Fostering an Ethical Corporate Culture:
The Basics

Pearl Initiative, 22 June 2020

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What we do

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Assessment and advisory in business ethics and compliance

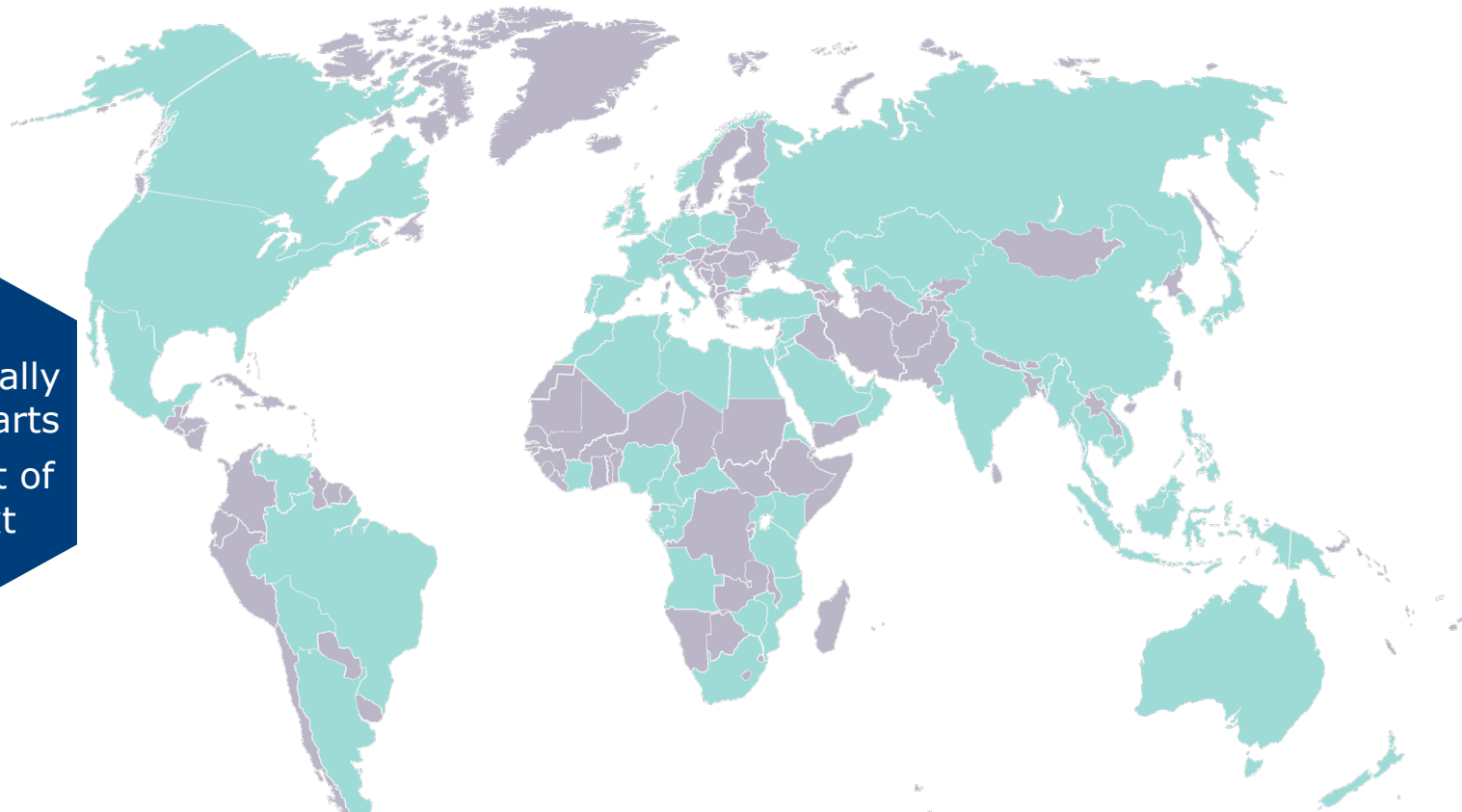Benchmark data from 600+ assessments in 80+ countries

Programme of work to measure ethical company culture

Where we work

We work with locally trained counterparts and take account of cultural context

Algeria	Cambodia	Egypt	India	Madagascar	Nigeria	Russia	Switzerland	UK
Angola	Cameroon	Eritrea	Indonesia	Malaysia	Norway	Saudi Arabia	Syria	Ukraine
Argentina	Canada	Ethiopia	Ireland	Malta	Oman	Senegal	Tanzania	USA
Australia	Central African	France	Israel	Mexico	Papua New	Serbia	Thailand	Uzbekistan
Azerbaijan	Rep.	Finland	Italy	Montenegro	Guinea	Singapore	Trinidad and	Vietnam
Belgium	China	Gabon	Japan	Morocco	Philippines	South Africa	Tobago	Venezuela
Bolivia	Colombia	Germany	Jordan	Mozambique	Poland	South Korea	Tunisia	Yemen
Brazil	Congo	Greece	Kazakhstan	Myanmar	Portugal	Spain	Turkey	Zambia
Brunei	Cote d'Ivoire	Ghana	Kenya	Netherlands	Qatar	Sri Lanka	UAE	Zimbabwe
Bulgaria	Czech Republic	Gibraltar	Libya	New Zealand	Romania	Sweden	Uganda	

Some of our clients

History of 'culture' as a business issue

2016   **2017**   **2018**   **2019**

Only 19% of board directors feel accountability for culture sits with them

(EY FTSE 350 Survey)

Only 59% of UK workers believe their company has a strong ethical culture

(GoodCorporation Culture Survey)

Boards of UK-listed companies required to assess and monitor culture

(UK Corporate Governance Code)

DoJ calls for companies to "foster a culture of ethics" as part of compliance

(US Compliance Program Guidance)

What happens when culture goes wrong

FINANCIAL TIMES
Olympus's corporate culture attacked by staff and probed by DoJ

Forbes
What You Can Learn From The Facebook Culture Crisis?

CNN BUSINESS
Goldman Sachs CEO defends bank's culture amid 1MDB scandal

THE WALL STREET JOURNAL.
Corruption Currents: Shell Knew Nigeria Deal Could Spell Trouble

FINANCIAL TIMES
US court approves VW's $4.3bn emissions penalty

FINANCIAL TIMES
Cost of Tesco accounting scandal goes beyond fines

The Telegraph
Samsung heir vows to end family control of company as he apologises for corruption scandal

REUTERS
UK retailer Ted Baker to investigate company culture

npr
Work After #MeToo: A Restaurant Company Tries To Change Its Culture

What happens when culture goes wrong

"Volkswagen was driven by a **ruthless**, **overweening culture** […] the company was **run like an empire**, with **overwhelming control** vested in a few hands, marked by a **high-octane** mix of **ambition** and **arrogance**—and **micromanagement**—all set against a volatile backdrop of **epic family power plays**, **liaisons**, and **blood feuds**.

It was a culture that mandated **success at all costs**".

– Geoffrey Smith and Roger Parloff, "Hoaxwagen", *Fortune*, 7 March 2016

The view from the UK (before lockdown)

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Only 50% felt managers really believed in doing the right thing

Over 25% believed managers would bend the rules to get the job done

Just 59% felt able to raise concerns about poor or unethical behaviour

Only 59% thought their organisation had a strong ethical culture

What an 'ethical' company culture looks like

DRIVER 1 ✓
Strong ethical tone from the top

DRIVER 2 ✓
Employees treated fairly

DRIVER 3 ✓
Personal development taken seriously

DRIVER 4 ✓
Management trusted to do the right thing

DRIVER 5 ✓
Employees supported to do the right thing

DRIVER 6 ✓
Confidence in raising concerns

DRIVER 7 ✓
Health and safety taken seriously

DRIVER 8 ✓
Customers treated fairly

DRIVER 9 ✓
Suppliers treated fairly

DRIVER 10 ✓
Environment and local community respected

Maintaining a good company culture in the age of remote working

Upholding transparency in top-level decision-making, ensuring financial burdens are shared appropriately and an exemplary tone is set from the top

Accounting for additional pressures faced by employees at home, such as child care and home-schooling, and allowing flexibility (e.g. working hours)

Providing at-home training options, such as e-learning and webinars, to ensure personal and career development continues to be taken seriously

Ensuring staff are fully aware of speak-up mechanisms and other options designed to help them raise concerns wherever they are
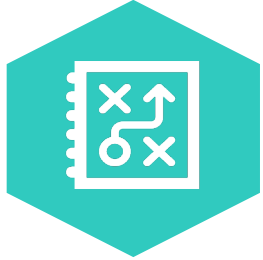
Maintaining a good company culture in the age of remote working

Mapping stakeholders most exposed to lockdown impact (e.g. dependence on migrant labour, limited access to health services and social protections)

Identifying harmful business practices putting additional pressure on vulnerable partners (e.g. short deadlines, delayed payment, cancellations)

Providing crisis support to suppliers and partners in the most exposed positions to keep staff safe and establish robust plans for business continuity

Supporting the needs of the most vulnerable community members where possible by providing protective services or partnering with local NGOs

Contact

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