



## RAISING THE CULTURE BAR

Trends Show the World's Most Ethical Doing More

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Later in the spring, Ethisphere will release a full report of our insights on the data collected from the World's Most Ethical Companies®. However, a few early data points stand out and deserve some attention. Since we've been honoring the World's Most Ethical Companies for twelve years, we've been able to chart important trends in how companies are using resources to reinforce ethical culture.

### More Ways of Measuring Culture

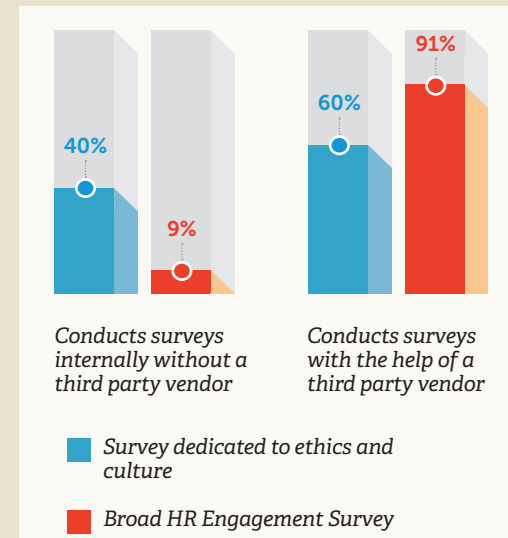
One of the most striking and consistent findings over the last several years has been the steady climb in the number of distinct methods that companies use on average to attempt to measure their culture. For the last three years, the most common method has unsurprisingly been the engagement surveys largely driven by the Human Resources function, with 82 percent of our honorees now reporting that they use them to measure ethical culture.

However, two other methods of measurement have become significantly more common in the last several years. From 2016 to 2018, we saw a 28 percent jump in the number of companies using physical site visits as a way of taking their culture's temperature. Getting members of the ethics and compliance team out into far-flung offices, especially for multinationals or companies who do not have a dedicated E&C staff member in every location, is a necessary and effective way to get facetime with employees and gauge conditions in a way that survey tools never can.

The other method that has seen a significant jump over the last two years is the social media review. This rise makes sense in light of the increasing sophistication of tools to measure how positive or negative the conversation around a company or brand is on platforms such as Twitter, Glassdoor, or Facebook. Companies can see the volume and nature of customer complaints and musings among its global workforce, which may include ethics issues, and use that information to respond with changes to their program and trainings.

Perhaps more important than any specific measurement tool's rise in popularity is the overall measurement trend: WME honorees in 2017 were using an average of roughly five methods to measure culture, and this year's list saw that average jump almost an entire point, with companies averaging six measurement methods. Every single measurement method we track saw increased use. The best companies are constantly looking for and drawing on new sources of information to take the temperature of their corporate culture.

Chart - 2018 WME honorees conducting surveys using internal resources or a third party



### Facts & Figures

Table - Top five most common methods to measure ethical culture

	2018 WME Honorees	2017 WME Honorees	2016 WME Honorees
HR/Engagement Survey	1st	1st	1st
Physical Site Visit	2nd (tied)	4th (tied)	5th
Review Social Media	2nd (tied)	2nd	4th
Management Interviews	4th	3rd	3rd
Employee Focus Groups	5th	4th (tied)	6th

### HR-Driven Engagement Surveys vs. Dedicated Culture Surveys?

While an ever-increasing number of companies on the WME list are reporting that they include questions about ethical culture in their general HR-driven engagement survey (82 percent of this year's honorees), we found some interesting differences in the measurement that companies are able to do if they take the extra step to perform a dedicated culture survey (65 percent).

In general, companies get much better response rates on broad employee engagement surveys, with 78 percent of companies reporting response rates above 70 percent compared to only 40 percent of companies with similar response rates to dedicated ethics surveys. Companies also typically report sending engagement surveys to a much broader swathe of the organization than dedicated ethics surveys. However, companies that send out dedicated ethics surveys are able to use them to ask many more questions on a much broader range of ethics-related topics, giving the companies valuable data to help identify and target risk areas within their culture.

We can draw a few potential conclusions from this bit of data. One is that companies

may not be supporting dedicated ethics surveys with the same push from executives that broader engagement surveys get. Companies should interrogate if that is true. This data point may also simply be a reflection of employee survey fatigue, which is more difficult to combat.

However, we also see that companies are significantly more likely to run their own dedicated culture surveys internally, but nearly all (91 percent) of companies run their broad engagement surveys with the assistance of a third-party vendor. This implies that one reason dedicated ethics surveys get lower response rates is that they are not being administered by with the same level of resources and attention, by teams that are not necessarily experts in survey administration.

Given that dedicated ethics surveys allow companies to cover many more topics in much de-

tail, this disparity is a shame. If companies want to receive the maximum benefits from dedicated culture surveys, they might want to look at bringing in outside vendors.

### Conclusion

The World's Most Ethical Companies continue to raise the bar in the attention and resources put towards improving and measuring ethics in their corporate cultures. They are measuring culture in more ways than ever before, with on-site visits and social media reviews having risen in prominence in recent years as tools to complement more traditional survey methods. Our data suggests that companies who perform dedicated ethics surveys generate more insights specific to ethics, although their response rates may improve if they bring in third-party vendors as they do with general engagement surveys.

### Expert Biography

**Douglas Allen** is a Managing Director in Ethisphere's Data and Services group, where he leads efforts to measure ethical culture, benchmarking, certification and partnership efforts. Previously, Douglas spent six years providing compliance- and ethics-related advisory services. He and is available at [douglas.allen@ethisphere.com](mailto:douglas.allen@ethisphere.com).