An ethical culture is critical to a business’s long term success and begins with organizational values and ethical leadership. We know that companies with codes of conduct and programs to support them in place outperform those that don’t. Also, that a commitment to ethical behaviour promotes employee engagement and increases trust.

Today, businesses are complex, employees are geographically dispersed and social media is a part of our everyday lives. These factors create opportunities but can also pose a risk to a consistent application of organizational values and ultimately culture. It can be difficult to slow down and consciously choose to do the right thing when we are moving quickly. With this in mind, the challenge becomes finding a way to translate a focus on values and behaviour into sustained and prolonged action.

Generally, culture is the sum of attitudes, behaviours and beliefs of a group of people. If we accept this definition, then in addition to having proper controls in place to safeguard against improper behaviour, we also need to understand the impact of employee beliefs and attitudes on decision making in the workplace.

I believe that people know the difference between right and wrong. We often refer to it as that ‘feeling in the pit of your stomach’. Complications arise when people
are willing to overlook that feeling and act as they wish which in some cases may be the wrong decision. It boils down to choice. We make many choices every day. Consciously or not, we do so according to an internal set of values and beliefs and needs. In a workplace setting this translates to choices about the work we do and how we do it. People behave in line with their personal value set but there is an overlay of ‘how things are done around here’ to contend with as well. Companies try to manage this by producing codes of conduct, mission statements and corporate values in an effort to make sure that every employee understands how the company’s values relate to their work, and the company’s expectation of their behaviour.

Thinking about this dynamic at BMO, we separated the ethics function from compliance. This allows us to think about behaviour in a more principled manner while leveraging the various rule based frameworks that exist in the organization. We start with a focus on corporate values and make sure that our principles-based code of conduct reflects our values, is clear and easy to read. To provide context for the expectations laid out in the code, we use scenario based learning in our training material. This is even more important as we’ve moved from a rules based approach because for some, the principles may be abstract. Demonstrating how they apply in situations related to specific roles makes it clearer. We’ve also developed a set of key actions that when applied consistently aligns with our values, supports our brand and ensures the best outcome regardless of the situation. The actions such as speaking your mind, taking ownership of problems, and asking for help when you don’t have the answers are relatively simple and based on common sense but looping them together and tying it back to values underscores the importance we place on appropriate behaviour and provides a nudge in the right direction for employees.

Leaders at all levels influence culture in an organization. Holding themselves to a high standard and modelling appropriate behaviour filters out to employees and peers. One aspect of leadership that can make a difference is creating space within an organization for people to ask questions and challenge assumptions. Leaders need to be open to respectful challenge and prepared to deal with feedback and information provided to them. If we fall into the habit of dismissing issues or questions as roadblocks then we risk the perception of sweeping things under the rug. The benefit of encouraging healthy dialogue is that it lays a foundation of trust and makes it easier for someone to come forward and raise a concern if need be.

To further strengthen the notion of values and behaviour, we need to embed these concepts into all parts of the employee life cycle from highlighting behavioural expectations in the recruitment and orientation stage to coaching leaders on evaluating performance with integrity to making sure that those we promote are consistently modelling the behaviour that is important to us.

Strong values, a principle based code of conduct and ongoing training are the building blocks to an ethical culture; in addition companies must work on creating an environment where employees feel empowered to make decisions in line with expected behaviours, challenge others around them that do otherwise, and raise concerns if they are having difficulties or are unsure.

**ABOUT BMO**

Established in 1817, BMO Financial Group is a highly diversified financial services provider based in North America. With total assets of $642 billion as of October 31, 2015 and close to 47,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and services to more than 12 million customers and conducts business through three operating groups: Personal and Commercial Banking, Wealth Management and BMO Capital Markets.

**BY ULA UBANI**

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Ula Ubani is Chief Ethics Officer for BMO. As Chief Ethics Officer, Ula is responsible for maintaining and promoting awareness and understanding of positive ethical business principles consistent with BMO’s values.

In her previous role as Director, Environmental, Social and Governance (ESG), Ula contributed directly to BMO’s success in the management of sustainability issues and transparency around disclosure which earned the organization a place on prominent sustainability indices. Ula joined BMO in 1997, and has held positions in International Financial Institutions, Risk Management, and Investor Relations. Ula has an MBA from the Rotman School of Management, University of Toronto.