



Embedding behavioural science into the ethics programme at Deloitte

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Deloitte globally

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By the numbers...



Figures are for FY23, aggregated across the Deloitte organization. *New hires as a percentage of total headcount.

Deloitte Global Ethics' approach to embedding behavioural science

Beginning by asking questions

1. **WHAT...** are we seeing, and **HOW** have we identified this?
2. **WHY...** might we be seeing this – **WHAT** is the question or hypothesis we are trying to address?
3. **WHAT...** research do we see in this area?
4. **WHO...** is leading in this research area?
5. **WHEN/WHERE/HOW...** should we apply it?

1. **WHAT...** are we seeing, and **HOW** have we identified this?

- Lower reporting levels than survey indicates we should receive
- Potential to reduce anonymous reporting to aid investigations

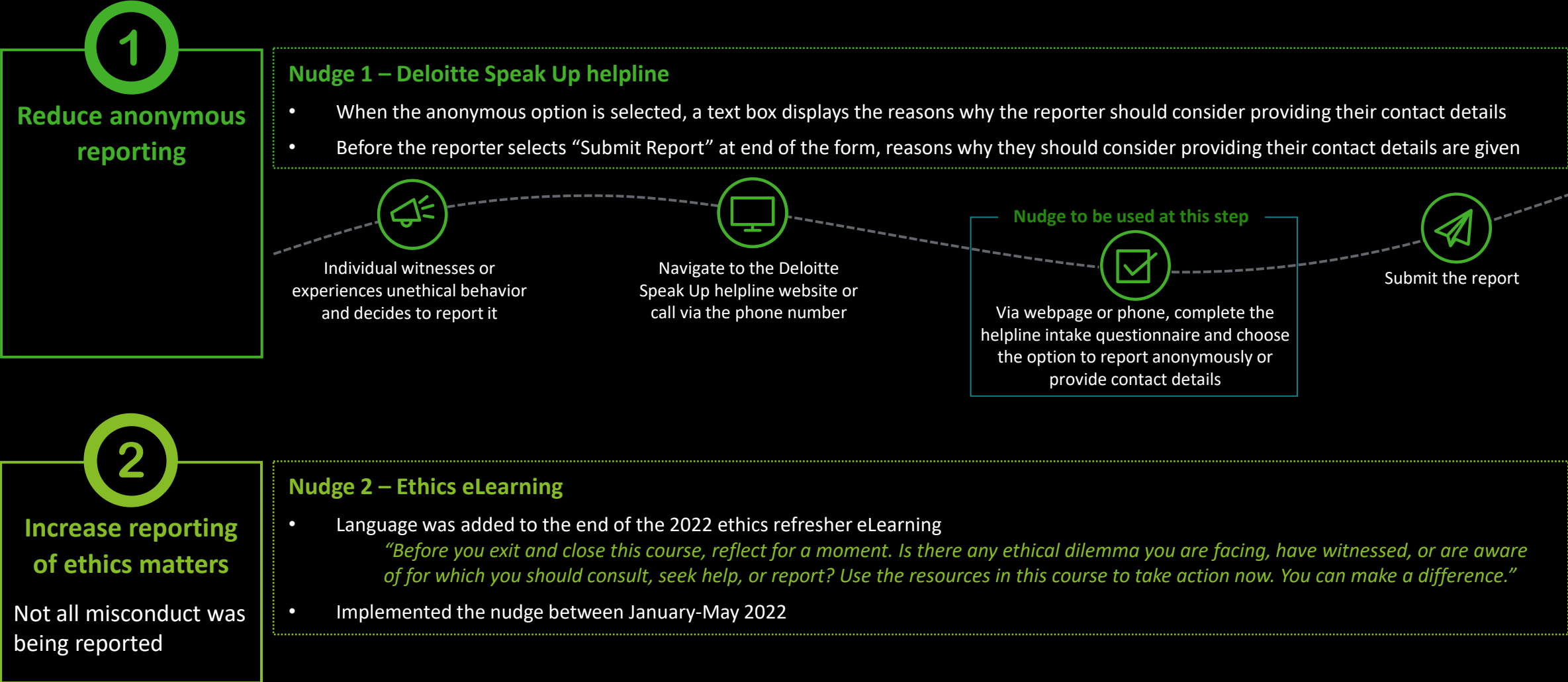
1. *Annual ethics survey results*
2. *Reporting data and trends*
3. *Focus groups and other anecdotal feedback*
4. *Informal discussions with the business*
5. *External research*

2. **WHY...** might we be seeing this – **WHAT** is the question or hypothesis we are trying to address?

1. *Trust in reporting channels?*
2. *Fear of retaliation?*
3. *Lack of clarity/understanding around investigation processes?*
4. *Unsure of responsibilities (rationalisations, bystander effect)?*

Deloitte Global’s use of ethical nudges

Our work to use small interventions to encourage an ethical mindset and prompt action



Building trust in reporting channels

Addressing potential barriers to speaking up

Overcoming rationalisations...

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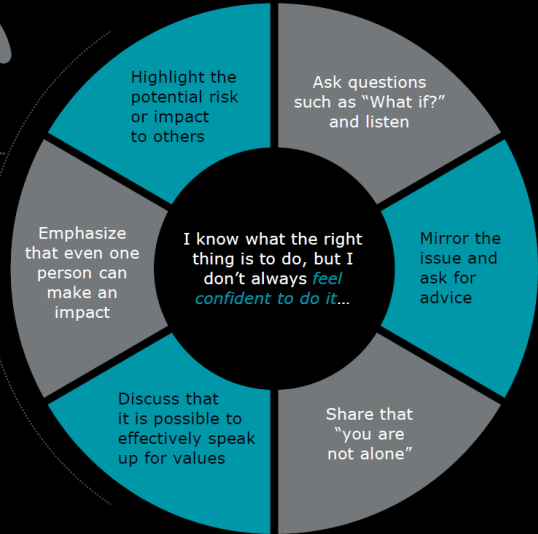
Internal rationalizations

Common rationalizations that one uses to keep oneself from speaking up about ethically questionable behavior.

- Personal fear**
"I am afraid of what will happen to me if I report this. This might affect my career/job."
- Denial of responsibility**
"It's not my responsibility to deal with this."
- Denial of injury**
"This is just common operating procedure—and won't cause any harm to anyone."
- Denial of victim**
"I don't want to get someone (peer, colleague, boss, leader, etc.) in trouble by raising this issue."
- Denial of impact**
"This may be wrong—but not a big enough deal to worry about."
- General rationalizations**
"Maybe I don't have all of the information here."

Speak up for values

Strategies



Do	Don't
<ul style="list-style-type: none"> ✓ Listen to their concerns ✓ Ask questions ✓ Brainstorm ideas ✓ Talk about values and our commitment to non-retaliation 	<ul style="list-style-type: none"> ✗ Don't be judgmental ✗ Don't be over critical ✗ Don't downplay their concerns ✗ Don't downplay their feelings



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Building trust in reporting channels

Addressing potential barriers to speaking up

Psychological safety and the bystander effect...

Empathy, curiosity, and humility

Research from the Notre Dame Deloitte Center for Ethical Leadership states that leaders, as well as an organization, must appropriately support people speaking up about unethical behavior by using and modeling empathy, curiosity, and humility.

By responding with empathy, curiosity, and humility, you are also modeling to your team how to support the people who may report unethical behavior to them.

Empathy

Empathy fosters trust and psychological safety. A simple phrase such as "It sounds like you are upset about this" can open a conversation.

Curiosity

Curiosity is exploring the situation and the facts. A simple phrase like "Tell me more about how you are feeling" invites an open conversation.

Humility

Humility is admitting you don't know what you learned from the situation.

4 Key Ways Leaders Send Signals

1	2	3	4
What they value (social modeling)	Who they value/reward	How they communicate	How they handle moments of stress and crisis
<ul style="list-style-type: none">• Attention/Lack of attention• Energy/Excitement; Time Spent• Execution and Follow Through	<ul style="list-style-type: none">• Who they invite in their In-Group (social belonging)• Who they exclude (social exclusion)• Who is hired, promoted, praised, celebrated? (social/power status)	<ul style="list-style-type: none">• Communication style: threat vs. safety; dominance vs. openness/humility• Emphasis: self first (taker) vs. others-first (giver)• Stories they tell	



FY24 Ethics refresher

Being an active bystander



APPENDIX

Ethical nudges

What is a nudge, and what types of nudge are there?

Behavioral ethics nudging
the use of **choice architecture** aimed at making employees more ethical.

nudges are small interventions into existing processes, where choice can be influenced by creating **defaults**, **framing**, or **simplifications**

1. **Defaults: the status quo** (e.g., being automatically enrolled in a retirement savings plan)
2. **Framing: the way in which a situation is stated** (e.g., (a) if you use energy conservation methods, you will save \$350 per year vs. (b) If you do not use energy conservation methods, you will lose \$350 per year)
3. **Simplifications: reducing the complexity of systems, processes** (e.g., filtering options in online streaming services and recommendations based on preferences)

Types of nudges



Deliberation nudge

choice architecture encouraging active, reflective decision-making.

Example

Employees read and affirm an ethics-focused certification prior to engaging in behavior that has historically created compliance risk.



Harnessing nudge

choice architecture that takes advantage of our inherent tendencies.

Example

Save More Tomorrow Program, a retirement savings program where enrollment was switched from opt-in to opt-out default.



Trigger nudge

choice architecture that seeks to elicit an emotional, non-deliberative response.

Example

Posters of eyes watching to discourage cheating.

Three principles should guide the use of nudges:

1

All nudging should be transparent and never misleading

2

Nudging should be as easy as possible to opt out of

3

There should be good reason to believe that the nudge will improve the welfare of the nudgee

Steps to designing nudges

1

DEFINE YOUR TARGET BEHAVIOR

List an ethical/unethical behavior to encourage or discourage. How can this be measured (what data can be used)? Are there any ethical challenges that may prevent this behavior from being altered? Work to target a small and specific behavior.

2

EXPLORE THE BEHAVIORAL PROCESS

List the steps that lead to the desired behavior. Then list the barriers, psychological triggers, or obstacles that could prevent this behavior (consider from various perspectives).

3

DESIGN YOUR NUDGE

- Consider what behavioral science tools can be used to alter the target behavior (e.g., defaults, framing, simplifications).
- Design 1-3 different nudges to alter the same target behavior.

4

EVALUATE AND PLAN TO MEASURE

Consider how feasible the nudge is, what the associated costs and potential impact might be, as well as the ethicality of the nudge. How could this nudge be implemented?

Brainstorm how to measure the effectiveness of the nudge (could be a before/after testing with a control group).



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