Board reporting presentation: Corporate culture

Key findings for the board and senior management
How to use this report

- **Methodology:**
  - Assembled from best-in-class presentations across clients, this presentation contains PowerPoint slides that provide information and data about the importance of corporate integrity and culture.

- **How to customize this report:**
  - Select the slides most appropriate for your report.
  - Fill in the relevant gaps in the presentation.
  - Add additional context specific to your organization.
  - Remove the instructional white boxes once presentation is completed.

**Note:**
- Delete this slide when done.
Why integrity matters
Recent high-profile cases of culture failure

- Choose a few of these high-profile examples to talk about in more detail to highlight the compliance violation and/or ethical failure and the impact on the organization’s reputation, finances and growth.

- Example: “In 2016, it was discovered that about 2 million phony customer accounts were opened by Wells Fargo employees to meet aggressive sales quotes and pressure from management and the CEO at the time. The bank had charged customers more than $1.5 million in fees for these accounts. The bank fired ~5,300 employees for opening the fraudulent accounts. As a result of the scandal, Wells Fargo has issued repayments to affected customers, has removed sales quotas, and faces several investigations by government agencies.”

- Delete this box when finished.
Why most cultural failures occur

Most often, cultural failures fall into three main categories:

- **Fear of reporting.** Employees don’t feel comfortable speaking up either because they feel they may experience retaliation, their allegations won’t be taken seriously, or the organization won’t take action.

- **Lack of ethical leadership.** Employees don’t feel senior leaders and managers are ethical nor that they will hold others accountable for their behavior.

- **Poor trust in colleagues.** Employees don’t feel bad that the people who work around them on a day-to-day basis are holding or will hold others accountable for compliance and ethics behavior.
Impact of a positive culture

**Fewer instances of misconduct**
Employees in high-integrity cultures are 9x less likely to observe significant instances of business misconduct than employees in low-integrity cultures.

**Increased reporting of misconduct**
Employees in strong cultures are 1.5x more likely to report observed misconduct.

**Higher employee engagement**
Employees in a strong culture of integrity are 2.1x more likely to be engaged with their job and organization.

**Higher employee productivity**
Employee productivity increases by 12% if managers exhibit ethical values and behavior.

**Reputation and goodwill**
Ethical organizations receive widespread public attention, secure the trust of customers and suppliers, and better attract and retain talent.

**Business and financial losses**
The average cost of compliance failures caused by a poor culture is more than $40 million.
Primary drivers of a strong culture of integrity
Key attributes of a culture of integrity

Gartner’s research on culture of integrity identified 7 main components of a culture of integrity:

- **Comfort speaking up**: Employees’ degree of agreement that they can seek guidance and report unethical behavior without fear of retaliation.
- **Organizational justice**: Employees’ degree of agreement that their organization responds quickly and consistently to verified or proven unethical behavior.
- **Tone at the top**: Employees’ degree of agreement that senior leaders are honest and possess integrity, responding appropriately to unethical behavior.
- **Trust in colleagues**: Employees’ degree of agreement that in their departments, honesty is valued over advancement.
- **Direct manager leadership**: Employees’ degree of agreement that their manager has integrity, accountability, and respects direct reports.
- **Clarity of expectations**: Employees’ degree of agreement that ethical expectations have been clearly communicated to them by the organization.
- **Openness of communication**: Employees’ degree of agreement that they are encouraged to share their opinions on important issues facing the organization.

**Integrity index**
A proxy for ethical climate
Gartner’s research on culture of integrity identified 7 main components of a culture of integrity:

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- **Organizational justice**: Employees' degree of agreement that their organization responds quickly and consistently to verified or proven unethical behavior.
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- **Openness of communication**: Employees' degree of agreement that they are encouraged to share their opinions on important issues facing the organization.

Suggested voice-over:
- Highlight these components when presenting this slide.
- “Gartner’s research has shown that the three most important components of a culture of integrity are: comfort speaking up, direct manager leadership, and organizational justice.”
- Delete this box when finished.
Path to strong corporate culture of integrity

Gartner research shows that the key to building a culture of integrity starts with creating a strong "climate" across teams.

**Definition of culture versus climate**

- **Culture**
  - Deeply held assumptions and beliefs an organization and its employees
  - Evolves slowly and over long periods of time
  - Is more difficult to influence and change

- **Climate**
  - A group's shared perceptions of the nature of work
  - Requires far less time to take hold
  - Is relatively easier to assess, influence and control

**Suggested voice-over:**

- "Culture is deeply rooted in an organization’s history and its existing practices. The most effective way to influence it is through climate, which refers to a group’s shared perceptions of the nature of its work. Culture is built through the smaller, more specific gestures that constitute climate. For instance, having managers set a positive ethical tone is a big, ambitious cultural goal. You can’t achieve it overnight, but you can start working your way toward it by, for instance, encouraging managers to praise employees for acting in accordance with compliance rules.”

- Read our research report, Using Climate to Build a Strong Compliance Culture for further research and data to support the voice-over.

- Delete this box when finished.
Our company culture
# Key cultural metrics in 20[XX]

<table>
<thead>
<tr>
<th>Cultural metric</th>
<th>Enter figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Volume and trend of observed misconduct</td>
<td></td>
</tr>
<tr>
<td>Example: Improvements in behavior (from employee culture survey)</td>
<td></td>
</tr>
<tr>
<td>Example: Percentage of employees fearing retaliation in response to reporting</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
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<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
</tbody>
</table>

**Customize for your organization**

- Insert the appropriate information in the dashboard with actual findings from compliance culture initiatives and results from employee culture survey if your organization launched one.
- Delete this box when finished.
### Key compliance violations metrics in 20[XX]

<table>
<thead>
<tr>
<th>Compliance violations</th>
<th>Enter figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: YoY changes in costs and volume of legal settlements</td>
<td></td>
</tr>
<tr>
<td>Example: Annual damages, settlements and fines</td>
<td></td>
</tr>
<tr>
<td>Example: Number of regulatory violations and fines</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
</tbody>
</table>

**Customize for your organization**

- Insert the appropriate information in the dashboard with actual findings from compliance culture initiatives.
- Delete this box when finished.
# Key allegations and investigations metrics in 20[XX]

<table>
<thead>
<tr>
<th>Allegations and investigations metric</th>
<th>Enter figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Total allegations received this year</td>
<td></td>
</tr>
<tr>
<td>Example: Total allegations received in the prior year</td>
<td></td>
</tr>
<tr>
<td>Example: Percent change in allegations received</td>
<td></td>
</tr>
<tr>
<td>Example: Percent of allegations substantiated this year</td>
<td></td>
</tr>
<tr>
<td>Example: Total allegations received this year through the help line</td>
<td></td>
</tr>
<tr>
<td>Example: Number of investigations currently open</td>
<td></td>
</tr>
<tr>
<td>Example: Average investigation cycle time</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
</tbody>
</table>

**Customize for your organization**
- Insert the appropriate information in the dashboard with actual findings from compliance culture initiatives.
- Delete this box when finished.
# Key compliance training metrics in 20[XX]

<table>
<thead>
<tr>
<th>Compliance training metric</th>
<th>Enter figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Number of employees completing mandatory training</td>
<td></td>
</tr>
<tr>
<td>Example: Hours of employee training per year</td>
<td></td>
</tr>
<tr>
<td>Example: Employee feedback on training quality</td>
<td></td>
</tr>
<tr>
<td>Example: Average employee scores on post-training tests</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
<tr>
<td>[Additional metric]</td>
<td></td>
</tr>
</tbody>
</table>

Customize for your organization
- Insert the appropriate information in the dashboard with actual findings from compliance culture initiatives.
- Delete this box when finished.
Employee cultural survey results
Executive summary of employee culture survey results

- [Insert high-level finding 1]
- [Insert high-level finding 2]
- [Insert high-level finding 3]
- [Insert high-level finding 4]
- [Insert high-level finding 5]
## Overall culture survey results

<table>
<thead>
<tr>
<th>Culture component</th>
<th>Organization results</th>
<th>Benchmark</th>
<th>Score difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Comfort speaking up</td>
<td>5.52</td>
<td>5.90</td>
<td>-0.38</td>
</tr>
<tr>
<td>Example: Trust in colleagues</td>
<td>5.72</td>
<td>5.65</td>
<td>0.07</td>
</tr>
</tbody>
</table>

[Insert text]

[Insert text]

[Insert text]

[Insert text]

[Insert text]

Overall perception of culture

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**Customize for your organization**

- This dashboard presents sample results from Gartner's employee culture survey, RiskClarity: A Corporate Integrity Service™. To learn more about the RiskClarity survey, contact your account manager or Client Partner for more information.
- Insert findings from your organization’s RiskClarity report or actual findings from your organization’s own employee culture survey results.
- Delete this box when finished.
## Cultural survey results by geography

<table>
<thead>
<tr>
<th>Culture component</th>
<th>Africa(^a)</th>
<th>Asia/Pacific(^b)</th>
<th>Europe(^c)</th>
<th>Latin America</th>
<th>North America</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Comfort speaking up</td>
<td>5.60</td>
<td>5.60</td>
<td>5.32 (\downarrow)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Example: Trust in colleagues</td>
<td>5.41</td>
<td>5.37</td>
<td>5.57 (\uparrow)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Example: Fear of retaliation</td>
<td>5.22</td>
<td>5.23</td>
<td>5.23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall perception of culture  
5.22  
5.21

\(^a\) The bold number in each cell indicates score; the +/- number indicates the difference in scores between our 2018 survey results and previous year survey results or industry benchmark results, if available.  
\(^b\) Green shading indicates an improvement over previous scores; red shading indicates a decrease in scores; dark gray represents in-line scores.  
\(^c\) A green up arrow indicates an improvement over previous scores; red down arrow indicates a decrease in scores; dash represents in-line scores.
## Cultural survey results by business unit

<table>
<thead>
<tr>
<th>Culture component</th>
<th>Business unit 1&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Business unit 2&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Business unit 3&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Business unit 4</th>
<th>Business unit 5</th>
<th>Business unit 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Comfort speaking up</td>
<td>5.52 +0.08</td>
<td>5.55</td>
<td>5.60 ↑</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Example: Trust in colleagues</td>
<td>5.21 +0.02</td>
<td>5.40</td>
<td>5.55 ↑</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Example: Fear of retaliation</td>
<td>5.52 -0.01</td>
<td>5.66</td>
<td>5.33 ↓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall perception of culture</td>
<td>5.25 +0.06</td>
<td>5.34</td>
<td>5.32</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> The bold number in each cell indicates score; the +/– number indicates the difference in scores between our 2018 survey results and previous year survey results or industry benchmark results, if available.

<sup>b</sup> Green shading indicates an improvement over previous scores; red shading indicates a decrease in scores; dark gray represents in-line scores.

<sup>c</sup> A green up arrow indicates an improvement over previous scores; red down arrow indicates a decrease in scores; dash represents in-line scores.
Next steps
Progress on 20[XX] cultural objectives

Summary of 20[XX] cultural objectives and progress made

Objective
- Create a culture of speaking up
- Help managers demonstrate exemplar behavior in their role as ethical leaders
- Launch new Code of Conduct
- [Insert text]

Initiative to meet objective
- Conduct targeted training for all employees
- Create ethical guides, sample communication messages and tools to help managers enforce compliance with teams
- Revised old Code with new topics, improved formatting, and ethical decision-making framework
- [Insert text]

Results
- Training completed by ~78% of employees
- All managers received new resources in 3Q and have initiated conversations on culture with teams
- 83% of employees completed Code of Conduct training
- [Insert text]
# Moving forward

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Action steps</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comfort speaking up</strong></td>
<td>• <a href="#">Fear of retaliation</a> is most common reason for not reporting&lt;br&gt;• Comfort speaking up is [%] lower than industry average and lowest in [geography or business unit]</td>
<td>• Train managers in areas of business with low comfort speaking up scores&lt;br&gt;• Increase awareness of reporting options (e.g., anonymous help line). Reinforce zero-tolerance policy for retaliation.</td>
</tr>
<tr>
<td><strong>Manager response to reports</strong></td>
<td>• Managers feel unprepared for misconduct reports and concerns&lt;br&gt;• Manager confidence is [%] lower than industry average and lowest in [geography or business unit]</td>
<td>• Provide managers with clear and easily accessible guidance on when and how to escalate reports of misconduct&lt;br&gt;• Provide additional training on addressing reports and questions for managers in areas of business that feel less prepared</td>
</tr>
<tr>
<td><strong>Satisfaction with reporting</strong></td>
<td>• Employees do not feel confident that reports are taken seriously and acted upon&lt;br&gt;• Reporting satisfaction is [%] lower than industry average and lowest in [geography or business unit]</td>
<td>• Establish procedures to provide all employees involved in investigations with updates on a fixed basis&lt;br&gt;• Ask all involved employees for feedback after the investigation&lt;br&gt;• As permitted by privacy policies, provide quarterly case studies that include actions taken in response to reports</td>
</tr>
</tbody>
</table>

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### Customize for your organization

- Select the top 3 actionable focus areas and tailor next steps based on needs and capabilities.
- Delete this box when finished.
Appendix
# Employee culture survey context

## Participant role demographics

<table>
<thead>
<tr>
<th>Division</th>
<th>Invited</th>
<th>Completed</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1,500</td>
<td>1,205</td>
<td>80.3%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>3,000</td>
<td>2,705</td>
<td>90.2%</td>
</tr>
<tr>
<td>Europe</td>
<td>900</td>
<td>820</td>
<td>91%</td>
</tr>
</tbody>
</table>

**Survey methodology**

[Insert text on survey methodology]
About Gartner

Gartner, Inc. (NYSE: IT) is the world’s leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities today and build the successful organizations of tomorrow.

Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and an objective resource for more than 15,600 organizations in more than 100 countries — across all major functions, in every industry and enterprise size.

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