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Looking to transform corporate culture? Start with core values

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For those of us in compliance, corporate culture probably ranks as one of the least quantifiable business attributes to measure. However, the 2019 MIT Sloan Management Review/Glassdoor Culture 500 report, "Measuring Culture in Leading Companies," described research by several financial economists who consistently found a correlation between positive corporate culture on one hand and increased profitability and shareholder value on the other.[1] Culture is a reflection of how a company thinks about itself, how it wishes to be regarded in the marketplace, and how it characteristically tackles business challenges, so thinking about culture can help an organization establish a framework for achieving its business objectives. As a set of shared norms and core values, culture can also provide a useful point of reference for employees when they face difficult decisions about priorities and when they execute on those decisions. Effective compliance begins with adherence to these values.

Culture has a direct impact on business outcomes

When a company's culture is consistently positive and closely aligned with its brand and business objectives, the result is often high levels of productivity and profitability. For example, companies with famously vibrant cultures—think Spotify, Patagonia, and Dropbox—are known for exemplary customer service, long-term customer loyalty, and the ability to adapt quickly to changing business conditions.[2] Companies identified as "best places to work" have been shown to deliver higher returns to shareholders than comparable companies when compared over a five-year period.[3] Conversely, massive business failures, such as the collapse of Lehman Brothers in 2008[4] or the Volkswagen emissions scandal in 2015,[5] are often traceable at least in part to a rigid, conservative, and inflexible corporate culture.

Data from Glassdoor, a website where current and past employees can anonymously rate the culture of companies they have worked for, is now being used to predict corporate outcomes—whether that means rising profitability and stock market prices or ethics lapses and fraud. In fact, ahead of the Wells Fargo scandal,[6] reviews on Glassdoor signaled the bank had a problem with corporate ethics well before the fraud was made public.

Ensuring your organization maintains a positive culture is not only important but imperative. Companies that ignore or neglect corporate culture may be putting themselves unnecessarily at risk.

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