

## Prepare for scrutiny of your behaviour – 2021 and beyond

As the world takes stock of global events in 2020, many will be hoping for more stable, and brighter, times ahead. Amidst the sea of change that 2020 brought, it also saw a slowing of daily life and more opportunity for reflection – on how things have been and how they should be going forward. Many are joining a chorus of change to advocate that, even when COVID-19 is but part of our history, life cannot go back to the way it was before. A brewing consequence of this may be increased scrutiny of the behaviour of corporate organisations, the senior individuals who lead them, and the choices they make.

### The seeds of change

A culture of increased scrutiny of corporate behaviour has been building for many decades.

What differentiates today's modes of scrutiny are their immediacy and potential for dramatic, and swift, change. The impact of global online campaigns (such as #MeToo, BLM and Extinction Rebellion in the gender, race and environmental spheres respectively) demonstrates that in today's digital age, scrutiny of corporate behaviour can come quickly and forcefully. In some cases, it can be existential to the future of the organisation and the individuals who lead it. In the UK, the COVID-19 response has thrown a spotlight on perhaps traditionally under-represented issues such as child poverty, access to food and inequality. It would be remiss to consider these as issues only relevant to the government of the day. The collective responsibility for societal wellbeing suggests that corporates also have their part to play. Although organisations may not perceive themselves as part of the problem directly, silence or ignorance can be misinterpreted and can lead to the perception that corporates are part of the bigger problem indirectly.

As more voices join the chorus for change, what we have seen to date is perhaps only the warm-up act for greater, and more powerful, scrutiny of corporate behaviour. In this climate, organisations are set to be scrutinised like never before.

### Key considerations

- 1. Using data effectively** – Intelligence is currency in this charged atmosphere of increased scrutiny. Understanding who is scrutinising you, their priorities and their modes of communication is crucial.
- 2. Communication** – Consider how your purpose is communicated, both internally and externally?
- 3. Transparency and ownership** – How do your staff, suppliers and other stakeholders live your purpose in practice? Do they own it?
- 4. Plan** – Set out your vision clearly and how you will deliver it.
- 5. Prepare** – Have a plan in place to deal with increased scrutiny when it hits.

## The waves of uncertainty

In the coming years, we are likely to see a new wave of employee scrutiny, partly, though not exclusively, as a result of the COVID-19 response.

For those working from home over a long-period of time, the space away from a traditional working environment might shine a light on previous toxic cultures and other unacceptable behaviours in the workplace. Space from that environment may also empower those affected to belatedly come forward regarding historic conduct.

An organisation's response to the COVID-19 pandemic will also likely come under scrutiny, as employees and other stakeholders take stock of the events of the last year. The prioritisation of profits over employee wellbeing, such as failing to financially support staff self-isolating, are likely to be early targets. In addition, as corporate travel and corporate entertainment became early victims of the pandemic, so too might previous spending and largesse in this area come under increased scrutiny from current and former employees seeking to shine a spotlight on corporate culture. The treatment of suppliers, and particularly those SME suppliers, is also likely to attract increased attention, as is the true adherence to, and implementation of, the organisation's Environmental, Social and Governance ("ESG") criteria in practice.

The pandemic has amplified a shift that had already begun. The combination of increased time, anxiety and reflections upon what we want the world to look like after the pandemic, result in a highly effective, and powerful, quasi-audit function.

## Social responsibility, authenticity, and purpose

For some decades, the discourse around corporate social responsibility has grown. The pandemic has now arguably amplified its message beyond what, a decade ago, might have been seen in some quarters as a lesser priority, operating in a 'silo' separate to core operations, to now being something critical, and crucial to get right. It goes beyond sending staff out to paint fences. It embodies a wider notion of doing good and being a good corporate citizen.

Most organisations, in our experience, want to operate lawfully and ethically. However, now the expectation is for organisations and their individual leaders to go much further and use their power and influence for the greater good, giving back to society and achieving a broader purpose and social value.

## Putting plans into action

Whatever your industry, acting with a sense of social responsibility and authenticity to your purpose is now critical to build and maintain public trust in your offering. Communicating that effectively is also crucial. While the business may have taken a number of laudable steps in response to a crisis such as the pandemic, unless those are communicated effectively, both internally and externally, the risk remains that a perceived absence of action can translate to increased, and, adverse scrutiny. In a highly febrile and anxious atmosphere, amplified by the tragedies of the pandemic, one misstep in the handling of a strategy and its communication can spark a reputational challenge. Corporate brand and reputation contribute, on average, more than 40% of a company's market value. Even aside from notions of this being the "right thing to do", it is fast becoming, in today's culture, something that many organisations cannot afford to get wrong.

In the court of public opinion, just because something is legally and financially possible, does not necessarily mean that it is the right judgement call for the organisation: public and employee scrutiny will come increasingly to bear. A recent example is the announcement of profits by firms in receipt of the public funds of the UK Job Retention Scheme. Those firms who have elected not to participate, or to return funds previously received, are lauded, while others who have not, wait for the wave of scrutiny to hit.

## Manifesting your purpose and embracing scrutiny

The question everyone wants the answer to currently is how will the world change post-COVID-19? Will the growing levels of scrutiny remain? Inevitably, we think, yes.

In considering how best to navigate this hostile and ever-changing landscape, consider this:

- What is your purpose, collectively and individually?
- Is the purpose of your business purely measured in profit, or does it encompass a more nuanced set of performance behaviours, for example, the impact on the local community, the environment, job creation and wellbeing of staff?

The best strategies, in our experience, have a clear vision and set out how that vision will be delivered. To work, this needs to permeate not just at the top of the leadership of the organisation, but throughout its ranks, including employees, the local community, suppliers and considering the impact of steps upon the environment. This holistic and multi-faceted assessment of how the organisation wants to manifest and embody its purpose stands in sharp contrast to a focus solely on, for example, profit or turnover. It also signals a willingness to be held to account and be scrutinised by these various stakeholders, with transparency on purpose and how that is achieved, at the heart of effective strategies in this new world.

In an unsettled and highly volatile post-pandemic world, the stakes have never been higher. Being ready and prepared for the new waves of scrutiny upon corporate and individual behaviours is likely to be the best form of defence. Engaging now with stakeholders (including employees, suppliers, shareholders, senior decision makers and the wider public) to identify issues, will ensure light is shown upon issues which might have gone long dormant. With the public's easy access to online media, matters previously limited to internal dialogue can quickly spiral to create a high charged atmosphere of scrutiny: if light is nature's disinfectant, transparency can be its digital equivalent. In a year of much uncertainty, what is certain, going forward, is that a culture of increased corporate scrutiny is here to stay.



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