

Beyond the Code of Ethics- Measuring Corporate Culture

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* The views expressed herein are those of the author and do not necessarily reflect those of the Organization he is affiliated with or of the Jury.

An ethical corporate culture is not created by a code of ethics any more than telling a child not to eat sweets gives them healthy teeth. Culture is more than documents and processes; it is made of perceptions, of feelings and the sense of “how things are done around here”. Take any recent scandal: they were not created by individual employees, but by a corporate culture which allowed and even encouraged people to behave unethically.

There was the rationalisation of the fraud; in other words, the attitude that “everyone else is doing it, so it must be ok”, the winning at all costs mentality, and the sidelining of those who tried to blow the whistle. So how can that culture have been fostered, and conversely, how can the leaders of tomorrow get assurance that the culture they

want and think they have created is actually in place? How can something as intangible as corporate culture be measured?

In the first part of this essay, we will consider three case studies of recent scandals to identify some of the tell-tale signs of a poor corporate culture. It is important to note that all three examples had a mature compliance system with an external whistle-blower hotline, a code of conduct and an internal audit department. So what went wrong?

Case studies Volkswagen

The first case study of how a poor culture can prevail through an organisation is Volkswagen. To re-cap what happened, in 2015 Volkswagen admitted equipping 11 million cars with software to detect when the car

La culture, c'est plus que des documents et des processus, elle est faite de perceptions, de sentiments et de la «façon dont les choses sont faites ici». Les scandales ne sont pas le fait d'employés individuels, mais d'une culture d'entreprise qui permet aux gens de se comporter de façon contraire à l'éthique. Alors, comment une culture déficiente peut-elle se mettre en place et comment les dirigeants de demain pourraient-ils faire pour être assurés que la culture qu'ils veulent, qu'ils pensent avoir créée est réellement en place? Comment pourrions-nous le mesurer?

Nous allons d'abord examiner trois cas: En 2015, Volkswagen a admis avoir doté 11 millions de voitures d'un logiciel permettant de détecter quand la voiture était soumise à des tests réglementaires, et alors de la faire passer en mode de faibles émissions. Ce que nous savons à propos de Volkswagen, c'est qu'il existait chez Volkswagen une culture autoritaire féroce.

was being subjected to regulatory testing. The vehicle would then enter a low emissions mode, releasing 40 times less nitrogen oxide compared with real-world driving. The original finding was made by the Californian Air Resources Board, which investigated emissions discrepancies between European and US models of the same vehicles.

The Volkswagen board, CEO, and senior management were undoubtedly accountable for this scandal. However, they did not design, test or install the software, which was down to the engineers. So what was the environment that convinced teams of engineers to develop software they knew was unethical and illegal and then for nobody to report them?

Media reports suggest there was a ruthless, authoritarian culture at Volkswagen. The New York Times interviewed an unnamed executive who said: "They only know one way of management... Be aggressive at all times". Furthermore, "the firm is controlled by a tight-knit troika of a billionaire family (Ferdinand Porsche's descendants), a German state government (Lower Saxony) and powerful labour unions. The corporate jet is not just any jet, but a full-size Airbus". (Ewing & Bowley 2015).

“The terrible mistakes of a few people”

When news of the scandal broke, the CEO Martin Winterkorn said the problem was down to “the terrible

mistakes of a few people”. Board member Olaf Lies said that “the people who allowed this to happen, or who made the decision to install this software acted criminally, and must be held personally accountable”. He also said the board only found out about the problems “shortly before the media did”.

Matters did not improve once the scandal was full-blown public knowledge. A whistleblower stepped forward. A former Volkswagen employee filed a lawsuit for wrongful dismissal in March 2014 in the US state of Michigan. The plaintiff alleged that co-workers illegally deleted electronic data for three days after the US government accused Volkswagen of cheating on its emissions test. He was fired for reasons unrelated to the emissions scandal, although he alleged that it was because he refused to take part in an illegal act which would obstruct the course of justice (Ewing 2016).

So what was the culture that allowed this to happen? As can be seen by the responses in the months after the scandal emerged, there was a closed-off leadership at Volkswagen which passed the blame onto a handful of engineers instead of looking at the culture that made it possible. There was a culture of fear at Volkswagen, where employees were unlikely to question the orders given to them and only good news such as “we can meet the emissions targets” was passed on to management, regardless of how that

Comme on peut le constater dans les réponses dans les mois qui ont suivi le scandale, les dirigeants étaient en vase clos et cherchaient à se protéger. Ils ont accusé une poignée d'ingénieurs, convaincus qu'ils ne pouvaient pas être tenus responsables eux-mêmes, au lieu d'examiner la culture qui a permis que cela arrive.

A la Danske Bank, entre 2007 et 2015, plus de 200 milliards d'euros de transactions suspectes ont été dirigées vers des comptes à haut risque de «non-résidents» (principalement de nationalité russe). La Danske Bank a indiqué que la succursale estonienne disposait d'un système informatique différent et que les documents étaient rédigés en estonien ou en russe. On pensait également que les procédures Anti-Money Laundering (AML) appropriées atténuaient les risques élevés.

objective was achieved. Potential whistle-blowers were likely to be too scared of retribution to speak up.

Danske Bank

Our second case study concerns Danske Bank and one of the biggest money laundering scandals of recent times. Between 2007 and 2015 more than €200 billion of suspicious transactions were channelled through high risk “non-resident” (largely Russian) accounts. In 2018 Danske Bank put the root cause down to its Estonia-based branch having a different IT system where documents were written in Estonian or Russian. (Bruun & Hjejle, 2018). The bank noted: “...it was believed within [the] Group that the high risk represented by non-resident customers in the Estonian branch was mitigated by appropriate AML procedures... In early 2014, following a whistle-blower and new reporting from Group Internal Audit, Danske Bank Group realised that there had been a historical misconception.”

The bank called it a “historical misconception” but a whistle-blower appeared to disagree: Howard Wilkinson, the head of Danske Bank’s Baltic trading unit until 2014. In May 2012, he became suspicious of some of the trading he saw and decided to investigate. One of Danske’s clients, Lantana Trade LLP, based in London, had moved \$480 million through the branch in the space of five months.

Wilkinson paid £1 to download their company accounts, which mentioned the company’s net assets as £0.00. This was reported to Danske’s compliance team, who responded that it was probably an administrative error and Lantana would be contacted to update their records. Eighteen months later, Wilkinson downloaded the same report and found their assets listed as £15,689, while Lantana’s account with Danske Bank had close to \$1 million. The next day Wilkinson wrote a letter to Danske bank in Copenhagen: “The bank may itself have committed a criminal offence.... There has been a near total process failure”. Two days later he received a reply: “Thanks for drawing our attention to this. It must be investigated asap” (Hope, Hinshaw & Kowsmann, 2018).

It took until the middle of 2014 for the bank’s internal audit department to investigate some of the evidence. The report mentioned two findings: The Estonia branch’s head of international banking had said that employees were not recording the true owners of the companies because “it could cause problems for clients if Russian authorities request information”. It also mentioned that the Estonia branch was not able to identify the true source of funds and “therefore acts against [anti-money-laundering] legislative principles” (Hope, Hinshaw & Kowsmann, 2018).

L'enquête disculpait la direction et faisait retomber la responsabilité sur les employés des niveaux inférieurs. Il y avait un manque de supervision de la part de la direction du groupe, qui ne s'intéressait qu'à l'argent que rapportait la succursale. La culture ainsi instaurée qui privilégiait les résultats au détriment de l'éthique; la culture créée permettait à la direction de la succursale de donner une explication / raison à la fraude qui du coup devenait acceptable.

En septembre 2016, on a constaté que Wells Fargo ouvrait des comptes d'épargne, des cartes de crédit et des polices d'assurance sans le consentement des clients. Cela s'est produit parce que Wells Fargo avait fixé à ses employés des objectifs élevés en matière de vente croisée de produits.

“The acts, which lasted for years, were systematic, coordinated and targeted, always targeted on making money”

Despite this conclusion, a full investigation only started in 2017, three years after the audit report. The investigation largely exonerated Danske's top management, including the then CEO Thomas Borgen. It did, however, note that 42 employees and agents “have been deemed to have been involved in some suspicious activity” and reported to the regulator (Bruun & Hjejle 2018). Since December 2018, 10 Estonian employees have been arrested, with Estonia's head of criminal police saying: “The acts, which lasted for years, were systematic, coordinated and targeted, always targeted on making money” (Tallinn 2018).

What we can see is a lack of oversight by Danske's group management, as if their only interest was the money the branch was bringing in. Yet not knowing about the fraud, while ignoring the warnings and reaping the benefits, does not excuse them, given the whistle-blower accusations, internal audit report and the fact that a small branch had a turnover higher than Estonia's entire GDP. Danske's management had set a culture which prioritised balance sheets over ethics and allowed executives to rationalise the fraud as acceptable practice.

Wells Fargo

Continuing with the financial services theme, in September 2016 the US bank Wells Fargo was fined \$185 million by the Consumer Financial Protection Bureau (Wikipedia 1), for opening savings accounts, credit cards and insurance policies without customers' consent.

Wells Fargo set employees high targets to cross-sell products; for instance, if someone applied for a current account, employees were expected as well to try and sell the applicant a credit card or a loan. The strategy aimed to persuade customers to open extra accounts which would generate more revenue. However, in pursuit of the strategy, employees fraudulently opened accounts which ended up dormant. Approximately 95% of these accounts were unfunded and thus brought in no revenue, while the remaining 5% brought in about \$2.4 million. This was small change for a bank of Wells Fargo's size, and considerably less than the fines that would come.

So it appears that Wells Fargo had a poorly thought out incentives programme and a decentralised structure with poor oversight of its separate entities.

The board's independent directors investigated, and reported on the issue in April 2017. They summarised the culture well:

“The root cause of sales practice failures was the distortion of the Community Bank's sales culture and performance management

Les administrateurs indépendants ont enquêté et sont arrivés à la conclusion que la culture exerçait une pression agressive sur les employés pour qu'ils atteignent leurs objectifs. La seule façon dont les employés pouvaient y parvenir et donc conserver leur travail, était de les créer frauduleusement.

Ainsi, dans nos trois cas, nous trouvons des thèmes communs. Peur, objectifs irréalistes, programmes d'incitation insuffisants, rationalisation de la fraude et surveillance insuffisante des petites succursales.

system, which, when combined with aggressive sales, management created pressure on employees to sell unwanted or unneeded products to customers and, in some cases, to open unauthorized accounts. Wells Fargo's decentralized corporate structure gave too much autonomy to the Community Bank's senior leadership, who were unwilling to change the sales model or even recognize it as the root cause of the problem. Community Bank leadership resisted and impeded outside scrutiny or oversight and, when forced to report, minimized the scale and nature of the problem... Many employees felt that failing to meet sales goals could (and sometimes did) result in termination or career-hindering criticism by their supervisors. Employees who engaged in misconduct most frequently associated their behaviour with sales pressure, rather than compensation incentives" (Independent Directors of the Board of Wells Fargo, 2017).

In other words the culture was created by an aggressive management who instilled fear in their employees to meet arbitrary, and in some cases, harmful sales targets. They felt the only measure of success was the amount of accounts that were opened per day. The only way employees could satisfy this measure and not be fired was to create fraudulent accounts. Any new employee was exposed to a culture where "everyone else is doing it so it must be ok, or at least, better than losing my job"

The signs of poor corporate culture

Using our three case studies, what are the signs of a poor corporate culture? Some themes stand out:

Fear: Senior management not being willing to listen to internal or external feedback; employees not being able to raise their concerns; management not leading by example, but getting employees to follow orders through fear.

Targets: Management setting unrealistic targets, and sticking rigidly to performance metrics which do not help to achieve the organisation's goals.

Incentives: Remuneration that has a high degree of uncertainty, with a large variable element in bonuses or commission.

Rationalisation: Lower level employees do not realise the consequences of their actions. Senior managers see that unethical behaviour is tolerated if objectives are met or that they are not accountable if they turn a blind eye. The culture becomes self-perpetuating.

Poor oversight: Small subsidiaries or branches may not need the same oversight as larger functions in an organisation. Yet they should still be investigated where red flags are spotted, such as when a small entity generates disproportionate revenue.

We now know what a bad corporate culture can look like and with hindsight it is easy to identify what went wrong. The challenge is

Les auditeurs internes jouent un rôle clé dans la transmission d'informations sur la culture de l'entreprise au conseil d'administration et à la direction. Nous pouvons apprendre des techniques qu'ils utilisent. L'Institut des Auditeurs Internes propose trois techniques. Une analyse des causes profondes des problèmes d'audit précédemment soulevés, des sondages auprès des employés, des entretiens structurés et l'utilisation de mesures préexistantes pouvant refléter la culture.

looking forward: How can the leaders of tomorrow measure corporate culture in the workplace? And what metrics are already out there to help them?

Internal auditors

Internal auditors have a key role in passing information on company culture up to the board and senior management. They have a unique, independent view across all levels of the organisation. Through their audits, they speak to everyone from CEOs to managers to the most junior employees who are just starting in the company. The internal audit profession is increasingly looking at questions of ethics, culture and tone at the top, beyond simply ticking boxes and checking signatures. So if we want to learn about measuring culture and ethics, it is important to see how internal audit teams can feed into our assessment.

Of course what we can obtain from an internal audit team depends on its maturity its mission as set by the board. But they could, for example, include culture as a reported part of each audit, or they could perform a specific enterprise-wide culture audit. We could use the results of this work in our culture measurement programme, and as the internal audit profession already focus on these areas, we could also use some of the same techniques.

Fortunately, the Institute of Internal Auditors provides guidance on precisely this issue and suggests four techniques (Roth 2017):

The first is root cause analysis of previously raised issues. Under close scrutiny, the root cause of an issue is often cultural. For example, if procedures are not being followed due to management overriding controls, this could be due to a “win-at-all-costs” culture where managers do what it takes to get the job done; or to an authoritarian regime where management’s say is final. This could be an isolated case, where one manager’s aggressive subculture does not match the company’s culture. Or it could be pervasive, connecting the dots between numerous issues that shed light on a defective corporate culture.

Using interviews and questionnaires

The second and third techniques are structured interviews and employee questionnaires. The two techniques have similar aims but different approaches: to ask employees specific questions to obtain their version of the company’s culture. The idea of a structured interview is to ask the same set of questions to as large a sample of employees as is practical.

Being a face-to-face interaction, it requires good interviewing techniques; for example, it should start with some questions to put the candidate at ease, such as “do you feel the company’s values are lived through the organisation?” The interviewer can then move on to more pointed questions, like “have you ever been asked to do anything

that violates the companies code of conduct?”

This approach does have disadvantages, however. As mentioned, it takes a skilled interviewer to be able to ask the right questions in the right way, and interpret the results correctly; for example, to detect when an employee is not being completely open, and thus ask the right follow-up questions. Due to the time needed, sample sizes cannot be as large as employee questionnaires.

Questionnaires take a similar approach by asking a sample of employees a specific set of questions. They can, however, reach a far larger number than interviews. Such questionnaires are often composed of a series of statements followed by a question asking whether the interviewee strongly agrees, agrees, disagrees or strongly disagrees. A well-constructed questionnaire can provide specific objective data on the company culture, so long as employees believe their anonymity is protected. On the other hand, they lack the human touch and the possibility for the interviewer to ask follow-up questions or seek a clarification from the interviewee.

The fourth technique is to leverage metrics which can reflect culture. Using these metrics along with the above techniques can bring objective evidence of any cultural issues. Relevant metrics could include customer survey results, the number and trend of customer complaints, employee turnover

statistics and operational incidents. The selection of the statistics used will depend on the industry and the company itself. It is also possible to monitor them regularly and produce a monthly dashboard which can act as an early warning indicator. Yet statistics alone will not give an overview of a company's culture. They must be used in conjunction with other techniques.

Now we understand some of the techniques auditors can use, what other theories and techniques are available?

Using formal surveys

As discussed above, one of the most obvious ways to measure culture is by asking people. However, to obtain consistent, measurable answers requires a structured approach, and to get results from the whole company, we will need to use a questionnaire. There are plenty of consultancy companies which sell different types of employee questionnaires to help you create your own. Let us consider some of the psychological information and logic behind these surveys.

In his book *Ethicability* Roger Steare identifies three types of ethics (Steare, 2013): the ethics of obedience, care and reason. These relate to the decisions you make and the reason you take them. For example, if you have a job that you love, but one day your boss verbally abuses a colleague, reducing them to tears, do you decide to report this incident:

Les entretiens structurés et les enquêtes auprès des employés ont des objectifs similaires: poser les mêmes questions à un groupe de personnes, mais selon une approche différente. D'autres indicateurs peuvent apporter des preuves objectives de problèmes de culture. Nous pourrions utiliser des mesures telles que les résultats des enquêtes auprès des clients, le nombre et la tendance des plaintes de clients, les statistiques de rotation du personnel, les incidents opérationnels, etc.

Si vous souhaitez utiliser des sondages, il est important d'examiner certaines des informations psychologiques qui les étayent: selon Roger Steare, il existe trois types d'éthique. L'éthique de l'obéissance, du soin/ de l'attention et de la raison. Roger Steare a créé son enquête pour mesurer la prévalence de ces types d'éthique, ainsi que 10 principes d'intégrité. À savoir la sagesse, l'équité, le courage, la maîtrise de soi, la confiance, l'espoir, l'amour, l'honnêteté, l'humilité et l'excellence. Ses résultats montrent que l'éthique de la raison et de l'obéissance sont inversement corrélées. À mesure que nous grandissons, notre éthique de la raison augmente et notre éthique de l'obéissance diminue.

- a) because there are HR procedures that are there to deal with such incidents;
- b) because others may suffer if you don't take action;
- c) because you would rather risk your job than allow that type of behaviour?

Answer A relates to the ethics of obedience. It does not ask us to decide what is right or wrong; it tells us. Answer B relates to the ethics of care; what decision will benefit the most people and what are the consequences of our actions on others? Lastly, answer C relates to our ethic of reason. We do what is right because it is the wise or moderate thing to do. None of these answers is more correct than the others, but they show us how we shape our decisions of what is right and wrong.

Steare created his own survey to measure the prevalence of these types of ethics, along with 10 principles for integrity: wisdom, fairness, courage, self-control, trust, hope, love, honesty, humility and excellence. This survey has been completed more than 80,000 times globally, and gives us an insight into ethics and culture across industries. The most striking point to note from these results is that the ethics of reason and obedience are inversely correlated. As we mature, our ethics of reason increases and our ethics of obedience decreases. So the more we develop our ethics of reason the less we need to comply with the ethics

of obedience. That is consistent with Kohlberg's theory of moral development (Wikipedia 3); namely, the more rules we have, the less we will think about what is right.

Are fewer rules better?

In the case studies above, people did not go astray because of a shortage of rules. On the contrary, there were plenty. A good analogy is that of a roundabout. In Europe, it has been demonstrated that the roundabouts are safer and more efficient at regulating vehicle flows than traffic lights. The latter are the equivalent of a rule: Go or do not go. The roundabout pushes the driver to exercise judgment about when it is safe to go. Think how many times you have entered a junction at a traffic light, and not been able to exit the other side. Would you have done that if the traffic light had not been there?

This does not mean that the key to good ethics is throwing out the rule book. But does giving people the freedom to think what is right or wrong within a given set of parameters improve people's ability to make good decisions? The evidence seems to support this hypothesis..

In *Organizational culture and leadership*, Edgar Schein wrote that there are three levels of culture (Schein, 1992). Like peeling an onion, it becomes harder to change a culture the deeper one penetrates. The first layer is "artefactual", meaning things like the visible signs,

Edgard Schein a écrit à propos de trois niveaux de culture, «artefactuel», «épousé» et «sous-jacent». Les valeurs artefactuelles sont ce que nous pouvons voir, et peuvent donc facilement être mesurées. Les enquêtes et les entretiens peuvent être utilisés pour mesurer les valeurs épousées. Les hypothèses sous-jacentes peuvent cependant être plus difficiles à mesurer, mais nous pouvons utiliser d'autres mesures telles que le filtrage des communications des employés ou leurs évaluations.

Pour compléter les résultats d'une enquête et obtenir des données plus régulières, nous devons également utiliser certains indicateurs. Ceux-ci devraient être similaires aux KPI (Key Indicator Performance - Indicateur de Performance Clé) existants. Gardons en mémoire que les KPI peuvent toujours être manipulés. Misons davantage sur les «mesures attendues» que sur la fixation d'objectifs spécifiques.

the company logos, buildings and dress codes. The second, “espoused values”, refers to what people say and believe. The last layer refers to “underlying assumptions” regarding our core beliefs and the way we see the world.

Artefactual values are fairly easy to measure, as things we can see. It is likely that metrics exist for such values. Surveys and interviews can be used to measure espoused values which can help reveal employees' attitudes towards risk and, a company's leadership and priorities. However, cultural areas which cover underlying assumptions can be harder to measure.

Take “integrity” as an example. Unethical behaviours can become normalised so they are accepted or not even noticed, and therefore not reported. Here we need to think of some alternative ways to obtain insight.

Dr Alex Gillespie and Dr Tom Reader from the London School of Economics suggest one uses “unobtrusive indicators of organisational culture”. These analyse data from already available sources (Gillespie and Reader 2017). Examples include Glassdoor.com reviews by employees, where they can anonymously leave reviews on issues such as salary, management, and the work-life balance; response time to customer calls to measure how customer-centric employees are or if they are being pushed to take calls outside working hours; and linguistic analysis of emails between

employees, searching for data such as high levels of aggressive language in a particular area.

Metrics

As mentioned already, we need metrics to complement the results of our survey and provide regular data. These metrics will be similar to existing KPIs and this will help with the implementation. So it is worth highlighting some of the best practices and pitfalls with KPIs.

Firstly, keep it simple. Implementing a culture measuring programme will not work if it merely burdens business units with more data collection. Try to use what is already available.

Secondly, any KPI can be manipulated, however well designed. As the Wells Fargo fraud demonstrates, KPIs are indicators, not fool-proof measures, and any insights from KPIs should bear this in mind. There is no point calculating complicated formulas that give your team a culture score of 75.6 and a yearly target of 77. The KPIs will be manipulated and you will lose all insight into the data.

Furthermore, some metrics also resist precise target scores. Take the number of times the whistleblowing hotline is called. This is a good indicator of culture and of course having a lot of calls is a bad sign. But so is having no calls; it means the hotline is not known or it is not at the front of employees' minds. Ideally, the target should be somewhere between “no calls”, and “lots of calls”. Setting

Une fois que les ces résultats ont dépassé les limites attendues, nous devrions utiliser le jugement humain pour approfondir nos recherches.

Nous devrions combiner les outils susmentionnés: commentaires des employés, métriques/paramètres globales de l'entreprise et métriques/paramètres de l'unité opérationnelle pour donner une vision globale de la culture de l'entreprise, mais aussi pour indiquer les domaines dans lesquels il faut peut-être creuser plus profondément en cas de préoccupations. Pour les commentaires des employés, nous devrions utiliser un questionnaire bien conçu pour les employés. Ils sont coûteux à gérer, mais s'ils sont bien faits, ils constituent la pierre angulaire de notre programme de mesure de la culture. Ensuite, nous devrions utiliser l'équipe d'audit/de vérification interne d'une entreprise pour donner un aperçu.

an arbitrary target of ten calls a year is easily manipulated and reveals nothing. Instead, it is much better to have an expected measure of between five and 15 calls a year. This is not a target but an indicator of where there might be hotspots of poor culture. Once they are identified, you need to use human judgement, go to the area in question, talk to people, and find the story behind the figures.

What to measure?

We now know the techniques we want to use, so let us drill down to the details of implementation in an organisation. First, though, an organisation needs to define what culture it wants. This can relate to values or the company's mission, but it has to be honest. If you want a culture where employees come first, and work-life balance, support and mentorship are all important, you are unlikely to be ruthlessly efficient at the same time.

Having defined the desired culture, there are three main areas of focus during implementation:

- employee feedback
- companywide metrics
- business unit metrics

These can then be combined to give an overall view of company culture, but also to identify areas where there may be a need to dig deeper to uncover concerns. To be clear, the following is not meant to be an exhaustive list of all measurement techniques. There is no one-size-fits-all; instead they are ideas, to spark thinking about implementation in your company.

Employee feedback

Here we can focus on two areas: “asking people”, and “asking people who ask people”. The first, “asking people” has already been discussed at length. The specifics of what to ask, how to ask it and how to interpret the results are the subject of much study. The drawback to surveys is that they are usually conducted annually and are expensive to perform. However, a well-designed survey can be the cornerstone of any measurement programme.

The second area is to ask people who ask people. Here we can use a company's internal audit department to provide the insights we need. They can dig deeper in specific areas and have the skills and resources to use interview techniques. The feedback will depend on the internal audit department's mission. The department could simply provide highlights of audit reports for you to analyse for areas of attention. Alternatively, it could provide specific information, such as the results of a root cause analysis of issues raised by the audit, to find common culture-related themes. Lastly, it could include a cultural element, providing statistics in areas such as audit report clearance times or the time elapsed for management to close issues identified by audits.

Company-wide metrics

These are statistics that are generic across all business lines. With the same statistics across the

Les indicateurs à l'échelle de l'entreprise sont des statistiques génériques dans tous les secteurs d'activité. Ils incluent des éléments tels que les taux de rotation du personnel et les informations des entretiens de départ des employés. Avec les mêmes statistiques dans toute l'entreprise, il devient facile de faire des comparaisons. Nous pouvons analyser Glassdoor pour les avis négatifs ou utiliser la technologie pour analyser les communications des employés. Les métriques/paramètres des unités commerciales essaient d'utiliser leurs propres KPI. Ceux-ci varient énormément d'une unité opérationnelle à l'autre et d'une organisation à l'autre. La direction devra définir cela, éventuellement avec l'aide d'équipes de conformité et d'éthique. Ceux-ci pourraient inclure des exemples tels que le ratio de marge bénéficiaire ou le nombre de clients ayant obtenu un crédit maintenant en retard.

company it becomes easy to make comparisons. We can include some traditional statistics such as:

- number of calls to a whistleblower hotline
- employee turnover and dismissal rates
- negative employee exit interviews
- employee overtime rates
- risk/compliance training attendance
- remuneration statistics, such as the difference between executive and employee pay, or the percentage of salaries paid in bonuses or commissions

We can also add some more contemporary measures. We can scan Glassdoor.com (the website where employees leave confidential reviews on their employers) for negative reviews. One interesting technical measurement is linguistic scanning of employee communication such as emails or chat messages for specific types of language.

KeenCorp (KeenCorp.com) has developed software which anonymises employee communication, scans it and measures employee engagement through “language analysis and tension detection” based on how people write. It then reports back with a heat map of potentially problematic areas, with the data anonymised and in compliance with European GDPR legislation.

Business Unit Metrics

This tries to use the business units own KPIs, which can vary wildly across other business units and organisations. You will need to rely on the division management to define their own KPIs and their level of tolerance. They can be guided by teams such as Compliance and Ethics, but the ownership must lie specifically with the relevant business unit. Some generic examples could be:

- profit margin ratio
- number of client complaints
- number of clients granted credit now in arrears
- number of management-accepted risks
- maturity of continuous improvement initiatives (which often have employee feedback to management at the heart)
- number of management-approved exceptions to procedures
- number of procedures

Conclusion

So can we measure corporate culture? I would argue no. “Measure” is the wrong word, because it implies that we can arrive at precise, measurable figures and create management reporting that receives and assesses indisputable facts. If we measure, we get statistics and targets. Our reports might say “we have a turnover of \$10 million and a culture score of 72. The following year we

Alors, pouvons-nous mesurer la culture d'entreprise? Je dirais non. «Mesurer» n'est pas le bon mot. Cela signifierait que nous pouvons avoir des chiffres précis et mesurables. Nous pouvons toutefois créer des indicateurs de culture. Si les indicateurs sortent des bornes attendues, nous enquêtons. Ne définissons pas d'objectifs arbitraires mais comprenons l'histoire derrière les chiffres, peut-être y a-t-il des signes d'une culture déficiente peut-être que les fluctuations sont dues à des raisons parfaitement acceptables. Il n'y a rien de mal à cela.

intend to increase these by 10%". Metrics would be manipulated, surveys answered "correctly" and any insight lost.

What we can do, however, is create cultural indicators. We investigate if metrics fall outside expected boundaries. We do not set arbitrary targets. We try to understand the story behind the figures, which might point to evidence of poor culture. On the other hand, perhaps the fluctuations are for perfectly acceptable reasons.

It is up to you how to implement a cultural indication programme. This paper has offered some insights and concrete examples, but the specifics will depend on each organisation and industry. My best advice is to not over-complicate or burden the

business lines; use what is already available. It will not be a fail-safe way to avoid any type of fraud in the future, but hopefully it can detect problem areas and allow action to be taken to prevent a culture where fraud is considered acceptable.

Instead, the goal is to create a culture driven by the ethics of care and ethics of reason, where profit is not the only motive and we seek to help the communities we serve. Only then can we look to improve the image of an industry that since the financial crisis has ranked among the least trustworthy, along with politicians, journalists and estate agents. That alone should be sufficient motive to take action. •

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