

Organisational culture: The importance of listening

Speak Up! Listen Up! Take action!





THE POWER OF ONE

The Power of One calls on all CAs to place ethical leadership at the heart of their professional responsibilities, to shape the culture and values of their organisations, to help re-establish ethics at the core of business practices and to rebuild public trust in business.

In turn, ICAS is committed to providing new resources and support for members on ethics. Since 2015, ICAS has published a series of publications, guidance and resources as part of the Power of One initiative.

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Introduction

There is a need to promote the right behaviours and culture within organisations to ensure long-term sustainability. Organisations that operate ethically ultimately benefit from a long-term competitive advantage – people want to work for them and people want to do business with them.

The tone from the top is crucial – leaders need to set the example – but ethics is not just the responsibility of a few, it is the responsibility of everyone within the organisation.



Speaking up

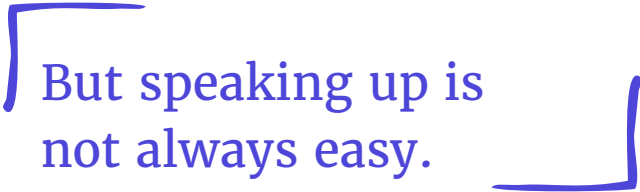
As discussed in ICAS' **Speak Up? Listen Up?**

Whistleblow? research, whistleblowing/speak up mechanisms are vitally important for the long-term success of organisations. A speak up culture allows issues to be dealt with at the earliest opportunity before they escalate – organisations can avoid a 'burning platform' situation that well- functioning whistleblowing/speak up policies are designed to avoid.

If a problem is left to fester, the potential harm that could be caused increases. Ultimately, 'turning a blind eye' could lead to reputational ruin for an organisation. Individuals throughout organisations should be encouraged and empowered to have the confidence to speak up if they encounter ethical issues, to promote good behaviour, and to influence others, and need to be supported when they do raise concerns.

Speaking up should be viewed as beneficial by organisations, rather than being regarded as troublesome. It should be embedded – 'normal' – within an organisation to speak up. But speaking up is not always easy.

People tend to have an in-built reluctance to speak up if they think that their concerns will not be appreciated. In these circumstances, it takes a courageous person to stand up and raise concerns. People may fear retaliation, negative consequences on their career or their remuneration, and worry about what people might think of them. They may also fear organisational inaction – why should they take personal risks for the good of the organisation, if nothing is going to be done by the organisation?



**But speaking up is
not always easy.**

Organisations need their people to speak up if they have concerns, but people need to feel comfortable that they will be supported by the organisation, and that they will not suffer any detriment from having spoken up. People need to feel safe and be able to trust in the authenticity of the speak up mechanism to be encouraged to speak up.

The importance of listening and culture

Speaking up puts the responsibility on an organisation's employees to speak up if they discover ethical issues. However, in return, organisations also have a responsibility to their employees to listen and then act on what has been heard by investigating the concerns raised.

Those individuals who have summoned up the moral courage to speak up should not be ignored – they need to be listened to. 'Tone at the top' is critical and the Board should take the lead by overseeing the process and its outcomes.

Senior leadership and management need to be role models and 'walk the talk'. It is all very well having a speak up policy and helpline, but all leaders within organisations, the Board and management, need to nurture the right environment if the speak up process is to be successful.

Good communication is key.

People need to know that the raising of concerns is appreciated by the organisation and will be given appropriate consideration. They also need to know that they will be protected from retaliation, and that change does, on cause shown, happen as a result of their actions. Unless organisational leaders can demonstrate that they are genuinely interested and engaged with their employees, by being seen to be acting upon what they have been told, no-one will use speak up mechanisms, and the organisation will suffer.

Good communication is key. From clear communication about the ways in which concerns can be raised confidentially within the organisation, to managers responding appropriately when individuals raise concerns, to communications to staff from senior leadership. If people feel that speaking up would be futile, that their concerns are just going to be ignored, or not followed up, perhaps because they, or others, have had a poor response from the organisation in the past, they will not put themselves at risk by reporting.

The promotion of a 'speak up culture' within organisations is important, but, in addition, so too is the promotion of a 'listening culture'. It is just as important for organisations to 'listen up' when employees raise concerns as it is for individuals within organisations to 'speak up' in the first place.

Speaking up will be ineffective if nobody listens, and crucially, 'listening' also needs to lead to action with leaders investigating the issues raised. It is 'effective listening' by leaders at all levels – listening followed by action – which is critical to the success of a speak up programme within an organisation, and ultimately the success of the organisation itself.

CAs and The Power of One Speak Up! Listen Up! Take action!

ICAS' The Power of Oneⁱⁱ stresses that CAs can be found in all walks of life and must take personal responsibility for the important role they have to play in business and society.

Individuals, and particularly CAs, should have the confidence, and 'moral courage'ⁱⁱⁱ, to speak up and influence the culture of organisations in which they work. Employees need to speak up if they discover ethical issues.

However, in return, organisations also have a responsibility to their employees to listen and then act on what has been heard by investigating the issue. CAs not only need to 'speak up' if they have concerns, but also need to 'listen up' if issues of concern are brought to them.

The **ICAS Code of Ethics**^{iv} (paragraph 200.5 A3) specifically states that "to the extent that they are able to do so, taking into account their position and seniority in the organisation, accountants are expected to encourage and promote an ethics-based culture in the organisation". This includes engendering a supportive, collaborative and protective environment where people are encouraged to 'speak up' if they have concerns.

With effect from 1 January 2022, the ICAS Code of Ethics also adopts the International Ethics Standards Board for Accountants (IESBA) revisions to the Code to promote the role, mindset and behavioural characteristics expected of all professional accountants^v. The importance of an ethical organisational culture, and speak up mechanisms, are highlighted in new application material, wherein paragraph 120.13 A2 states:

"The promotion of an ethical culture within an organisation is most effective when:

- a) Leaders and those in managerial roles promote the importance of, and hold themselves and others accountable for demonstrating, the ethical values of the organisation;
- b) Appropriate education and training programs, management processes, and performance evaluation and reward criteria that promote an ethical culture are in place;
- c) Effective policies and procedures are in place to encourage and protect those who report actual or suspected illegal or unethical behaviour, including whistle-blowers; and
- d) The organisation adheres to ethical values in its dealings with third parties."

Based on the key findings and recommendations from the ICAS funded research **Speak Up? Listen Up? Whistleblow?**^{vi} the following provides some practical guidance as to how CAs can both 'speak up' and 'listen up'.

Speak Up!

What can a CA do if they become aware of an issue that causes them concern? How can a CA seek to influence events?

- Be aware that speaking up can be challenging and that 'moral courage', tenacity and resilience are required.
- Consider carefully how to raise an issue for maximum effect. Thinking carefully in advance rather than speaking in the heat of the moment is advised. ⁸
- It is better to deal with issues at the earliest possible stage.
- Do not tackle an issue alone. As one CA said, "The biggest mistake you make is the one you make on your own". Speak to a trusted colleague or friend.
- Develop a professional network and use the ICAS network to discuss issues with another CA.
- Always keep an evidence-trail of conversations, emails and documents. Keeping a diary of meetings and noting down a summary immediately afterwards can be helpful.
- If concerns are about the conduct or behaviours of an immediate superior, raise the issue with more than one person, so that it minimises the possibility that the issue could be suppressed.
- Before taking a new job, research the organisation carefully. With hindsight, some CAs said that 'the signs were there' if only they had looked for them.
- ICAS has an Ethics Helpline^{vii} and other ethics resources available on [icas.com](https://www.icas.com) at 'Ethics and The Power of One'^{viii}. ICAS is also partnered with Protect^{ix} to provide ICAS Members and CA Student Members with access to an independent whistleblowing advice helpline. This service offers free advice regarding whistleblowing and speaking up.

Listen up!

If someone speaks up but nobody listens, then 'speaking up' will not be effective. Likewise, if someone listens but then does not act on what they have heard by investigating properly, then the person speaking up will feel dissatisfied.

- Make people feel comfortable and safe.
- Give people full attention – listen properly when they speak up.
- Listen to how issues are raised – listen not only to what is said but also listen (have regard) to what is not said.
- Recognise that it can often be difficult for people to speak up. Show appreciation to the individuals who do raise their concerns.
- 'Effective listening' involves listening and then acting on what has been heard. People fear inaction. In order that issues of concern do come to light, employees need to know that their organisation cares and has respect for what they have to say, and that matters will be investigated.
- Concerns raised should be investigated promptly, with feedback being provided to the employee on how the matter has been dealt with.



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Take action!

Organisations need to engender a supportive, collaborative, listening, environment where people are encouraged to speak up, and are willing to do so without fear of retaliation or detriment.

What can CAs do to promote a more effective Speak up! and Listen up! organisational culture? Speak up and listen up policies and procedures

- If the organisation has 'speak up' and 'listen up' policies, ensure that colleagues know the details of the policies. 10
- If there are no 'speak up' and 'listen up' policies, introduce them. The size of the organisation is no barrier to setting out expectations and protections around speaking up. All organisations, regardless of size, should have broad policies and procedures in terms of speak up and listen up.
- Whistleblowing, speak up and listen up policies and procedures should be clear and visible to employees. The channels for communication need to be confidential and there should be an option for employees to report anonymously if they wish. Employees should be aware of how they can raise concerns, what happens to reports once they have been made, and where they can find both internal and external sources of help and advice.
- Make the process as easy as possible for people to speak up. Remove barriers there might be to reporting, by offering different options. There is a need to help employees feel secure. Different sorts of personality prefer to communicate in different ways: some might prefer to report by phone; some might commit their concerns to writing; some might wish to remain anonymous; some might opt to call an external helpline rather than an internal one.
- Speak up reporting should be regularly reviewed. It is not necessarily a good sign if there are no speak up reports within an organisation. A lack of speak up reports could suggest there is an issue with the

speak up mechanism, or indeed the culture of the organisation, rather than being an indication that things are not going wrong. If speak up reports are not being made, employees could be anonymously surveyed to try to gain an understanding of why they aren't reporting.

- If possible, keep ethics separate from the organisation's human resources function, so that there is more independent oversight.

Safety and trust

- People need to understand what speaking up is and why it is important. Reinforce the policy by stressing to colleagues that speaking up is valued, that they will be listened to and protected, and that issues are best tackled at an early stage.
- People need to feel safe and supported if they bring forward concerns. They need to have trust in the effectiveness of the 'speak up' mechanism in order to be encouraged to speak up. If an individual has a bad experience, or hears negative stories about the experiences of others, they will be disinclined to report in the future.

Increase awareness

- Employees need training to understand the environment they are working in, what the organisation considers to be misconduct, and to make sure people feel comfortable about speaking up. Employees should receive induction sessions and ongoing training on what might be considered unacceptable behaviours and how to use speak up and listen up policies and procedures. They need to be able to: understand the types of issues which ought to be reported through the speak up mechanism; identify when something might be wrong; know what to do to raise a concern; and know where they can obtain information to assist them if they have any questions.
- Organisations should help their managers by

training them on how to respond appropriately to reports. Organisations should reflect on whether there are good examples of the manner in which respected managers have dealt with speak up reports, that can feature as part of ongoing training. The importance of listening needs to be emphasised. Managers must understand that they need to 'listen up'; know how to deal with speak up situations; and know how to respond when concerns are raised, to ensure they are properly addressed.

Listening needs to 'lead to' action

- As one interviewee put it (in relation to people thinking that it is a waste of time to speak up because no action will follow), "that's almost worse than detriment because then the apathy seeps through".
- Sometimes an investigation will conclude that there are no issues, and sometimes people who speak up will be mistaken, but they need to know that their organisation does care and has respect for what they have to say. People need to know that matters will be acted upon and investigated, so that issues of concern do come to light. This would include taking action against senior people within the organisation who do not uphold the organisation's values.
- Listening is often thought of as an action carried out by individuals. However, a person might work in an organisation where one or more colleagues or managers listen at an individual level but where the organisation as a whole does not have a culture that values listening. Nurture a 'listening culture' within the organisation where management is committed to listening and where communication loops are established to ensure that both senior management and employees are aware of the importance of listening to the organisation.

Communication of outcomes

- There needs to be communication. Leaders at all levels need to be engaged with their employees. Where possible, be transparent about outcomes of investigations, and provide evidence of change, so that people will have confidence that concerns raised are genuinely taken seriously by the organisation and valued.
- Tell the stories. If people hear stories of beneficial outcomes for individuals when they speak up, perhaps how their working lives have changed for the better, and for the organisation itself, from the speaking up, this in turn encourages speaking up, and helps to build a better culture. Use real examples wherever possible, on a no-names basis, to allow people to see the culture in action.

Provide assurances retaliation will not be tolerated

- People need to be assured that they will be protected, will not suffer any form of retaliation if they speak up, and that action will be taken in the event of retaliation. Policies should be in place to instigate disciplinary action against those who retaliate against those who speak up. Employees ought to feel that they have the ability to speak up without retaliation, and that they will be supported – instances where someone who has spoken up and who has nevertheless been promoted thereafter can speak volumes about the true values of an organisation.

Endnotes

- i <https://www.icas.com/professional-resources/ethics/Publications-and-guidance/speak-up-listen-up-whistleblow-in-their-own-words-insights-into-the-ethical-dilemmas-of-icas-members> (accessed 30 September 2021), “Speak up? Listen up? Whistleblow? A survey of ICAS members”, Paisey, C, Paisey NJ and Tsalavoutas, I (2019) and “Speak up? Listen up? Whistleblow? In their own words – Insights into the ethical dilemmas of ICAS members”, Paisey C (2019)
- ii <https://www.icas.com/professional-resources/ethics> (accessed 30 September 2021), ICAS “Ethics and The Power of One”
- iii <https://www.icas.com/professional-resources/ethics/resources-and-support/moral-courage> (accessed 30 September 2021), The Power of One – Moral Courage, ICAS
- iv <https://www.icas.com/professional-resources/ethics/icas-code-of-ethics> (accessed 30 September 2021)
- v <https://www.ethicsboard.org/publications/final-pronouncement-revisions-code-promote-role-and-mindset-expected-professional-accountants> (accessed 12 November 2021), “Final Pronouncement: Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants” published by IFAC in October 2020
- vi <https://www.icas.com/professional-resources/ethics/Publications-and-guidance/speak-up-listen-up-whistleblow-in-their-own-words-insights-into-the-ethical-dilemmas-of-icas-members> (accessed 30 September 2021), “Speak up? Listen up? Whistleblow? A survey of ICAS members”, Paisey, C, Paisey NJ and Tsalavoutas, I (2019) and “Speak up? Listen up? Whistleblow? In their own words – Insights into the ethical dilemmas of ICAS members”, Paisey C (2019)
- vii <https://www.icas.com/professional-resources/ethics/resources-and-support/icas-ethics-helpline-service> (accessed 30 September 2021)
- viii <https://www.icas.com/professional-resources/ethics> (accessed 30 September 2021), ICAS “Ethics and The Power of One”
- ix <https://www.icas.com/professional-resources/ethics/resources-and-support/protect-ethics-helpline-independent-whistleblowing-advice-for-chartered-accountants> (accessed 30 September 2021)

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