

CEP Magazine – May 2021 Boards need to prioritize culture

By Sally March

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I just read about the “frequency illusion,” a phenomenon where when we learn something new, we suddenly see it everywhere. Apparently, when we learn something, our brain keeps an eye out for it, so we see this thing surprisingly often, and then confirmation bias kicks in and reassures us that what we are seeing is everywhere. It feels like that with corporate culture.

As compliance professionals, we realize that the elements of our program are of little use without strong, ethical leadership. Some years ago, we asked why companies were still getting into trouble when compliance programs met the seven elements test. The answer was culture. First, people at conferences began talking about it; then more articles appeared in *CEP Magazine*. More recently, the UK Financial Reporting Council (FRC) amended the Corporate Governance Code to spell out how important an ethical culture is for a sustainable business and why that was the board’s responsibility. This past year, it seems that whenever I open a newsletter from a business consultancy, it’s talking about purpose, values, and culture and how vital these are in times of profound change.

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