

SONY

Insights and Outcomes from Benchmarking Ethical Culture

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—Kathleen Franklin, Global Ethics and Compliance Strategy Leader

SYNOPSIS

In 2018, Sony implemented Ethisphere's Ethical Culture Survey to selected businesses in its Global Entertainment and Americas region. The goals were to better understand employee perceptions of its ethical culture and its compliance program, and to ensure that it was meeting U.S. Department of Justice expectations that corporations conduct a thorough assessment of ethical culture. Before this survey, the compliance function had included questions regarding culture in the annual, general engagement survey.

The Ethical Culture Survey results confirmed the necessity and benefits of manager training and communications on compliance issues. The results showed that a higher percentage of employees reported awareness of compliance program resources when their manager communicated its importance. This insight, and others, have convinced Sony to roll out the Ethical Culture Survey across the entire global workforce this year.

"To get buy-in from the leadership team, we focused on our need to have a comprehensive assessment survey to meet regulatory expectations. We also emphasized the fact that we would get valuable data from this type of survey... We wanted to confirm that we were properly allocating resources, and find out if there were any gaps we needed to address."

COMPANY PROFILE

Headquartered in Tokyo, Japan, Sony Corporation is a multinational conglomerate whose diversified businesses include game & network services, home entertainment, music, movies, semiconductors, and other businesses. It has about 117,300 employees worldwide, 13% of whom work in the U.S., and over \$78.7 billion in revenue.

COMPLIANCE TEAM PROFILE

Sony Corporation operates a global compliance network comprised of a global compliance team and local business unit leaders. The Board of Director's Audit Committee provides ultimate oversight.

OBJECTIVES FOR THE CULTURE SURVEY

Promote continuous improvement

With so much territory to monitor, Sony's global compliance team is consistently looking for improvements that help create efficiencies. Previous assessments had resulted in several such improvements.

"For example, we have a single code of conduct in line with Sony's Purpose and Values as opposed to different businesses having their own code... We also reviewed all of our policies and updated them to make them more concise, and we reviewed our procedures to ensure they were harmonized across different policies and in line with actual business operations."

Assess employee engagement for future resource allocation

The team wanted a more precise understanding of how employees were integrating ethics into their daily work, in order to recommend resource allocation where it was most needed.

"We thought we really had to be more comprehensive in gauging employees' perceptions of our program. We picked the Ethisphere Assessment because it looked at all aspects of our program, including areas we have been focusing on, like awareness of resources, our employees' level of comfort reporting concerns, and their perception of organizational justice. We also liked the fact that it took less than 10 minutes for most employees to complete the entire survey, and that we could benchmark it against peer companies."

KEY TAKEAWAYS

Improve employee participation by building trust in advance

Sony's compliance team was surprised by the amount of data they collected just by piloting the Ethical Culture Survey to selected businesses. They attributed some of this success to a higher than expected participation and completion rate, which they believe was due to the pre-launch communication campaign explaining the importance of employee participation. Another advantage was that they had already built trust with their audience.

“We had launched general engagement surveys in prior years, and in response to those surveys we actually implemented quite a few new workplace benefits based on employee feedback. So, people had the mindset that we really did want to hear what they had to say and would respond to it.”

Neutral opinions on corporate culture can indicate low awareness of the overall program

One particularly helpful data point the Ethical Culture Survey revealed was that a number of employees who participated had neutral opinions of the ethics and compliance program.

“We believe this signified that these employees were not fully aware of the program's features, functions, and resources—helpfully indicating that resources would be well spent by having their manager devote more time to educating a workforce that was not absorbing compliance content communicated by emails sent by compliance personnel or posters.

For example, we had people say they were not aware of our policy against retaliation. And I'm thinking, how could they not be aware of it? It's posted all over, and we send quarterly emails!”

Managers are the best form of communication to raise awareness

Sony had just implemented a new initiative promoting manager training on compliance issues shortly before the Culture Survey was presented to their Americas-based employees. Kathleen personally took time to help train a small team at one of Sony's companies.

“Their scores were way above other teams that I had not yet met with... It shows that some employees may not be fully reading messages from compliance, but if their manager tells them something, it finishes what we started.”

Ethisphere's data also showed that employees' #1 choice for reporting unethical behavior is to a manager. With managers being a key conduit for increased compliance awareness, and decreased non-compliant behavior, the global compliance team made manager training mandatory—with the potential to impact compensation if not completed.

“We created manager tools and resources, so that our managers can clearly understand their role in risk mitigation and in fostering a culture in which employees can feel comfortable speaking up.”

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ABOUT THE ETHICAL CULTURE SURVEY

Ethisphere's ethical culture assessment and reporting engine enables companies to benchmark programs against leading practices and against our data set consisting of more than 425,000 responses, which represents an employee base of more than 3 million.

Learn more: www.ethisphere.com/culture

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