Identify Misconduct Before It Happens

RiskClarity: A Corporate Integrity Service™
Pressure on corporate culture is building

Consumers
Want businesses to create ethical and sustainable products

Employees
Want businesses to take a stand on social issues and pursue a strong set of values

Investors
Want businesses to be transparent in their corporate practices, and to push for sustainable change

Governments and Regulators
Want businesses to establish a positive corporate culture and will likely increase pressure in other areas soon

Businesses
The DOJ emphasizes culture

In 2019, the U.S. Department of Justice released new guidance that places an increasing emphasis on corporate culture and cultural assessment in its evaluation of compliance program effectiveness.¹

Under the guidance, compliance teams are expected to ask themselves these questions regarding culture:

1. How often does the company measure its culture of compliance?

2. Does the company seek input from all levels of employees to determine whether they perceive senior and middle management’s commitment to compliance?

3. What steps has the company taken in response to its measurement of the compliance culture?

¹Source: Department of Justice Evaluation of Corporate Compliance Programs
Compliance leaders struggle to improve culture

42% of compliance and ethics leaders ranked the inability to accurately measure compliance and ethics program effectiveness as among their **top 5 risks in 2019**

And less than a third of compliance executives feel confident in their ability to **improve their organization’s culture**
Why most cultural failures occur

Most often, cultural failures fall into three main categories:

Fear of Reporting:
Employees don’t feel comfortable speaking up either because they feel they may experience retaliation, their allegations won’t be taken seriously, or the organization won’t take action.

Lack of Ethical Leadership:
Employees don’t feel senior leaders and managers are ethical nor that they will hold others accountable for their behavior.

Poor Trust in Colleagues:
Employees don’t feel that the people who work around them on a day-to-day basis are or will hold others accountable for compliance and ethics behavior.
86% of misconduct reports don’t make it to compliance

How Information About Business Misconduct Travels
Analysis of 2017 Reporting Trends From RiskClarity: A Corporate Integrity Service™ Benchmark

If 1,000 employees observe or are unsure if they observe misconduct …

... then only 409 report what they observe.

361 employees tell their direct manager or supervisor.

59% of employees didn’t report their concerns

Compliance only receives 14% of misconduct reports

150 employees report to HR, Legal or another corporate function (outside Compliance).

250 managers talk to their direct manager or supervisor.

210 managers talk to HR, Legal or another corporate function (outside Compliance).

27 employees take their reports directly to Compliance.

110 managers take their reports directly to Compliance.

Source: 2017 Gartner RiskClarity Benchmark
The impact of a positive culture is huge

**Fewer Instances of Misconduct**
Employees in high-integrity cultures are 9x less likely to observe significant instances of business misconduct than employees in low-integrity cultures.

**Increased Reporting of Misconduct**
Employees in strong cultures are 1.5x more likely to report observed misconduct.

**Higher Employee Engagement**
Employees in a strong culture of integrity are 2.1x more likely to be engaged with their job and company.

**Higher Employee Productivity**
Employee productivity increases by 12% if managers exhibit ethical values and behavior.

**Reputation & Goodwill**
Ethical companies receive widespread public attention, secure the trust of customers and suppliers, and better attract and retain talent.

**Business & Financial Losses**
The average cost of compliance failures caused by a poor culture is more than $40 million.
Build an ethical culture with RiskClarity

Assess and measure your company’s ethical culture through an online survey including approximately 45 culture-related questions. Gain deep insight into employee behaviors and perceptions and develop action plans that quickly mitigate newly identified risks.

Organizations will receive:

- Quantitative data regarding the strength of your company’s culture of integrity
- Indicators of how susceptible your company is to multiple risk areas
- Levels and types of risk areas observed by your employees in the past year
- Rates at which employees report noncompliance and the channels they use
- Prescriptive guidance and tools to address identified gaps and opportunities

Learn from your peers

- 2.4 million participating employees
- 200+ participating companies
- 20% of the Fortune 100
- 115 countries represented across six continents
Three ways RiskClarity delivers value

RiskClarity identifies hidden risks by assessing an organization’s culture of integrity at all functions and levels to uncover observed types of employee misconduct.

1. **Perform an enterprisewide cultural assessment:** Organizations can assess their culture, identify cultural weak spots that present increased risks and manage employee misconduct before it occurs.

   **Best time to use:**
   To obtain an annual baseline of corporate culture and integrity, to benchmark against peers; when creating an action plan to reduce misconduct within your organization.

2. **Uncover root causes of employee misconduct and manage them proactively:** Organizations seeking a better understanding of what type of misconduct occurs within their enterprise (and, more importantly, why it occurs) use RiskClarity to determine the root cause of specific cultural and operational issues that lead to the most common areas of misconduct within their organization.

   **Best time to use:**
   After a corporate crisis, where action is required either by the board or by regulators; when predictive metrics are required to track and mitigate misconduct.

3. **Target specific areas of employee risk quickly:** Organizations that encounter a significant business change (e.g., acquisition, entering into new markets) can conduct a targeted assessment of cultural and misconduct risk within a smaller segment of the employee population to address specific risks or assess country-specific concerns.

   **Best time to use:**
   After M&A, entering a new market, changes in senior leadership or other disruptive changes.
How we measure cultural risks (and strengths)

Four Ways RiskClarity Assesses Cultural and Misconduct Risk

Culture
- Measure the strength of the overall culture of integrity through Comfort Speaking Up, Organizational Justice, Tone at the Top, Clarity of Expectations and Openness of Communication

Compliance Program
- Gauge program effectiveness through Awareness and perceptions of key compliance initiatives such as the Code of Conduct and Training
- Measure employees' local work environments through Direct Manager Leadership, Team Environment and Signals & Processes

Climate
- Evaluate misconduct risk through Ethical Pressure, Observed Misconduct, Reporting, Reporting Channels, Satisfaction, Reasons Why Employees Don’t Report and Experience With/Fear of Retaliation

Employee Behaviors

Identify key compliance risks, such as:
- Conflict of interest
- Data privacy violation
- Discrimination
- Fraud
- Harassment or bullying
- Improper payments or sales
- Insider trading
- Preferential treatment
- Retaliation
- Sexual harassment
- And more
Immediately assess results and take action

• Deep dive into results and metrics in real time, on demand

• Export and share survey results directly from the interactive RiskClarity platform

• Customize your reports and charts by individual survey demographics

• Export report views into PowerPoint and Excel to generate charts and tables that can be easily dropped into Board, leadership or other presentations
The RiskClarity advantage: More than a survey

The survey is the first step, not the only step, we take with you. One-on-one support from a Gartner expert for driving your next actions, backed by research and best practice case examples from peer companies, makes RiskClarity different from other cultural assessments.

Identify Key Focus Areas to Improve Culture

Discuss Results with a Gartner Expert and Prioritize Next Steps

Get Tactical Guidance to Put Your Plan Into Action
“We went with RiskClarity because it was very powerful but also plug-and-play — Gartner’s team made it easy to achieve, and we got a lot of value from it.”

Associate General Counsel, Large Utilities Company
Ready to get started?

Gartner for Legal & Compliance Leaders provides research insights, advice, tools and data to help you achieve your mission-critical priorities and keep up with the accelerating pace of business.

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