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# Essential components of employee compliance feedback programs

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Feedback programs have become a cornerstone of compliance—regardless of discipline or industry. Such programs sound really good and can portray a sense of well-being and concern for employee welfare. Senior management often views such programs as an easy win: “We want to know what you are thinking and feeling so we can fix the easy complaints but not address the deeper compliance issues.”

As the business world tries to reorientate processes to accommodate a post-pandemic work environment, the concept of speak-up or compliance feedback programs is even higher on the to-do list. Michael Volkov has pointed out that with the upsurge of environmental, social, and governance (ESG) initiatives, prudent companies will take stock of their speak-up cultures as a first step toward implementing such initiatives.<sup>[1]</sup>

Leaders can gain invaluable knowledge about the status of their organization by listening to employees. However, in order to be able to listen, employees need to speak up, and this will only occur if certain criteria are satisfied that provide them with the reassurance that management can be trusted. Below are some of the key elements of compliance feedback programs and the implications of getting it right (or wrong).

### What leaders need to consider

If leaders are serious about a feedback program of any description (especially if it concerns compliance), they need to embrace open and honest communication, provide an unabridged reassurance of anonymity without any retribution, and be structured to ensure feedback is heard and acted upon.

### Open and honest communication

Any feedback program is based on the concept of trust. To a large degree, compliance itself is based on trust. It follows that if leaders in an organization exhibit a willingness to be open and honest in their communication and transparent in their actions, these qualities will be recognized by employees as desirable. If a manager commits to doing something, it is their opportunity to win the confidence and trust of the employees by following through. Conversely, if the action is never done, the opposite—distrust—will follow.

There are many barriers to effective communication.<sup>[2]</sup> Failure to be open and honest will destroy the integrity of any feedback program, whether compliance-based or not. Emotionally intelligent leaders will thrive in the execution of such programs; those that are not emotionally intelligent will destroy it. The concept of emotional intelligence is based on the ability of a manager to see the bigger picture and not to be personally offended by what employees are saying. This can inadvertently result in a middle management brick wall, a point discussed below.

### Unabridged assurance of anonymity and no retribution

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One of the major roadblocks to overcome is the middle management brick wall. This wall is created from the insecurity that many middle managers have. They see employees speaking up as an assault against them, rather than a proactive assessment of a situation that needs to be fixed.

Too often (especially where there is a strong cultural management hierarchy), middle managers will actively prevent employees from speaking up. The end result is that employees stop thinking about talking because the consequences are not worth the effort or the risk of retaliation. As a result, an issue that could have been discovered and acted upon is allowed to continue until it is discovered by an audit or, even worse, one of those employees that wasn't listened to tells their story outside the company (whistleblowing).

In order to avoid this, effort has to be channeled toward the emotional intelligence levels of managers and the clear mandate that the aim of the program is to discover and eradicate instances that, if allowed to persist, could cause significant damage to the company. There needs to be a very consistent and clear message: "It is not a witch hunt, and we do not want to shoot the messenger." This has been discussed in a previous article that highlights the benefits of a proactive and constructive speak-up culture that is underpinned by tone from the middle and reinforced by emotionally intelligent middle managers.<sup>[3]</sup>

A very clear message supported by actions that reinforce there will be no retaliatory action for anyone raising an issue has to be delivered at every opportunity. Furthermore, individuals identified as potentially noncompliant in their actions must be dealt with fairly and as defined by your policies.

## **A structured program to ensure feedback is heard and acted on**

The basis of most speak-up concerns will lead to an investigation of some sort in order to substantiate the claim. In the initial stages, there is a lot to be said for creating a group of employees across all levels of the organization who can review claims; the normal representatives (chief compliance officer and legal, for example) should be excluded from this group. This early review group can filter issues to ensure a fair assessment. Should this team find substantial grounds for further investigation, the more formal process can then be engaged.

The benefit of an early review group is that employees feel their issue is more likely to be heard and acted on if it is considered by a less formal review before progressing to a more formal investigation process. It also provides a vehicle to revert back to the organization about intended actions, which in turn provides confidence that issues are being heard and acted upon in a timely fashion (given that formal investigations can take long periods of time to resolve).

## **Shortcomings that will undo your good work**

Feedback programs are not easy. Even if they are established with the above points in mind, aspects of culture and engagement need special attention to maximize their value and prevent their failure. Four examples that I have encountered are discussed below and deserve special consideration. They can make or break your feedback program.

### **1. Leaving employees with a feeling of uncertainty and despair**

As previously mentioned, speak-up programs are based on trust. If that trust is broken, particularly early in the process, the chances of success will be very limited. The quickest way to break employee trust is to fail to follow through with commitments that you made. A commitment not executed is seen as talking the talk but not walking the walk.

Employees want to feel that if they have raised an issue in good faith, it will be taken seriously and, if required,

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acted upon. Failure to do so will leave the employee unfulfilled and loathe to raise an issue in the future. What is even more damaging is that they will tell other employees not to bother: “Nothing ever happens,” “No one cares,” and other negative messages. The good intent of the program is lost, and the compliance program will be left without an effective feedback loop.

## **2. Ignoring cultural issues**

People want to feel a sense of belonging, but not at the expense of their colleagues. In the multicultural world that is now part of corporate structure, attention must be paid to cultural sensitivities. Speaking from experience, some cultures have difficulty raising an issue with their immediate management. To challenge even higher levels of authority about policy issues is a significant hurdle to overcome. Similarly, other cultures find it difficult to “dob” on their mates. Many compliance issues have been covered up by such cultural challenges.

## **3. Failure to publicize the opportunities for improvement**

Employees love data that shows progress, which is why companies share sales figures to sales reps. It stands to reason that if employees can see the success of speak-up programs, they will be more inclined to participate. It could be, for example, an increase in the number of people speaking up or a list of issues that have been resolved. When supported by the rationale as to how speaking up helped the company overcome a potential issue, the program and the need for ethical behavior take on new meaning.<sup>[4]</sup> Too often, companies are not forthcoming in sharing compliance-related statistics (especially if they show a need for improvement). On the other hand, they want employees to trust them.

## **4. Engaging the management team and holding them responsible**

It has already been mentioned that in order for speak-up or feedback programs to be effective, considerable effort needs to be spent on communication and resolution of issues raised by an employee who has mustered the courage to act. Their willingness to come forward can become contagious, and others will also start to speak up, spurred on by evidence that someone actually cares. It also does something else that is very important: It breaks down the middle management brick wall and gives them no alternative but to be supportive. All managers need the support of the CEO, so the CEO’s understanding of the purpose of such programs—that it is not to sort out the good and bad managers but to prevent questionable ethical situations from causing greater harm to the organization—is essential.

## **It starts and ends with trust**

There can be no doubt that a feedback program is a valuable element of a mature compliance program. It takes time, effort, and continual reassurance to gain the respect and trust of employees to be active and valuable participants. Several obstacles need to be overcome, particularly the middle management block and overcoming the silent employee. Once achieved, the value afforded by a compliance feedback program cannot be underestimated.

## **Takeaways**

- Compliance feedback programs have become a cornerstone of compliance and can portray a sense of well-being and concern for employee welfare.
- If a manager gives a commitment to do something, it is their opportunity to win the confidence and trust of the employees.

- One of the major roadblocks of compliance feedback programs is the middle management brick wall, created by insecure middle managers.
- A commitment not executed is seen as a token gesture: talking the talk but not walking the walk.
- It cannot be underestimated how a compliance feedback program can short-circuit potential issues before they become endemic or significant to the organization.

1 Michael Volkov, “Before Moving on to ESG, Fix Your Speak Up Culture!!” *Corruption, Crime & Compliance*, April 13, 2021, <https://bit.ly/3AvqnED>.

2 Beth Friedman and Rita Bowen, “How to communicate your compliance message,” *Compliance Today*, September 2020, <https://bit.ly/3dLxwXE>.

3 Michael Toebe, “Making a Speak-Up Culture Work in Your Organization,” *Corporate Compliance Insights*, November 12, 2020, <https://bit.ly/3hfM6Zu>.

4 Calvin London, “Getting to a functional ‘Speak up’ culture,” *ethikos* 33, no. 6 (June 2019), <https://bit.ly/36eDyMg>.

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