



AN LRN® WHITE PAPER

Want to Improve E&C Program Effectiveness? Focus on Blended Learning

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What does it take to improve E&C program effectiveness? While any number of factors could be cited—from a bigger budget to stronger leadership support to better risk assessment—our research and experience suggest that adoption of a strong blended learning approach to E&C education and communications is the most cost-effective, feasible way to create a more impactful E&C program.

What is blended learning? Broadly defined, blended learning (BL) uses a range of delivery formats (e.g., online, mobile, live), instructional strategies (e.g., scenario and game-based learning) and communication tools to build knowledge, develop skills and change behaviors. By delivering E&C content more frequently through a variety of channels, BL addresses different employee learning styles and combats training fatigue. BL offers a more relevant, engaging and social approach to E&C learning, and it prepares leaders at all levels to set the tone in the middle.

In this paper, we will discuss some of the challenges faced by E&C educators, present a research-based case for adopting BL, offer practical suggestions for developing a BL strategy and share case studies of successful BL programs at leading companies.

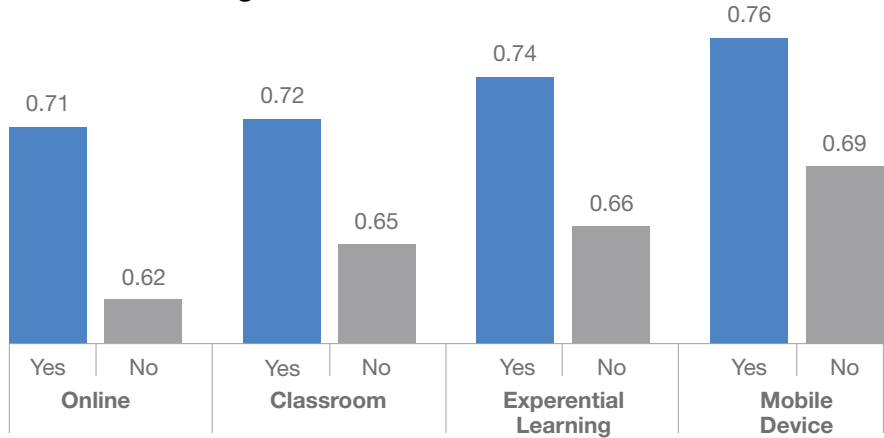
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- Virtually everyone uses online learning—average PEI score of 0.71
- Most use classroom teaching as well—PEI of 0.72, but those who don't have an average PEI of 0.65.
- More than half use experiential techniques—PEI of 0.74, while those who don't average 0.66.
- Trendsetters {14%} using mobile devices average 0.76 compared to 0.69 for those who do not.

LRN's Program Effectiveness Index (PEI), which is based on data from our 2013 E&C Leadership Survey, indicates that blended learning makes a difference. (Higher PEI scores = greater positive impact on employees.)

Blended Learning Makes a Difference

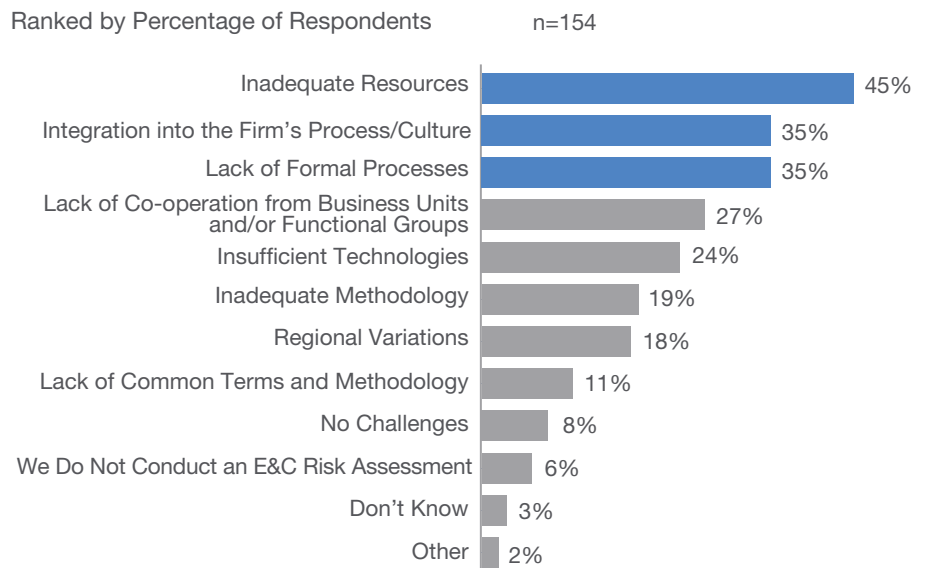


Three Challenges for E&C Educators

1. Online Education Fatigue: In our last two E&C Leadership Surveys, online education fatigue has led the list of E&C education challenges. Where E&C education and communications programs remain static and status quo, the efforts of E&C leaders to capture the attention of employees and deepen their commitment to shaping a culture of integrity are having a limited impact. In short, many are disengaged.

The 2013 survey data show that online education remains the primary lever at E&C professionals' disposal. More than three-quarters of companies deploy online education across the employee base. But the time allotted to deploy this education is minimal. More than two-thirds of leaders said they have three hours or less of employee time each year to deliver E&C education a small window to raise awareness, impart critical knowledge and reinforce the right behaviors.

Top Challenges Associated with Conducting Effective E&C Risk Assessments



Employees aren't receiving education targeted at the risks that they face in their day-to-day work

- 2. Educating Too Broadly:** The most common educational strategy, employed by 91 percent of companies, is to rely on standard, enterprise-wide ethics and compliance instructional programs. This means that employees aren't receiving education that targets the risks they face in their day-to-day work. While companies are focusing more on targeting knowledge to employees, only 56 percent of respondents roll out function based education, while 58 percent deliver education based on specific job roles.
- 3. Learning Activity with Little Impact:** Training fatigue and lack of relevance aren't the only challenges facing E&C educators. Too much corporate education still asks too little of learners, and hence has little impact. The latest research on adult learning methodologies demonstrates that passive learning, in which employees are expected to learn facts and consequences from media such as presentations and videos, is far less effective than active learning, in which the learner is involved in the lesson. The shift to active learning comes after about a decade of change in which learning trends like individualization, social networking, and mobile have grown in popularity.

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Shift to Active Learning



A More Effective, Research-Based Approach to E&C Learning

From Rational Thinking to a Focus on Behavior

Recent research in behavioral ethics and other areas suggests the need for a more active, blended approach to E&C learning. In *Blind Spots* (2011), Max Bazerman (Harvard Business School) and Ann Tenbrunsel (University of Notre Dame) write about how people act against their own ethical values, and how they aren't as ethical as they may think they are. Their research data clearly show how people, when asked about a difficult or confrontational situation, say they will act ethically. This is what they "should" do. In a real situation, they very often choose the non-confrontational or easy path and act unethically. This is what they "want" to do. And then, when asked to recall how they acted, they engage in a form of revisionist history and describe what they did as ethical. After all, in seeing themselves as ethical people, they couldn't have engaged in unethical behavior. In this way, people get on a slippery slope toward reframing their unethical behavior in a self-justifying manner.

Bazerman and Tenbrunsel also present data showing how over 50 percent of respondents said they would act a certain way when facing a situation, and yet when they actually encountered the situation, none of the respondents acted the way they predicted. It's clear that people intend rather than demonstrate ethical behavior. In the recommendations sections of their book, the authors state that in order for E&C education and communication to be effective, they need to move away from knowledge-based and rational thinking, and toward a behavioral and psychological approach.

A Focus on Intuition and Emotion

Neuroscience research supports the conclusions drawn by Bazerman and Tenbrunsel. In *Thinking Fast and Slow* (2011), Nobel Prize laureate Daniel Kahneman describes two systems in the brain. One system works quickly, using intuition and emotion to guide decisions. The other system works slowly, evaluating situations from a more thoughtful and rational perspective. When it comes to ethics or compliance dilemmas in which people have a stake in the outcome, they will make their decision in a split second and be guided by their intuition and emotion. They won't even consider using, say, a six-step ethical decision-making model. While Kahneman doesn't give specific recommendations for education and training, it's clear that his research complements that of Bazerman and Tenbrunsel. To be effective, ethics and compliance education and communications need to focus on intuition and emotion in an interactive setting, rather than focusing simply on facts and consequences.

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Adding Emotion and Efficacy to Moral Reasoning

A third line of relevant research comes from Anke Arnaud (Embry-Riddle Aeronautical University) and Marshall Schminke (University of Central Florida). In their paper “The Ethical Climate and Context of Organizations: A Comprehensive Model” (*Organization Science*, November/December 2012), the authors describe how adding emotion and efficacy to moral reasoning greatly enhances ethical behavior. In the past, emotion was thought to hinder rational business decision making. Our earlier management and leadership training and measurement systems stressed the deleterious nature of emotion. The latest research, however, shows how emotion actually enhances rational business decision making. Arnaud and Schminke’s work highlights and confirms previous research concerning ethical efficacy. Ethical efficacy occurs when people believe that the action they are about to take, or the questions they need to raise, will have an effect on ethical behavior, be meaningful, or make a difference within the organization. The researchers conclude that, when collective moral reasoning, collective moral emotion, and collective ethical efficacy are all synchronized, the effects on ethical behavior jump dramatically.

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Influencing Behaviors at Emotional and Intuitive Levels

Charles Rutherford, a nationally recognized E&C educator, nicely summarizes seven characteristics of compelling educational and communication experiences that influence people and cultures at emotional and intuitive levels:


- 1. Interaction:** Experiences need to be interactive in nature. When participants are able to view a situation or case study, and experiment with a number of different solutions to see which one works best, they are able to recognize the best approach. They can incorporate the best solution into their daily activities, and are more likely to react properly when a difficult situation occurs.
- 2. Collaboration:** Compelling education and communication activities need to support collaboration between several participants. People learn best when they have an opportunity to tell stories, listen to others, and consider different or diverse ideas about a situation. By our nature, we humans learn best together.
- 3. Problem Solving:** Research shows that participants rate education and communication activities more effective and satisfying when they employ real-life case studies, solve ethical dilemmas, and engage them in role playing.
- 4. Transformation:** The activities also need to be transformative. There needs to be time in the activity to discuss concrete examples of how the ethical principles and desired behaviors apply directly to the participant and his or her organization. How will people need to change?
- 5. Reflection:** The transformation process starts to take hold when there is time allocated for reflection. During reflection, participants talk about and possibly write about the individual and organizational changes that are necessary to incorporate the ethical principles and desired behaviors into daily activities. At this point, participants are making choices on how they will act in the future.
- 6. Learner-Directed Outcomes:** Adult learning principles assert that participants report greater satisfaction with the learning activity, and find it more effective, when they can customize the experience to suit their specific needs. One size does not fit all. To be meaningful, the learner needs to be able translate and apply the ethical principles and desired behaviors into his or her context. This is not to be confused with modifying ethical principles and desired behaviors to justify unethical acts.

Ethics and compliance professionals should not be surprised if they meet resistance to suggestions from business leaders about how to embed ethics and compliance into the business, nor should they be deterred.

7. Front-Line Management Involvement: Education and communication experiences are most effective and satisfactory when front-line managers lead and have a significant involvement in the activity. Research published by Larkin and Larkin in their 1994 book *Communicating Change: Winning Employee Support for New Business Goals* shows that the front-line manager is the person in the organization most trusted by employees. Management’s involvement and leadership further solidifies the alignment with values, strategies and tactics.

New Approach to Education	Past Approach to Education
Collaboration brings in different ideas and approaches	Lessons provide knowledge and information about expectations and rules
Interactive exercises and activities provide opportunity to experiment	Examples make consequences for misconduct clear
Problem solving with real-life examples engages participants	Exercises promote practicing the concepts
Transformative activities launch change processes that effect emotion and intuition	Supplemental materials provide decision-making tools and support mechanisms
Reflection promotes “how am I going to do this differently in the future” thinking	
Learner-directed outcomes encourage the learner’s increasing engagement	
Front-line management involvement increases trust and engagement	

Results	Results
Education and communication experiences are more engaging and compelling, resulting in greater acceptance and retention	Education and communication experiences provide knowledge and do not affect emotion and intuition
Education and communication experiences influence emotion and intuition	When dealing with difficult situations, employees will still decide based on emotion and intuition, and will not apply the “rational” decision-making process
Employees are better prepared to deal with difficult situations, because they naturally engage emotion and intuition in decision making	The initial assumption of “rational” decision making is false
Risks are reduced	Employees are unprepared for difficult situations and may choose to do the “wrong thing” based on what they want to do rather than what the should do.



Put simply, you can reach more learners, and get through to them more often, when they are exposed to clear messages multiple times through a number of different channels and immersive, engaging formats.

Developing an Effective Blending Learning Strategy

As you develop your BL strategy, consider these six steps:

- 1. Use a solid set of principles to think broadly about how effective E&C learning works.** BL is effective because it puts into practice the principles of clarity, repetition (reinforcement), variety and active engagement. Put simply, you can reach more learners, and get through to them more often, when they are exposed to clear messages multiple times through a number of different channels and immersive, engaging formats. Another important principle is localization: the design and content of your learning should fit the local cultural context. Imagine a U.S.-based company rolling out anti-corruption training for employees in India. Localization would require not only translation into the appropriate language, such as Hindi but also running the visuals through a cultural filter so that images and symbols convey the right meaning. For example an owl represents wisdom in the West, but in India it symbolizes corruption and foolishness—the antithesis of the compliance message the company wants to send. In sum, make sure your BL approach stays true to these proven principles for learning effectiveness.
- 2. Collaborate across boundaries to build shared vision and purpose around creating a strong ethical culture.** You can drive ethics and values further into the organization by reaching out to and partnering with functional leaders such as HR, learning and development, corporate communications and CSR. Bringing these stakeholders together will test your leadership skill in building shared vision and purpose. Fortunately, your mission and values statement as well as your Code of Conduct are foundational business documents affecting every employee, so you can make the case that educating and communicating on these vital matters is a shared responsibility (“tone at the top” messaging from senior executives is a good buy-in resource here). You can also enlist colleagues to collaborate by showing how a more robust ethical culture contributes powerfully to business performance.
- 3. Tap into your organization’s communication style and preferred channels, but don’t be afraid to open up new avenues for learning by utilizing innovative formats and “pull” tools.** To get the mix right on BL, you need to know which channels and formats currently work best for the various audiences in your

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communication ecosystem. At the same time, you need to break through the noise and combat training fatigue. Instead of a Code course refresh, for example, why not re-orient Code education around an interactive e-Code that includes links to games and other learning activities that “pull” employees into the learning process? Another great way to “mix it up” is by leveraging the arts and the power of storytelling. Many forward-thinking companies have re-invigorated ethics education with humorous videos, film festivals, write-your-own-case exercises and even art exhibits.

- 4. Involve managers to build tone in the middle and make ethics learning more relevant and personal.** For most employees, their supervisor is the face of the company. The expectations and examples set by managers is by far the most influential factor in shaping the organization’s ethos and culture. At DuPont, for instance, leaders begin meetings with a short “values contact,” which is a short reflection/sharing on a core value such as safety. This simple practice weaves ethics into the workflow and sets the right tone for business activities and decision-making. And each year at BAE, Inc., every manager at every level runs a one-hour ethics learning session, which is supported with a toolkit that includes custom video scenarios. In short, a good BL strategy will enlist leaders to serve as “ethics envoys” to their teams, and will provide those leaders with the right support and tools.
- 5. Strike the right balance between risk-based content and values-based content, and create learning activities that touch both the heart and the mind.** Without question, E&C education and communications must address the major risk areas that your assessment process surfaces. Getting your organization’s risk profile right, and keeping it up to date, is a prerequisite for smart curriculum planning. At the same time, you want to build skills around principled decision making, ethical leadership, speaking up and other capabilities that contribute to a culture of integrity. As we’ve seen, recent behavioral ethics research suggests the need for new approaches to education, namely those that tap into intuition and emotion. Simply imparting information about rules to employees and checking for comprehension no longer will do. A good BL strategy must incorporate more interactive, engaging activities in which learners work together to solve problems, reflect on real-life situations and take ownership of the learning process.
- 6. Measure the impact of your E&C education and communications.** Ideally, your approach to measuring impact should be holistic enough to capture how your ethical culture is evolving as a whole, while also focusing on specific issues of concern and high-risk areas. For example, you can use employee focus groups, leadership interviews, and surveys to conduct a “cultural MRI” of your organization. And culture is in fact measurable when the analytic instrument is well designed and focused on observable behaviors and business outcomes. What’s important is to get a baseline and then devise a blended learning strategy that can close identified gaps



Armed with data on how you moved the needle in key areas, you can... make the case enterprise-wide for culture as a business strategy.

(e.g., poor understanding of Code requirements, low levels of trust, fear of speaking up) in employee knowledge, attitudes and behaviors. Once you've designed and implemented your ethics learning plan, don't rely solely on completion rates, test results and employee feedback to gauge impact. Assess employee perceptions and behaviors again to determine organizational impact more broadly. Armed with data on how you moved the needle in key areas, you can justify your program budget and, more importantly, make the case enterprise-wide for culture as a business strategy.

From Planning to Impact—Examples of Effective Blended Learning Approaches

All too often ethics education is a dull and monotonous activity, and many employees find little connection between the annual compliance education program and the core business issues that are relevant at a local level. However, when an organization's leadership commits to shaping an ethical culture, there is an opportunity to foster powerful peer-learning experiences.

Global Roadshow

A global technology firm with more than 100,000 employees worldwide collaborated with LRN to implement a blended learning strategy to bring their newly refreshed Code of Conduct to life. Their Chief Ethics and Compliance Officer (CECO) played a deliberately visible role by visiting key global sites worldwide to introduce their new Code of Conduct, which was improved from a relevance, language, tone, and visual standpoint. Messaging of the revised Code of Conduct was centered on the core importance of ethics and integrity to the business.

The CECO visited nine countries and led a series of brown-bag luncheons and one-on-one conversations to solicit feedback on ethics and compliance issues. Seeking to understand obstacles and opportunities in the field, the CECO was able to gather valuable insight at the local level. Employees appreciated the opportunity to provide direct feedback and be a part of shaping the learning interventions and activities planned in the weeks and months ahead.

The blended learning objective was to enlist global and regional team leads to shape an ethical culture. Local management was provided with toolkits to cascade the revised Code of Conduct to their staff and use it as a catalyst for discussions on integrity and making values-based decision making. The toolkits included short ethical dilemmas and guides with key summary points. Middle management grabbed the baton by stimulating dialogue at the local level, often contextualizing scenarios to fit relevant and time sensitive topics with their teams.

Multiple Perspectives

A global aerospace and defense firm with 50,000 employees worldwide collaborated with LRN to develop an annual Code of Conduct discussion program designed with a strategy of "tone from the middle." The Vice President of Business Conduct tapped the Ethics & Compliance team to take turns on an annual basis to determine the design and central focus of the annual program. Each year the rotating E&C sponsor worked with LRN's Creative Services team to explore an innovative learning solution that would stimulate discussion and promote more understanding around interventions when facing complex issues.

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The objective was to create engagement kits that offered employees a lens into being responsible caretakers of the business, seeing issues from multiple perspectives (role or business function) and experiencing unintentional consequences of decisions. For the past five years, this organization has delivered a fresh learning experience, one that is anticipated excitedly by their global workforce. Managers are now experienced and conditioned to lead the conversation framework, but the employees have responded by driving much of learning activity, which has spanned across video scenarios, case cards, role playing exercises, simulations and more.

The learning activities provide guidance and learning aids to balance the application of skills learned. For example when the organization launched a refreshed ethical decision making guide, employees applied the four-step process to real-life simulations, even alternating roles and perspectives to really embrace what their managers may experience when roles are reversed.

Employee Film Festival

A global pharmaceuticals firm of 80,000 employees worldwide sought to foster a personal embrace of their Code of Conduct and core values. Their Ethics & Compliance team created a film festival and invited all employees to submit short video vignettes that captured the essence of how they lived their values and what the Code really meant to them.

A basic set of ground rules and a framework for submissions was provided. Employees submitted videos that were approximately three minutes long on relevant topics, such as gifts, entertainment, misuse of company resources, or workplace harassment. A panel of judges reviewed the submissions and a Hollywood-style celebration for the winning entries was held. Employees participated in the ceremony locally and via Webcast. The winning selections were posted on the company intranet and eventually became a part of their education library.

Artful Appreciation to Ethical Inquiry

A North America based insurance firm of 30,000 employees worked with their internal Corporate Art group to design an ethics education program centered on a private art exhibit. The program was called “Making the Right Choice” had the objective of celebrating the company’s core values and increasing awareness around the art of healthy deliberation and perspectives.

Employees were invited to participate as an “investigator” in the art exhibit. They were provided with questions to consider for each art piece. The questions were creatively designed to focus on concepts such as the power of symbols in guiding actions or shaping beliefs. Several prominent artists’ works were displayed in concert with social learning discussions promoting greater self-awareness. Overwhelming response from participants was that the experience was both emotionally and intellectually stimulating.

This program was followed by a manager-led campaign called “Making Tough Choices,” a scenario-based discussion program bringing real business issues to life in a series of episodic situations portrayed by actors. To kick off the program, the CEO delivered an inspiring message about the importance of identifying and addressing complex situations, acknowledging that choices are not necessarily black and white. Participants were invited to view the video-based scenarios and exercise their “ethical muscles” by actively deliberating about recognizing core issues and applying the company’s ethical decision-making guide. Issues covered a broad range of real-world topics, such as social media, privacy, confidential information, workplace harassment, and working with vendors and third parties.

A Final Thought

Wanting to improve E&C program effectiveness is one thing, but affording it can be quite another. The good news is that, in our experience, ramping up BL doesn't mean E&C teams have to ramp down other priorities and projects. The trick lies in formulating a smart BL strategy leveraging your organization's existing resources, channels, and tools for education and communications and making the effort to identify and enlist managers to serve as "ethics envoys" to their teams.

ABOUT THE AUTHORS

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About LRN: Inspiring Principled Performance

Since 1994, LRN has helped over 20 million people at more than 700 companies worldwide simultaneously navigate complex legal and regulatory environments and foster ethical cultures. LRN's combination of practical tools, education, and strategic advice helps companies translate their values into concrete corporate practices and leadership behaviors that create sustainable competitive advantage. In partnership with LRN, companies need not choose between living principles and maximizing profits, or between enhancing reputation and growing revenue: all are a product of principled performance. LRN works with organizations in more than 100 countries and has offices in Los Angeles, New York, London, and Mumbai.

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