

The Complete Compliance and Ethics Manual 2023

Yes, a Board can Positively Affect Culture: 10 Practical Actions

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We all know by now that a board or governing body has a responsibility to help foster an ethical and compliant culture. As usual in ethics and compliance, though, the hard part is actually doing it. This is especially true when a board is faced with the challenge of actually taking action steps to affect culture in a positive way. Boards may find it easy to push this responsibility to the side by saying, “We aren’t management, we’re not in the company on a daily basis and therefore anything we do can’t have that much of an impact.” Baloney. Management is very attentive to what a board does and how they do it. Why? Because the board is their boss. One only has to observe how management obsesses over preparing and organizing every board meeting, making sure that board members have great food, recreation, and accommodations. Their time in meetings is guarded and scheduled very precisely since “the board is so busy.” Given this setting, the board has some wonderful opportunities to take steps inside and outside the boardroom that can dramatically affect culture.

After working with numerous boards and other governing bodies regarding their growing ethics and compliance oversight responsibilities, I have presented below a few action steps boards can take to further a compliant culture. It’s a good checklist for CECOs and boards to assess their own status and maybe spark a discussion on more steps to take. These actions are directed to the board, the board committee responsible for ethics and compliance oversight, and the CECOs who advise the board.

Action 1: Schedule at least a two-hour yearly session where the board receives education on their ethics and compliance oversight responsibilities, especially those concerning the values of the company—i.e., the desired culture. This effort should involve a detailed discussion about the meaning of each value in the context of actual business behavior for that particular organization. Also needing discussion is the importance of manifesting those values in ways that enhance the brand and reputation of the organization. This session is a wonderful time to assess the board’s own goals in affecting culture and their accomplishments in the past year. Publicize throughout the organization that the board was educated on and discussed culture at length. This effort sends a strong message to management and the organization that the board finds values and culture important, both by the fact that they discussed it and the fact that it was done at length.

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