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Ethical cultures create effective compliance programs, not the other way around

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The LRN Corporation, a company that provides education and guidance on ethics, regulatory compliance and corporate culture, released its annual ethics and compliance program effectiveness report in May. The 2020 report, [Confronting the Root Causes of Misconduct](#),^[1] identified corporate culture as the primary indicator of the effectiveness of a company's ethics and compliance program.

The authors referred to several catastrophic compliance failures, including [the collapse of Vale SA's dam in Minas Gerais, Brazil](#),^[2] [Pacific Gas and Electric's culpability in the California wildfires](#),^[3] and [the Boeing 737 MAX crashes](#),^[4] as examples of what can go wrong when the culture isn't right.

"In each case, the problems leading to catastrophes were known, regulators were deceived and/or not fully informed, and the organizations ignored concerns raised by their employees that pointed to weaknesses that led to disasters," the authors wrote. "And these disasters occurred despite elaborate sets of rules, processes, and procedures designed to prevent them."

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