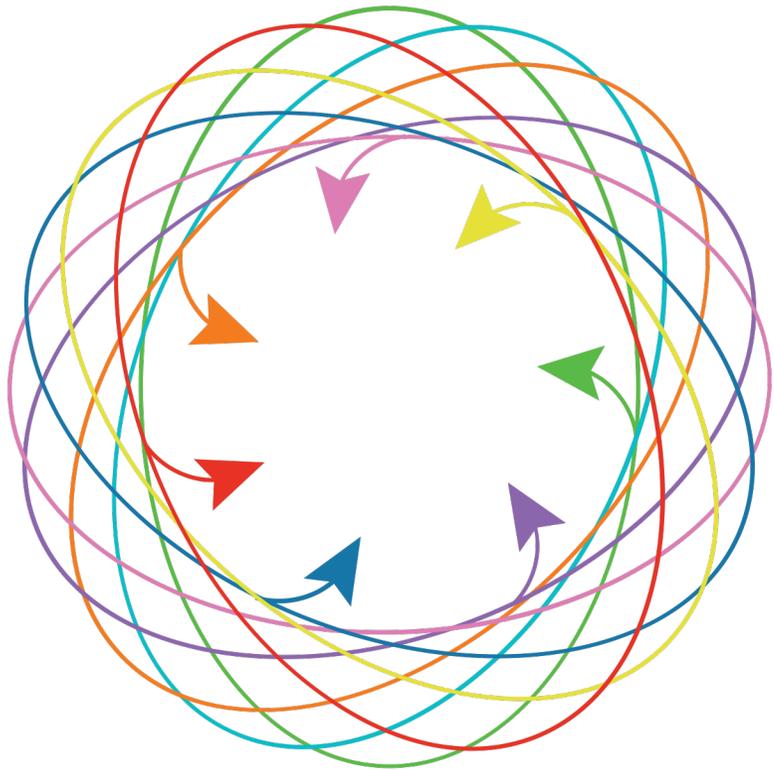
**#4: THE ORGANIZATION ENCOURAGES,
PROTECTS, AND VALUES THE
REPORTING OF WRONGDOING.**



HQP FIVE: ACCOUNTABILITY

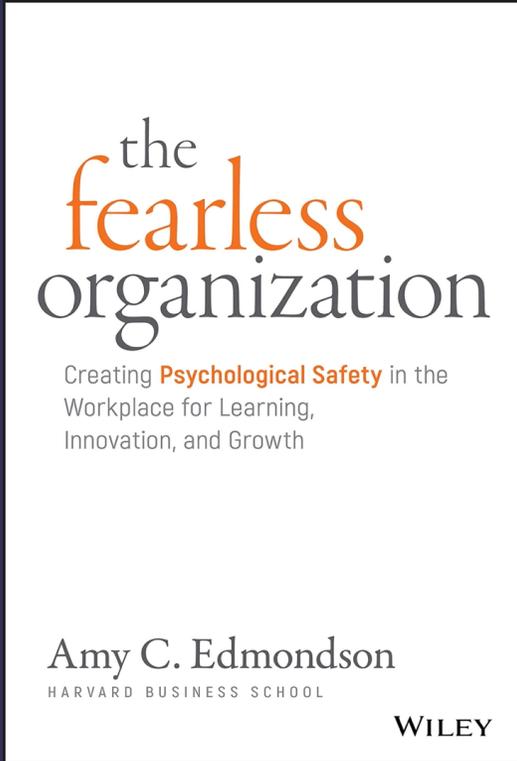
**ECI'S HIGH QUALITY ETHICS AND
COMPLIANCE PROGRAM**

**#3: THE ORGANIZATION TAKES ACTION
AND HOLDS ITSELF ACCOUNTABLE
WHEN WRONGDOING OCCURS**



HOW PSYCHOLOGICAL
SAFETY CREATES A
SUSTAINABLE AND
FEARLESS WORKPLACE
CULTURE OF INTEGRITY

PSYCHOLOGICAL SAFETY SUPPORTS A “SPEAK UP” CULTURE

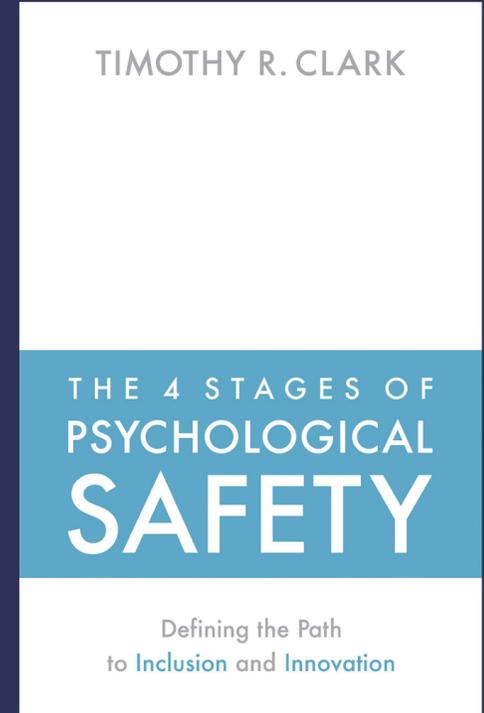


“In a workplace, psychological safety is the belief that the environment is safe for interpersonal risk taking. People feel able to speak up when needed – with relevant ideas, questions, or concerns – without being shut down in a gratuitous way. Psychological safety is present when colleagues trust and respect each other and feel able, even obligated, to be candid.”

- Dr. Amy Edmondson, author of *The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth*

“Psychological safety is a condition in which human beings feel (1) included, (2) safe to learn, (3) safe to contribute, and (4) safe to challenge the status quo – all without fear of being embarrassed, marginalized, or punished in some way. The 4 stages of psychological safety is a universal pattern that reflects the natural progression of human needs in social settings. When teams, organizations, and social units of all kinds progress through the four stages, they create deeply inclusive environments, accelerate learning, increase contribution, and stimulate innovation.”

- Timothy R. Clark, author of *The Four Stages of Psychological Safety: Defining the Path to Inclusion and Innovation*



PSYCHOLOGICAL SAFETY SUPPORTS A “SPEAK UP” CULTURE

To measure a team’s level of psychological safety, Edmondson asked team members how strongly they agreed or disagreed with these statements:

If you make a mistake on this team, it is often held against you.

Members of this team are able to bring up problems and tough issues.

People on this team sometimes reject others for being different.

It is safe to take a risk on this team.

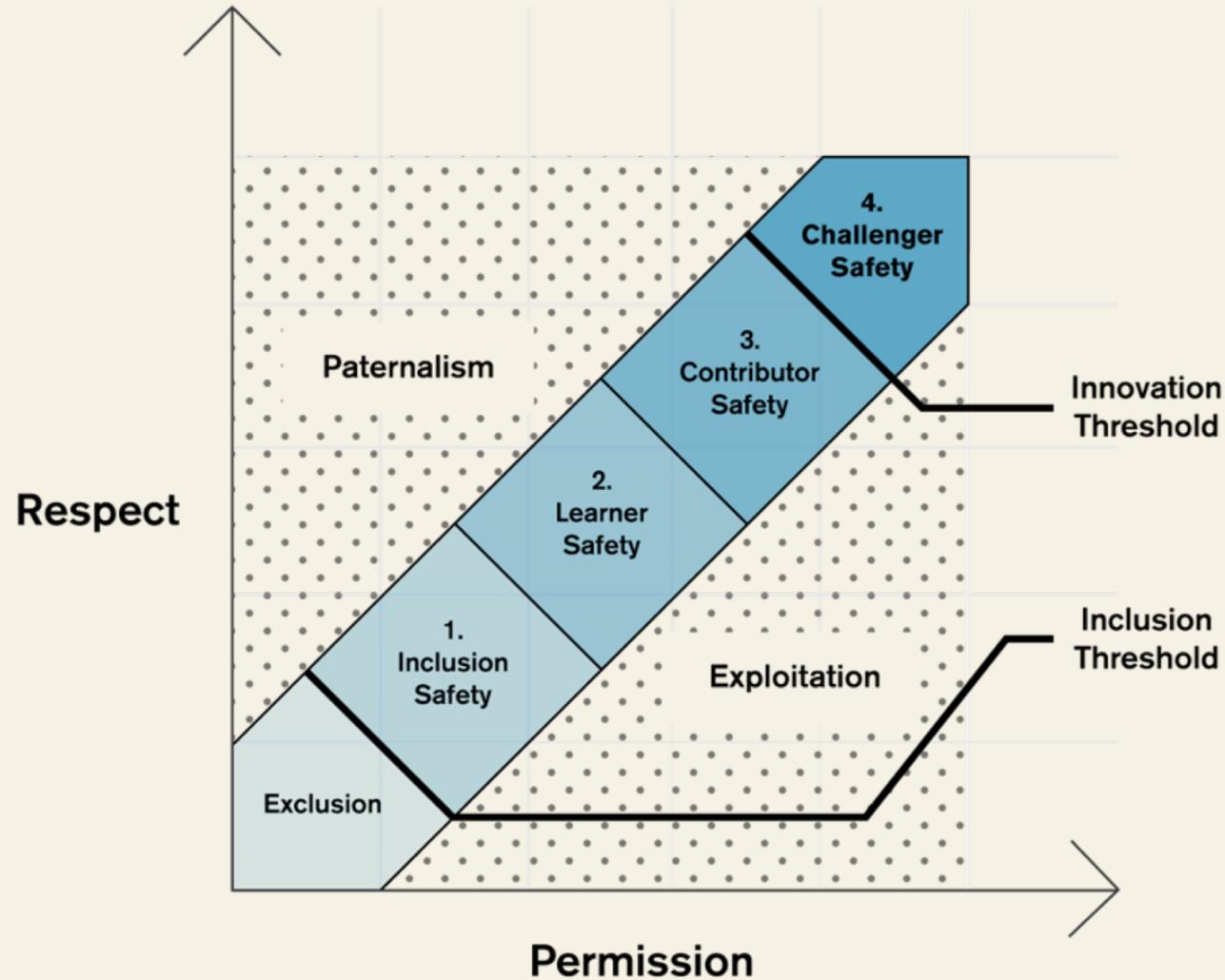
It is difficult to ask other members of this team for help.

No one on this team would deliberately act in a way that undermines my efforts.

Working with members of this team, my unique skills and talents are valued and utilized.

PSYCHOLOGICAL SAFETY SUPPORTS A “SPEAK UP” CULTURE

The 4 Stages of Psychological Safety



WHAT PSYCHOLOGICAL SAFETY IS AND IS NOT

“It's **not** psychological safety if people can only voice what you want to hear. The goal is not to be comfortable. It's to create a climate where people can speak up without fear. Psychological safety begins with admitting our own mistakes and welcoming criticism from others.”

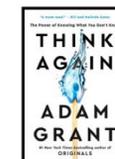
- Adam Grant, organizational psychologist, bestselling author and professor at the Wharton School of the University of Pennsylvania

PSYCHOLOGICAL SAFETY

WHEN YOU HAVE IT:

WHEN YOU DON'T:

<i>See mistakes as opportunities to learn</i>	<i>See mistakes as threats to your career</i>
<i>Willing to take risks and fail</i>	<i>Unwilling to rock the boat</i>
<i>Speaking your mind in meetings</i>	<i>Keeping your ideas to yourself</i>
<i>Openly sharing your struggles</i>	<i>Only touting your strengths</i>
<i>Trust in your teammates and supervisors</i>	<i>Fear of your teammates and supervisors</i>
<i>Sticking your neck out</i>	<i>Having it chopped off</i>



NO PSYCHOLOGICAL SAFETY NO CULTURE OF INTEGRITY

“I stopped **when it was apparent that I couldn't get anybody to listen ...**”

-Thiokol engineer Roger Boisjoly

Within days, he and senior engineer Alan McDonald were both praised and condemned **for telling the truth.**

NO PSYCHOLOGICAL SAFETY NO CULTURE OF INTEGRITY

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According to the Labor Department, **the executive had reported the alleged misconduct to other managers and the company's corporate ethics line.**

NO PSYCHOLOGICAL SAFETY NO CULTURE OF INTEGRITY

“Had a lot of late nights and weekends so can definitely see what she may be experiencing. **Took six months leave to mentally reset myself. Ultimately quit after that,**’ wrote one Reddit user, who claimed to be a former employee at a Big 4 firm.

“Working for B4 (Big 4) can often feel like working in a sweat shop. They don’t care about your wellbeing. They just care about output, output, output,’ another comment read.”

CREATING A
PSYCHOLOGICALLY SAFE
WORKPLACE CULTURE
AT SCALE:

THE STORY OF BOEING'S
"SEEK, SPEAK, AND LISTEN"
BEHAVIORAL HABIT
CHANGE PROGRAM





The two
Boeing
737 Max
crashes
killed 346
people
five
months
apart.

Habits for better business outcomes & stronger teams



SEEK

Because awareness can teach us and help us improve



SPEAK

Because it's the right thing to do and every voice matters



LISTEN

Because listening builds trust and leads to better decisions

We'll build these habits by:



NOTICING
THE MOMENT



NAVIGATING
OUR EMOTIONS



RESPONDING
CONSTRUCTIVELY



85% Team members use the habits in their day-to-day interactions



74%

Team members feel comfortable speaking up

South East Asia ↑ 31 points

India ↑ 14 points



68%

Team members seek new perspectives

South East Asia ↑ 24 points

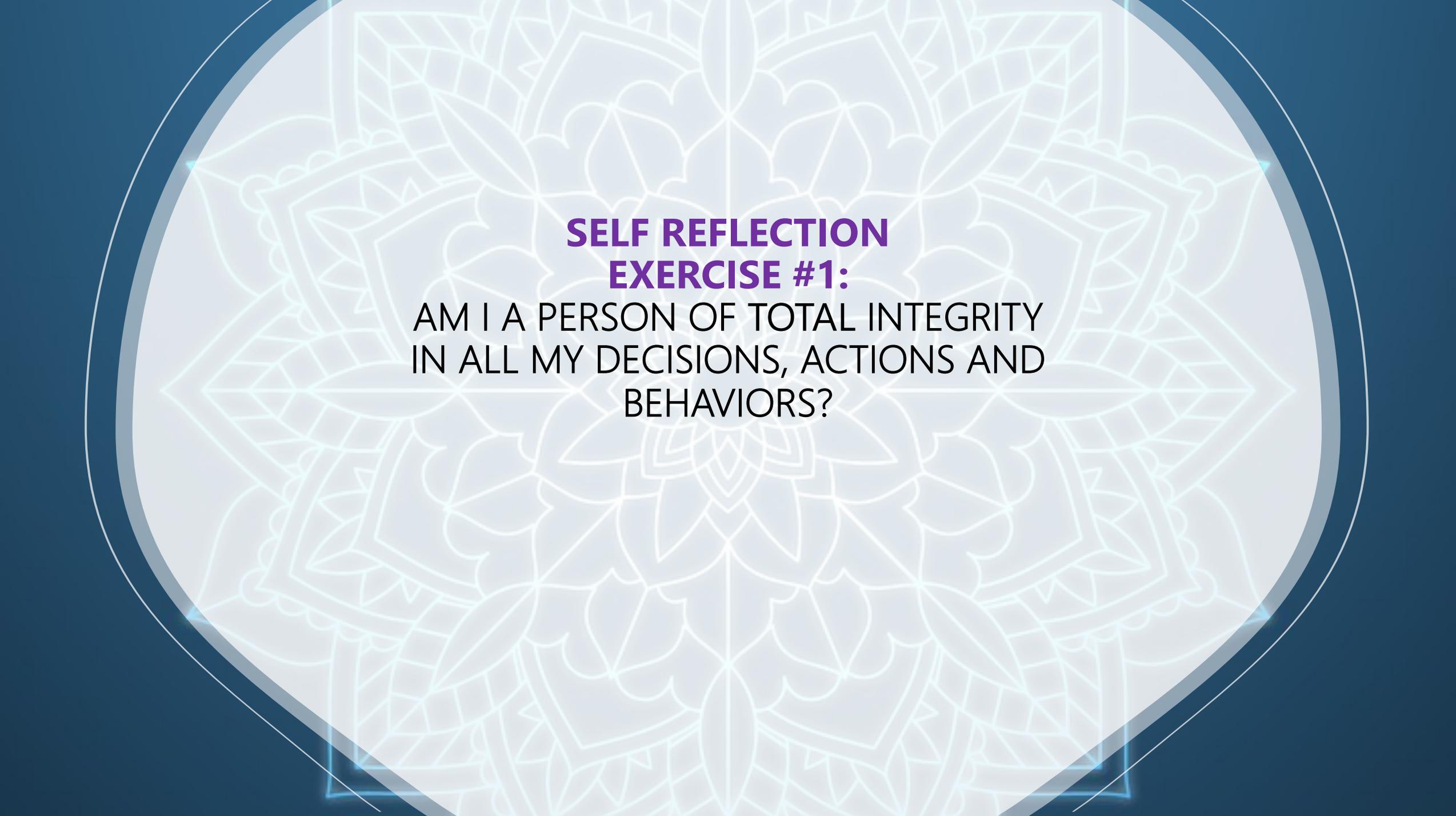
Europe, Russia & Israel ↑ 15 points

Over 2.4 million employee engagements since launch



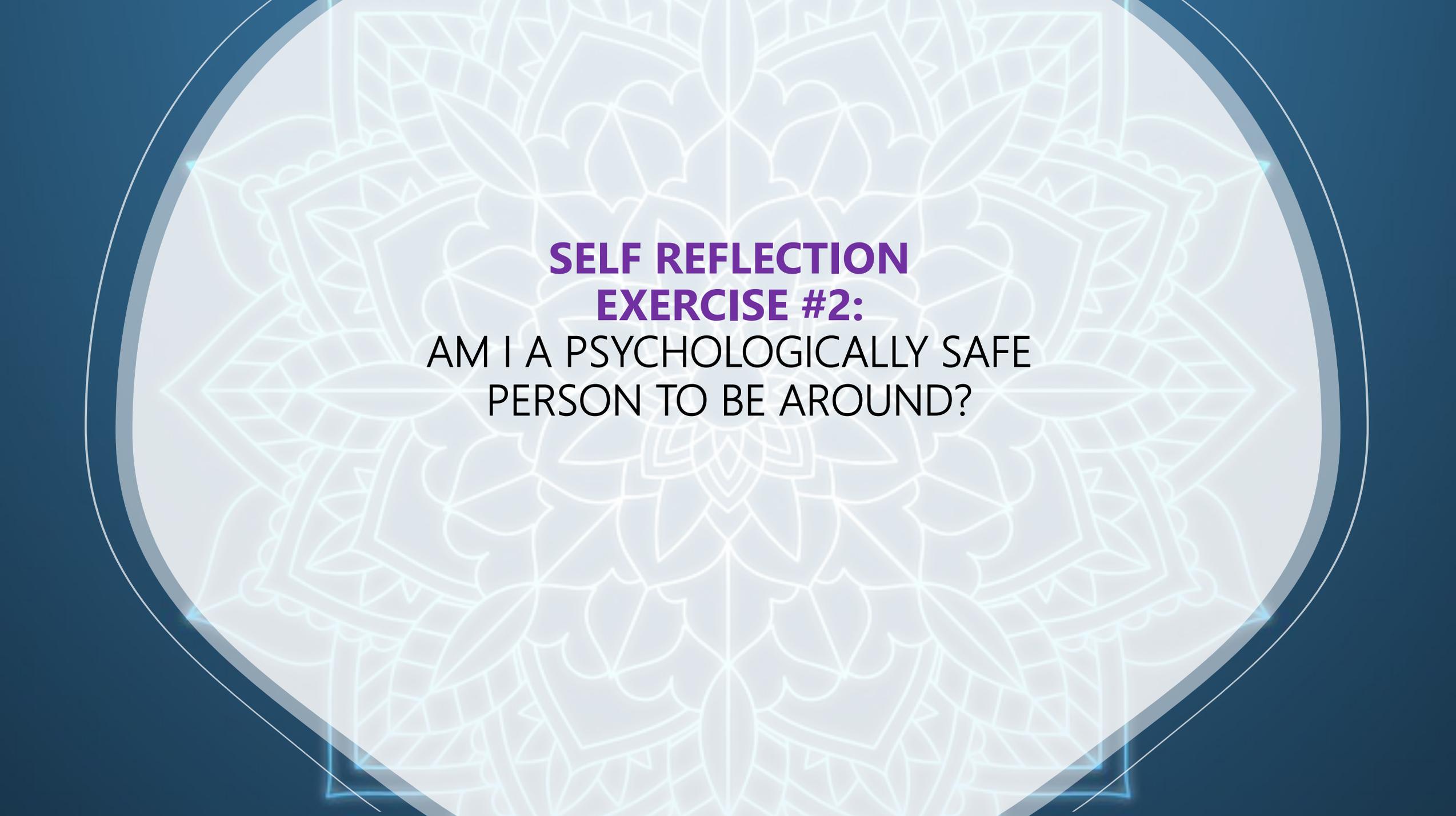
LEADERSHIP





**SELF REFLECTION
EXERCISE #1:**

AM I A PERSON OF TOTAL INTEGRITY
IN ALL MY DECISIONS, ACTIONS AND
BEHAVIORS?



**SELF REFLECTION
EXERCISE #2:**

AM I A PSYCHOLOGICALLY SAFE
PERSON TO BE AROUND?

WHAT QUESTIONS
DO YOU HAVE?

PLEASE SHARE ANY
COMMENTS OR
EXPERIENCES





STRESS READINESS RESPONSIVENESS & RESILIENCY AWARENESS + ACTIONS TOOLKIT

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THANK YOU!

READYRESPONSIVERESILIENT.ORG