

Analyzing touchpoints that teach employees that a rule is negotiable

# Compliance Mixed Signals Inventory

No organization announces that a rule is optional. Every organization subtly signals it. Employees are excellent readers of what an organization actually rewards, tolerates, and quietly excuses. When the stated rule and the observed practice disagree, the observed practice wins. News travels fast, and the consequences land back in the lap of the compliance program.

This inventory is a structured walk through the places the signals usually hide. With a matching behavioral science concepts index, this resource will show you where and how your controls are falling short or reinforcing the wrong behaviors.

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### Before You Start..

### How to Use This Resource



- Work through the sections in order. For each item, ask whether it describes something real in your organization (not whether it is theoretically possible).
- Log the specific instance, not the category. "Approval queues are slow" is not usable. "Gifts pre-approval averages three weeks against a two-day business need" is.
- Assume you will find entries. An organization of any size generating none has not looked hard enough.
- If possible, bring someone from outside compliance to review. The signals are most visible to the people receiving them.

Section 01

## Time & Capacity

A control nobody has time for is a control that is ignored

- **A control that cannot be completed in the time the business actually has.**  
Example: a pre-approval workflow with a five-day turnaround sitting inside a procurement cycle that routinely closes in two.
- **Mandatory training assigned with no time allocated and no relief from other targets.**  
Example: a ninety-minute module released the week of quarter close, with no adjustment to sales activity expectations.
- **A policy longer than anyone in the audience will read, issued without a summary or job aid.**  
Example: an eighty-page anti-corruption policy sent to field sales as a single attachment.
- **An approval queue where the practical answer is to proceed and seek forgiveness.**  
Example: a hospitality pre-approval that takes three weeks for a dinner booked next Tuesday.

### IN PRACTICE

This is the section most likely to produce entries the business has been raising for years. Where that is true, the signal has been running for years too.

THE CONTROLS

Where this happens (e.g. gifts and hospitality pre-approval, EMEA field sales):

FILL-IN

What employees can conclude (e.g. the approval step is optional once a deadline is close):

FILL-IN

How to fix this signal (e.g., time every control against the business cycle it sits inside, and change the control rather than the expectation):

FILL-IN

Section 02

Exceptions & Seniority

Rules that can be ignored by some can be ignored by all

- **An exception granted to a senior person that was refused to a junior one.**  
Example: an expense outside policy approved for a division head in the same quarter an identical claim was rejected at analyst level.
- **A rule that visibly does not apply to the highest performers.**  
Example: the top-producing director is the only person whose expense reports are never returned.
- **Leaders who describe a control as a formality in front of their teams.**  
Example: a regional head opening a training session by promising to keep it short because everyone has real work to do.

- **A senior departure handled quietly vs. a junior equivalent handled publicly.**  
Example: a director exits for "personal reasons" after conduct that produced a documented dismissal one level down.

NOTE

The **DOJ's Evaluation of Corporate Compliance Programs** asks directly whether disciplinary actions are applied consistently regardless of position or seniority. Entries in this panel are the ones a prosecutor is most likely to ask about.

THE CONTROLS

Where this happens (e.g., expense approvals above director level):

FILL-IN

What employees can conclude (e.g., the policy sets a floor for junior staff rather than a standard for everyone):

FILL-IN

How to fix this signal (e.g., record every exception with its rationale, and have exceptions reviewed at the same level regardless of who requested them):

FILL-IN

Section 03

Incentives & Targets

A target that requires a shortcut becomes a shortcut

- **A target that cannot be met without breaking a rule.**  
Example: a per-employee daily sales quota with no ceiling and no verification step (the mechanism documented in Wells Fargo's independent directors' report).
- **Variable pay tied to an outcome with no quality or conduct gate.**  
Example: a bonus triggered by revenue booked, with no adjustment for revenue later reversed.
- **A stretch goal set just above what the honest process can deliver.**  
Example: a launch date that assumes no failed test in a validation sequence that fails routinely.
- **Recognition given to a result that depended on a shortcut.**  
Example: a trading desk congratulated for the day's profit in the same week it breached its risk limits (a finding in the FSA's UBS final notice).

Practitioners often cannot see the incentive plan in enough detail to complete this panel alone. Where that is the case, the inability to see it is itself worth logging.

THE CONTROLS

Where this happens (e.g. quarterly sales incentive plan, distributor channel):

FILL-IN

What employees can conclude (e.g. hitting the goal matters, how it was reached is not):

FILL-IN

**How to fix this signal** (e.g. review each incentive with reward for whether the target is reachable by the compliant route, and add a conduct gate wherever it isn't):

FILL-IN

Section 04

Enforcement & Consequences

A rule is only as real as the last time it was enforced

- **A known violation that produced no consequence.**  
Example: a limit breach or policy exception logged, escalated, and closed with no action recorded.
- **The same conduct is disciplined differently in two places.**  
Example: one business unit issues warnings for a control failure that another treats as a dismissal offence.
- **A rule enforced only after something goes wrong.**  
Example: a documentation requirement ignored routinely, then cited in a disciplinary case once a loss occurred.
- **A reporter who came off worse than the subject of their report.**  
Example: the person who raised a concern is moved off the account while the subject stays in post.

Research on deterrence consistently finds that the perceived certainty of being caught deters more effectively than the severity of the penalty. A severe rule that is rarely enforced is the weakest combination available.

THE CONTROLS

**Where this happens** (e.g. breaches logged in the exception register):

FILL-IN

What employees can conclude (e.g. nothing happens, even if a breach is noticed):

FILL-IN

How to fix this signal (e.g. close every logged breach with a recorded decision, and publish anonymized outcomes so consequences are visible):

FILL-IN

Section 05

Measurement

The number you report tells people what you actually care about

- **An activity metric reported as an effectiveness metric.**  
Example: ninety-nine percent training completion presented to the board as evidence that the program works.
- **A proxy measure that conceals the risk it is meant to track.**  
Example: a falling minor-injury rate read as evidence that catastrophic process risk is under control — the error identified in the Baker Panel's review of BP's US refineries.
- **A control producing an output nobody has ever used.**  
Example: a monthly exception report circulated for four years with no recorded decision arising from it.

The DOJ's guidance asks not whether training was completed but how the company measured its effectiveness and whether it evaluated the impact on employee behavior. Completion is the answer to a question nobody is asking.

THE CONTROLS

Where this happens (e.g. quarterly compliance dashboard to the audit committee):

FILL-IN

What employees can conclude (e.g. finishing the task is the objective, not changing anything):

FILL-IN

How to fix this signal (e.g. air every activity metric reported upward with one behavioural or outcome measure, and retire any output nobody acts on):

FILL-IN

Section 06

Voice & Reporting

Silence is usually a rational read of the environment

- **A reporting channel whose mechanics have never been explained.**  
Example: a speak-up line publicized by name and number, with nothing published about who receives the report, what the subject is told, or what the reporter can expect.
- **A concern raised that never received a visible response.**  
Example: a report closed appropriately and confidentially, with no communication back to the reporter and nothing published about the outcome.
- **"Compliance is everyone's responsibility" with no named owner for a specific control.**  
Example: a monitoring obligation described as shared between three functions and performed by none.

The most effective correction reported in the session was publicizing that a single report had produced a concrete process improvement. Reporting rose afterwards, because the mechanism had been made visible rather than merely available.

THE CONTROLS

Where this happens (e.g. speak-up channel communications, all regions):

FILL-IN

What employees can conclude (e.g. reporting is available, but its consequences are unknowable):

FILL-IN

How to fix this signal (e.g. publish what happens after a report is made, and communicate one concrete change that came from one):

FILL-IN

Section 07

Why these signals work the way they do

The behavioral mechanism behind each panel of this inventory

Each mechanism below predicts a specific kind of mixed signal. The panels ask what your organization is signaling. This index answers why the signal works. Use it two ways: forward, to see which entries a given mechanism predicts before you go looking; and backward, from an entry you've already logged to the research that explains why it matters more than its size suggests.

| Concept                                          | What It Predicts                                                                                       | How It Shows Up                                                                      | Applies to Panel # |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------|
| Descriptive vs. injunctive norms                 | When what people do diverges from what the organization says it approves of, observed behavior governs | The poster says one thing; the visible conduct of respected colleagues says another  | 2, 4               |
| Behavioral contagion and in-group identification | Misconduct spreads faster when the visible transgressor is someone employees identify with             | A tolerated rule-breaker who is "one of us" licenses imitation; an outsider does not | 2                  |
| Goal setting and unethical behavior              | Specific, difficult targets increase rule-breaking, particularly among those falling just short        | Quotas met by fabrication; results delivered just above the threshold                | 3                  |
| Procedural justice and legitimacy                | Voluntary compliance depends more on perceived fairness of the process than on fear of penalty         | Rules seen as unfairly applied lose force even where enforcement is unchanged        | 2, 4               |
| Deterrence — certainty over severity             | Perceived likelihood of detection deters more effectively than penalty size                            | Severe published sanctions paired with visibly low enforcement                       | 4, 5               |
| Ethical fading                                   | Framing strips the moral dimension from a decision, making it a technical or commercial one            | Euphemism; decisions discussed only in financial or scheduling terms                 | 5                  |
| Moral disengagement                              | People deactivate their own standards through reframing, diffusion, and comparison                     | "Everyone does it," "it was signed off," "it's not really our call"                  | 4, 7               |
| Psychological reactance                          | Controlling or absolutist rules provoke resistance, often covert                                       | Zero-tolerance language met with quiet workarounds rather than objection             | 5                  |
| Gradual escalation                               | Small tolerated deviations recalibrate the baseline, making larger ones feel normal                    | A pattern of minor exceptions preceding a significant failure                        | 1, 4               |
| Moral licensing                                  | A visible good act can license laxity elsewhere                                                        | A prominent ethics or CSR initiative running alongside unexamined practice           | 5, 6               |

| Concept                               | What It Predicts                                                                        | How It Shows Up                                                                        | Applies to Panel # |
|---------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------|
| Unethical pro-organizational behavior | Strong identification and loyalty can produce misconduct committed for the organization | Falsified reporting to protect a launch date, a customer, or the team                  | 3, 5               |
| Psychological safety                  | Where speaking up has visibly cost someone, voice stops regardless of stated policy     | An open-door policy alongside a remembered example of what happened to the last person | 7                  |
| Implicit voice theories               | Employees hold unspoken rules about what cannot be said upward, and self-censor         | "Don't go over your manager's head"; nobody delivers bad news past a certain level     | 7                  |
| Diffusion of responsibility           | Shared accountability without named ownership produces collective inaction              | A control everyone is responsible for and nobody performs                              | 7                  |

OUTRO

Most of what this inventory surfaces will not require a new control. It will require the organization to stop doing something it never decided to do — grant an exception it cannot justify, publish a claim it cannot support, report a number that answers the wrong question. Those are the entries to take first, because they cost consistency rather than budget, and because leaving them in place will undermine whatever you build next.

The harder entries are the structural ones: a target that requires a shortcut, an approval cycle the business genuinely cannot absorb, a pair of values that collide in practice. Those need a decision from someone who owns the tension, not a redesign from compliance. Naming the contradiction precisely, with the instance attached, is what makes that conversation possible.