



DRIVING CULTURE CHANGE

Engaging employees is the key to bringing back integrity to financial services

Preventing further scandals in financial services doesn't require more regulation, it's about a change of culture, say Jeannette Lichner, Head of Governance, Risk and Regulation and Charles Palmer of Strategic Communications, both Senior Managing Directors at FTI Consulting.

The financial services sector has been hit by one scandal after another over the last few years. Saying you work in "banking" is now often whispered. Issues such as Libor rigging and product miss-selling have prompted government, regulators and industry leadership to ask what can be done to bring back integrity and re-establish trust in what is, after all, a very important profession.

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While some call for more regulation, evidence from a wide range of financial services firms suggests that far reaching and sustainable change is achievable only through stronger employee engagement.

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Communication, communication, communication

Quite simply, engagement comes down to clear, consistent communication. Communication between CEOs and staff is important of course, but what's more valuable is communication between line managers and their staff. The greatest influence on people is their immediate boss. Research shows for instance, that the number one factor that determines whether a woman returns to work from maternity leave is her relationship with her direct manager.

ENGAGING EMPLOYEES IS THE KEY TO BRINGING BACK INTEGRITY TO FINANCIAL SERVICES

Unfortunately in financial services this connectivity between employees, their colleagues and their firms has often been lost as firms expanded and as earnings and technical expertise alone, rather than good conduct and serving customers have become, in too many cases, the principle criterion of success. When financial services firms had smaller workforces, communication within a company as a whole was much easier to manage than today, when such firms employ tens of thousands across different continents and time zones.

Regulators are concerned about conduct risk. Quite understandably they want to ensure that companies treat their clients well and deliver on their promises to maintain the integrity of the market. Good conduct however comes about where people are motivated to maintain the reputation of their company.

So, how do you engage revenue producers who get a buzz out of doing a deal? They need to know early on what's acceptable and what isn't - this comes back to honest and frequent communication with their line manager. They need direct guidance when they make a good or bad decision and someone who they respect to approach for advice and guidance. It's not enough for people to say: "My door is always open". Supervisors, managers and leaders need to walk the floor and talk to people.

Think global, act local

Anyone can create their own microclimate of trust and integrity. Just as you build your business one client at a time, you create a culture person by person, group by group. Don't just wait for the global board to cascade something down to you. This is an idea that Jack Welch of GE fame espoused with his "work-out" theory.

In planning a programme of cultural change, it's helpful to look for best practice beyond your industry and learn from other sectors. This is particularly useful when dealing with unfamiliar cultural differences. It may be prudent to seek input from those with boots on the ground in various markets who have first-hand experience of getting the tone right for employees in different geographies.

Like any change programme, there is no quick fix for flexing culture. It is critical to start educating people from every area of a firm at the earliest stages of their careers, instilling appropriate values in them and rewarding them for implementing changed behaviours.

Change of mindset might take years to embed but it's clear that talented, motivated young people will flock to work for organisations that can demonstrate their integrity and their desire to do the right thing for customers.

Ultimately they will be inspired when they see that these organisations are led by people who really live by such values. They'll reap the benefits, as will the company and, ultimately, the customer.

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