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### Culture and code: Can one be disconnected from the other?

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By Vicente Dias Borges, CCEP-I, MBA

Can corporate culture and your code of conduct exist independently? The obvious answer is no. Why? Because continuous ethical conduct can't be practiced unless it is deeply rooted in corporate culture. And you can't have a strong corporate culture unless the values and conduct expected of employees are outlined in a code of conduct. Companies need to say what they expect from people in terms of values and conduct.

When companies disconnect code and culture, the risk of corruption and misconduct increases. For example, if we go back eight or nine years to the beginning of Operação Lava Jato (Operation Car Wash) in Brazil—which triggered a gigantic operation to combat corruption in the country—we saw that large companies involved in the corruption scheme had well-defined rules of conduct in their codes.<sup>[1]</sup> One code I reviewed mentioned the word corruption (as an unacceptable practice) around 22 times.

If there was so much talk about not tolerating corruption in the companies' codes of conduct, why did these organizations commit the biggest corruption scandal in the history of the country? The easy answer is that the corporate culture and the code of conduct didn't work together! In fact—as incredible as it sounds—they acted like enemies!

#### A code is not enough

There is no point in having a code of conduct filled with principles, guidelines, and rules if it is not rooted in the corporate culture and not part of the day-to-day operations.<sup>[2]</sup> A document thrown in the back of a drawer or published on the company's website and forgotten about won't create an ethical culture. When a company doesn't act with integrity (e.g., by committing fraud or money laundering, permitting active or passive corruption, allowing moral or sexual harassment to occur), it sends a clear message that its corporate culture is bad; its code of conduct (which probably denounces all the examples above) is just a piece of paper.

It is not enough to repeatedly say in your code of conduct that the company does not tolerate corrupt practices, does not practice fraud, won't accept bribes, etc. The company needs to continuously discuss its code and values to clarify its position.

Even companies that are recognized for their integrity and ethics need to be very careful so ethical culture is not lost over time. Unfortunately, many solid (ethically speaking) companies have seen their reputations melt away or deteriorate due to internal and external pressures for unsustainable results.

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