Dr Attracta Lagan, Managing Values

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.

The human dimension of conduct risk

Considerations for organisations

Dr Attracta Lagan

What would you do if you found a colleague's behaviour unacceptable, even unethical? Most of us believe we will speak up, however, research shows we often fail to act on our ethical intent. The result is moral muteness, the gap between our ethical ambitions and behaviour.

Such a personal values gap emerges when organisational members experience their workplaces as unsafe places to raise concerns. It is often the root cause of employees' cynicism around leaders' authenticity in upholding espoused organisational values.

Ethics research from the US-based Ethisphere Institute's *Insights from our Culture Quotient Data Set: Volume Two – Focusing on the Role of the Manager in Influencing Ethical Culture* report of 2021 showed that when employees hear their leaders discuss ethical challenges and role model ethical behaviour, they too are predisposed to ethical accountability. Where indifference is perceived, employees, in turn, assume they can ignore ethical accountability.

The social phenomenon of 'moral muteness' emerges at work when leaders fail to speak to the ethical challenges and values tensions that often accompany the pursuit of results. Culture translates in language, and choice of language signals what is important.

An organisation's language that amplifies economic or political imperatives and fails to mention the accompanying ethical challenges or tensions with espoused values effectively silences consideration of the day-to-day ethical dimension of workplace decisions.

Moral muteness flourishes where leaders fail to make ethical considerations part of everyday conversations. To safeguard against it, leaders need to take purposeful action to manage cultural pressures. Organisational culture is dynamic, requiring leaders to regularly measure and adjust systems and processes to ensure a speak-up culture emerges that can protect employees from harm and organisations from reputational damage.

Workplace culture: Enabling organisational management through speak-up initiatives

Codes of ethics and codes of conduct are increasingly part of most businesses' cultural management strategy. Despite this, they remain ineffective because hotlines simply do not work. There is now 20 years of field research to show that employees do not use them. They are often afraid that raising issues will impact negatively on them. Or they believe that nothing will change—so why bother?

This belief leaves companies vulnerable to internal risk or illegal behaviour. It is employees—not the internal or external auditors—who are the first people to see risks. So, if staff do not speak up,

then an organisation can have a PR crisis on its hands.

It pays off bigtime to invest in promoting speak-up cultures. To achieve such a culture, you must formally recognise the power of the social life of your company. It is here that employees learn what the acceptable ways are of relating to each other. These interactions can undermine formal codes and policies.

Key steps in creating a speak-up culture

1. *Insist that the top team participate in any speak-up initiative.* The behaviour of management gives the loudest message around the safety of raising concerns.

2. *Appeal to personal identity.* Most people have a strong self-concept and self-identity that they are ethical. Employees rarely self-identify as part of the problem. That is why appealing to employees' sense of personal identity is a powerful lever for behaviour change.

3. *Build life skills.* Values conflicts are inevitable, so forewarn employees to be alert to other stakeholder perspectives. Also, notify them of the contextual pressures surrounding them. These actions will help offset defaulting to an autopilot decision-making cultural norm.

4. *Train managers and employees in speak-up skills.* Enabling a shared language around risk is a prerequisite to a speak-up culture.

5. *Take a systems approach.* Organise training in cross-sectional groups to enable employees to hear each other's concerns. This dynamic will amplify the usually silenced company social life that shapes employees' assumptions. A whole-of-business approach shows employees that you are asking everyone to change their behaviour.

Speak-up skills draw on the lessons from conflict management, mindfulness, and behavioural science. The book *Giving Voice to Values: How to Speak Your Mind When You Know What's Right* written by Dr Mary Gentile from the University of Virginia may be useful. Assertiveness training is also a worthwhile consideration.

6. *Implement peer-to-peer accountability.* Managers and leaders must hold each other accountable to model appropriate behaviours. Insist managers at every level develop action plans for what this will look like in their areas.

7. *Embed in the company.* What gets measured and rewarded, gets done. Align the existing reward and recognition systems to support the speak-up cultural change program.

Ideally, speak-up initiatives will be a cornerstone to a company living its stated values. Communicate in positive terms and invite employees to identify additional ways to raise issues that will work for them. These techniques will help build trust and, if applicable, restore confidence in the integrity of your code of conduct or code of ethics.

Moral muteness flourishes from the boardroom to the mailroom, with its practitioners oblivious to the inherent risks this creates. Leaders' personal reputations have never been more vulnerable to workplace pressures than in today's low-trust hyper-connected world. The backlash against leaders found wanting is swift and fatal, as recently seen in the departures of AMP's chairman David Murray; Westpac's CEO Brian Hartzer, Rio Tinto's previous executive team, and erstwhile CEOs of QBE.

Recognising the sources of moral muteness

Protecting organisational cultures and personal reputations from ethical outages means forewarning ourselves of the risks and ethical challenges to be addressed. We now have extensive 'known risks' that need to be offset with appropriate organisational systems.

A well-documented root cause of risk and unethical behaviour is the pressure of unrealistic goals, timetables, and targets on employees; another is our predisposition to loyalty influencing us to make emotional rather than rational decisions.

Research shows that loyalty to managers' or company survival can push organisational members into unethical practices. These actions are then justified because there was no personal gain.

Employees need to be forewarned about the dangers of such rationalisations and how these can lead them into unethical and even illegal practices. All organisational members need learning opportunities designed to raise personal awareness of the ethical risks generated by their workplace dynamics.

Promoting a richer understanding of the individual cognitive biases, rationalisations, and contextual pressures characterising modern workplaces enables organisational leaders to design systems that better anticipate and remove these hidden barriers to ethical behaviour.

Authentic workplace ethics skills training involves helping organisational members better understand themselves and their biases and how organisational culture can shape their decision-making frameworks. The old maxim 'If you don't know what you stand for, chances are you will fall for anything' is ringing loudly in today's cancel culture environment.

Awareness-raising is essential to behaviour change, as much of human behaviour is driven by contextual cues out of our conscious awareness. Ethical leadership now involves drawing on behaviourial science insights to design systems and processes that make it easier for employees to act ethically and offsets moral muteness.

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Initiatives such as inviting employees at every level to review and challenge prevailing organisational mindsets and assumptions lays the groundwork for meaningful behaviour change.

Raising awareness of the numerous biases and shortcuts that can waylay our best intentions will also better prepare individuals for the ethical challenges they face. Designing organisational policies and processes that are fit for purpose for specific areas of the organisation rather than issuing one-size-fits-all protocols makes compliance more manageable.

Risks are known and can be eliminated using behavioural science insights

Behavioural science is showcasing evidence-based research into what people do—or do not do—when confronted with ethical issues as well as why they do what they do. One of the significant insights from behavioural science is that we can be different in different contexts. While ethical in some contexts, we can behave unethically—and remain oblivious to our inappropriate behaviour—in other contexts.

Our self-servicing bias helps us evade personal responsibility while blaming others when things go wrong, and enables us to take credit for others' work when it is to our advantage. A 'conformity bias' predisposes us to change our opinions to conform to our group, and our 'affinity bias' reinforces this. Affinity bias operates where individuals strongly identify with a group. Both biases add to the pressure of group loyalty, and all three influences create a context where moral muteness and groupthink prevails.

The science tells us that organisational members behave ethically when:
- respected leaders talk about *the value* of ethical behaviour
- employees find themselves *in organisations* that value ethical behaviour
- organisational members are made aware of *the benefits to others* of their ethical behaviours.

Conclusion

Responding to higher ethical accountabilities requires boards to purposely choose chief executives capable of designing organisational cultures that enable their members to have agency, and which are supported by systems that promote organisational learning around ongoing systems and the lessons of policy failures.

We can all expect to be challenged to find our voice, either to avoid harm or to protect our integrity. Therefore, it is within everyone's interest to recognise the origins of moral muteness in organisations and work together to break this silence. **FS**