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*How Your Attitude Toward Compliance Shapes*  
**COMPANY CULTURE**

[Disclaimer: This ebook does not provide legal advice. You should always consult with a professional legal team for specific policy questions and compliance advice.]

We've all heard of some big-time compliance failures at various companies; the fallout after a compliance oversight can be serious. But this ebook isn't about dissecting everything that can go wrong or providing legal advice.

Instead, we want to look at how such instances have spotlighted the importance of using compliance to build a positive company culture and focusing on the most important asset of your organization — your people.

## The Historical Compliance Attitude

Although compliance laws are constantly changing, the historical attitude toward carrying out compliance in businesses has often been “What is legal?”

This attitude framed compliance as simply a reaction to a mistake.

For example, the Federal Employers Liability Act (FELA) was created in response to the rapid expansion of the nation’s railway network and increasingly dangerous conditions for railroad workers. Because of FELA, for the first time in the United States, employers could be held liable when workers were injured or killed on the job.

Other shocking studies and publications have led to many government regulations, requiring employers to take greater measures to ensure safe conditions for their employees.

While it is important to make changes when issues are brought to light, the “reaction” attitude of compliance won’t be enough to keep your organization out of trouble all the time.

Without a culture that values doing the right thing in every situation, you’ll simply be putting a band-aid on problems that will continue to manifest themselves in other ways across your organization.

This is why staying compliant means adopting a new attitude toward how it affects your company overall.

## The Modern Compliance Attitude

Adopting a new compliance mindset means not waiting around for the government to address issues and create regulations. It's no longer about "what is legal," but "what is right."

Many will say, "Well of course we promote doing what is right – we have ethics training!" That's an important component, but this modern compliance attitude goes further than promoting ethical behavior during training once a year.

You'd be hard pressed to find an employee who says annual compliance training is their favorite part of the year – and we certainly don't expect you to, but there are plenty of benefits that come from ridding your company of an "I only care about compliance when I'm told to" attitude.

Getting people to care and take compliance seriously requires promoting a culture of respect and integrity, where non-compliance isn't even considered an option.

Before we discuss how to make this modern compliance attitude your company's reality, let's look at the effects of sticking with the old reactionary mindset.

## Financial and Emotional Costs of Non-Compliance

Do you know what employee disengagement is costing your company? If employees are disengaged due to a negative company culture brought on by non-compliant actions, they won't be able to offer their best work. As a result, your company loses, both on a financial and emotional level.

### *Loss of Productivity or No Productivity*

An environment that does not promote safety or integrity in the workplace causes employees to disengage and become less productive because they see no reason to do otherwise. If the organization tries to get by with the bare minimum effort, then employees will follow that example in their own work. And this adds up: actively disengaged employees cost the U.S. \$483 billion to \$605 billion each year in lost productivity.

### *Employees' Mental Health Affected*

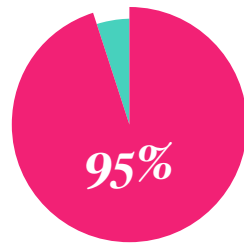
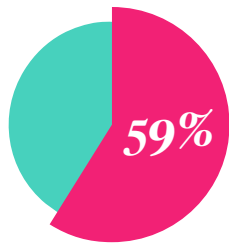
Decreased state of mental health is another critical loss a company can face due to compliance infractions. Any actions that violate company policy or corporate integrity, like unethical behavior, discrimination, or sexual harassment can be uncomfortable or even traumatizing for your employees. They may suffer anxiety and sleepless nights wondering if they can and should say something and risk getting caught in the middle of a conflict.

Prolonged anxiety can lead to depression, and the Center for Disease Control estimates 200 million lost workdays because of depression, costing employers between \$17 and \$44 billion each year.

### *Poor Company Reputation*

Bad culture can lead to a bad reputation among employees, which spreads to candidates AND customers.

According to a Glassdoor study, 95 percent of job seekers surveyed say an employer's reputation impacts their decision to apply or not. Can your organization afford to lose out on nearly your entire candidate pool?



A survey from 2012 showed that 59 percent of consumers expressed that a company's ethics and practices are important factors in deciding what brands they will buy.

That concern has likely only increased as technology makes brands and company cultures more transparent.

### *Loss of Profit*

Not only do compliance issues scare new candidates away and drive veteran employees out the door, but your customers may start to see the negative culture that comes as a result and decide to support different brands instead – and we all know that loss of customers equals loss of profit.

### *Customer Churn from Bad PR*

Thanks to social media, non-compliant actions due to a negative company culture can spread across information networks like wildfire – and they do, nearly every day.

Inc.com published an article about the top five reasons companies lose customers; in it they said, “Negative commentary can bruise your business’ reputation as fast as poor commentary is shared on social media, spoken in a local area, or written directly to a company.”

### *Potential Lawsuits*

A negative culture tends to breed negative employees, who are more likely to cause lawsuits, costing the organization even more money.

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An organization which ignores situations caused by toxicity in the workplace is more likely to be sued by an unhappy employee who feels victimized. Regardless of whether or not the lawsuit comes to fruition, the matter itself is enough to cause distraction and discord in your workplace.

”

—Helios HR

## How to Use Compliance as a Culture-Builder

If an organization ignores the negative culture, then they are going to lose just as badly as a company that creates a negative culture through non-compliant actions. In either case, that isn't the kind of team that people want to join.

Building a team and creating an environment where quality candidates want to apply depends on your approach to compliance. Here's what happens when you focus on getting compliance right:

### *Minimize Legal Problems*

When compliance is used to build a positive company culture, the amount of legal problems is minimized. The team is "playing by the rules" and starting to get everyone on the same page. This reduces the threat of a distracting lawsuit or conflict within the workplace and helps everyone stay focused.

### *Enhance Operations*

A well-maintained compliance strategy will help you to create a more efficient, productive workplace with:

- Fewer safety incidents or quality defects (safety compliance)
- Healthier employees (reasonable work hours and conditions)
- Streamlined, standardized operations (payroll, scheduling, etc.)
- Accurate, reliable data (data security)

### *Increase Employee Engagement and Retention*

Employee engagement and retention grow when a company builds a positive company culture. If the morale of the team is high, the current members will want to stick around much more.

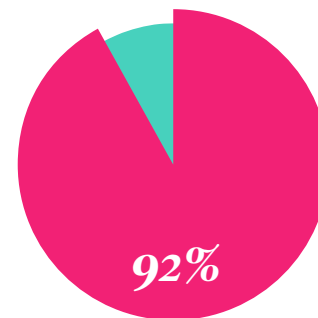
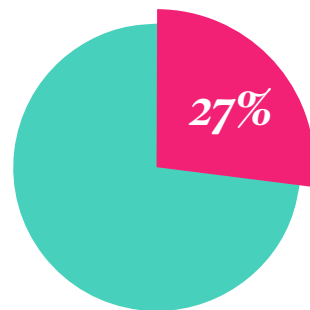
Plus, happy employees talk highly of their company, attracting potential candidates and customers with their positive attitude.

## *Improve Public Relations and Reputation*

Although a lack of compliance can heavily damage a company's reputation, the opposite is also true.

Corporate Responsibility Magazine found that 92 percent of employees would consider leaving their current jobs if offered another role with a company that had an excellent corporate reputation.

They also found that 27 percent of customers said they have started purchasing or supporting a brand specifically because of its socially responsible practices or ethics. And that doesn't just mean your outward brand mission – that means your internal employer practices as well.





## Focus on Positives, Not Negatives

To achieve a positive company culture, you need to be positive! Sounds obvious, right? We know that happy employees make better workers and increase company profits. So, an environment where the positives are in the spotlight instead of the negatives can create a winning culture.

**This positive mindset must start with leadership and trickle down throughout the organization.**

A great example of leadership that encourages a positive company culture is when Madalyn Parker sent an email to her team explaining

that she was taking a few days off for her mental health. Parker's bravery is something to admire, but what made this conversation go viral was the empathetic response from her CEO. The response read, "You are an example to us all, and help cut through the stigma so we can all bring our whole selves to work." This dialogue racked up 30,000 likes on Twitter and 8,400 retweets.

And that's just one example of the impact of an organization doing the right thing (instead of the minimum legal requirements). Let's look at a few ways you can positively build your culture through several areas of compliance.

## *Fair Compensation and Transparency*

Many studies have shown that earning as much money as possible is not the top priority of employees today, and monetary incentives aren't even the best way to encourage high performance.

However, fair compensation is absolutely necessary for keeping employees happy and performing well.

The factors for what determines fair compensation can vary based on region, position, experience level, and contribution. Use online tools to compare your organization to others in your region in terms of compensation – do you lag, lead, or match?

**Lag:** Lagging behind comparable organizations is a quick way to breed employee dissatisfaction and lose talented people.

**Lead:** Leading may seem like the way to go, but it can sometimes backfire, setting false expectations and attracting those who are purely compensation-driven.

**Match:** Matching your organization's compensation to the market is best practice, but it requires constant re-evaluation of employees' contributions, skill sets, experience, etc.

If you want to keep your teams happy, turnover low, and growth steady, be prepared to invest the time it takes to ensure your compensation plans are well-matched and transparent.

## *Technology*

In a workplace context, social media was once thought of only as a distraction. Now, it holds a large influence over all our lives, and it's a major way that we (especially younger generations) learn about and respond to current events.

Many organizations have social media policies to ensure everyone is on the same page with its use at work. However, rather than banning it, some teams recognize how it can be used as an effective marketing and recruiting tool. Encouraging smart and safe use of social media can help to make your positive company culture visible.

## *Employer Brand*

Showing off your culture online feeds right into your employer brand. Compliance can influence three key pieces of your brand: mission, vision, and values.

If compliance is stressed in the mission, vision, and values, then it should be easier to uphold. One of BizLibrary's values is "respect others." This may seem simple, but when employees show respect

to each other on all levels, it allows for more innovation and creativity, which gives the company a competitive advantage.

Another piece of your brand affected by compliance is hiring. Recruiters and interviewers have to know exactly what they can and cannot ask, both to stay in compliance with laws for protected classes, and to show each candidate that your organization is a safe, fair workplace.

### *Safety in the Workplace*

If your organization incorporates compliance into culture, you can create a culture that prioritizes a safe workplace for all of your employees.

Ensuring a safe environment requires proper training; but more than that, it requires a positive, proactive attitude towards safety from ALL employees, including managers and leaders. Your goal is to build a culture where behaviors like cutting corners, skipping steps, and being disrespectful are addressed and corrected immediately, not ignored or covered up.

## Conclusion

The goal of compliance is to keep people safe and ensure fair treatment on all sides. The goal of company culture is to create a great place to work and improved business results.

What's the best way to achieve both compliance and a positive culture? Listening.

Asking for feedback from employees, evaluating how the organization is doing, and making changes accordingly are the basic steps. This is how you create a listening culture that will allow your business to thrive.

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I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.

”

—Maya Angelou



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