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How to build corporate culture: Part 1

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What is in it for me? This particular question is raised consciously—or subconsciously—by most people when asked or told to do something. Unless there is something in it for us, we tend to give it less priority than other matters where we have something to gain. Sound familiar?

As risk management, compliance, and ethics practitioners, it is something we face on a daily basis. We have tried explaining that "the right thing to do"—complying with laws and regulations; protecting the company, its people, customers, and other stakeholders; or doing things for the greater good—is the basis for all our work and undertakings. When that didn't work, we went to the traditional carrot-and-stick approach.

Although we may have a robust and mature enterprise risk management framework in place and despite comprehensive mandatory trainings, ongoing monitoring, and risk management being embedded in business processes, the first line of defense tends to fail again and again. The risk management and compliance and ethics function is becoming more and more of a goalkeeper; as goalkeepers, we cannot win the game—the best we can achieve is a draw, preventing a loss.

So why is it this way?

In our organization, we have an articulated vision and core values, vision and values that represent the foundation for how we act and conduct business—or should I say, *should* act and conduct business. Similar to most organizations, we have integrity as one of our core values.

Most people can maintain their integrity when there is little or no pressure or stress, but it is known that each and every one of us has a physical and mental breaking point—a point where we are willing to compromise our integrity for various reasons. In a business environment, where the ties among staff, departments, or management are not as strong as family ties or the comradery of a sports team, the threshold for compromising the integrity is lower. And to make it even more challenging, most organizations have conflicting goals and objectives.

When goals and objectives are not fully aligned (i.e., when the overarching objectives of the organization clash with the individuals' goals and how the individual is assessed from a performance perspective and ultimately remunerated), there are conflicts where the "what is in it for me?" prevails.

Let me explain. If an individual is rewarded and remunerated predominantly on their financial performance rather than any other equally important criteria, the individual will, naturally, focus on achieving their financial goals. If we genuinely want to change the behavior of our people and foster a culture where values such as honesty and integrity are prevalent, we have to reward individuals when they demonstrate these values.

Frankly speaking, it is a lot easier to measure sales and revenue numbers: It takes less effort and is less subjective than measuring or evaluating behaviors. It is easy to turn a blind eye to an individual that does not demonstrate or live the values but consistently achieves their financial targets. Turning a blind eye to unethical behavior in favor of financial results or other tangible goals undermines the values and perhaps even the vision of the organization and other strategic objectives.

To change the way people are assessed, evaluated, and finally remunerated requires courage to challenge the traditional model. Of course, any for-profit organization has to be financially successful in order to survive, to pay its people competitive salaries, etc. However, to go from being a good organization to a great organization, the focus needs to shift from being the best in the world to being the best for the world.

Most organizations know how to foster and build a culture where the values are more than glossy posters on the walls. It may be through awareness campaigns or advocates throughout the organization, and some may even engage external consultants, but unless key performance indicators (KPIs) are developed to measure performance of values (value-based KPIs), the momentum from the various activities will be short lived, and soon thereafter, the company will return to business as usual. In other words, the company will not have been successful in building a culture consistent with its vision and values.

To create a culture, it is important that the organization has a clear vision of what it wants to achieve and that the people in the organization share this vision. When all people share the same vision, it creates loyalty. Any behavior that deviates from the vision is considered counterproductive and, in a mature organization, will be self-corrected as people will speak up. Compare this with any team sport where the vision may be to win a championship—it is clear what the team wants to achieve and the strategy of how to reach it. Any behavior that is not aligned with the ultimate goal, such as skipping practice or not giving 100% in crucial games, is self-corrected. It is not only the coach or manager that will address underperformance or a behavior that is not acceptable (e.g., when a player is more interested in landing a sponsorship contract than winning the trophy, the teammates will address it as well, as they will not accept or tolerate such behavior). Expectations are clearly communicated—this is where honesty and courage come in. The loyalty to the team and its vision is more important than the personal goals of the individual team member.

To increase the moral resilience or elevate the threshold where people may compromise their integrity, certain characteristics, such as honesty, fairness, courage, and integrity, need to be nurtured. The four qualities are in symbiosis—one cannot exist without the others. When people are honest and fair to each other and have the courage to speak up or intervene when something is not right, we have people that demonstrate integrity—people that do the right thing even when no one is watching.