



Measuring the strength of your culture

KPMG Board Leadership Centre



Culture continues to sit high on the agenda as business are increasingly assessed on their non-financial performance. Everyone's looking – from investors and customers to suppliers and potential employees.

That a healthy culture is integral to the bottom line, and often the licence to operate, is well understood by businesses and stakeholders alike. Businesses looking to remain ahead of the curve are ensuring not only that they develop and promote the right culture but that it is embedded and monitored across the whole organisation.

Is your culture one to be proud of? And is it hard wired into the organisational structure?

Businesses assessing their own culture can consider three routes

Entity level culture review		
Why	When	What
<p>The organisation's culture sets the foundation for the whole control environment</p> <p>How does your control environment support behaviour across the company? And how do existing cultural aspects effectively embed and drive desired behaviour?</p>	<p>When there are concerns around the quality, existence or level of awareness of cultural aspects (e.g. lack of awareness of whistle-blower hotline, etc.)</p> <p>When the regulators are calling for something specific</p>	<p>Review at the entity level; assess current state culture and its drivers</p> <p>Leverage psychometric analysis and predictive analytics to predict future outcomes for the organisation</p> <p>Focus on outcomes and resolutions to enable early targeted intervention</p>
Cultural overlay for key audits		
Why	When	What
<p>The goals which drive day to day business decisions must be aligned to the desired culture</p> <p>Does your culture protect you by encouraging the right behaviours, even when there are gaps in the control environment?</p>	<p>When you are looking to apply fresh challenge to what you believe is a strong foundation of risk and compliance</p> <p>When you want to challenge what is happening in key departments that haven't previously been looked at</p>	<p>Define a universal set of test steps to identify desirable and detrimental behaviours</p> <p>Identify trends and develop early warnings methodology</p> <p>Consider the impact of specific and/or isolated cultural observations identified</p>
Specific conduct focused audit		
Why	When	What
<p>Conduct in key control areas of the business must be beyond reproach</p> <p>Do you have a deep understanding of the pivotal controls and the culture embedded within the teams who operate them?</p>	<p>When customer outcomes are especially exposed to conduct risk</p> <p>When there is a specific area of regulatory attention</p> <p>When there is a recurring conduct issue within the business</p>	<p>Specific audits designed around potential conduct pain points or known area of concern</p> <p>Socialise the (anonymised) results for maximum impact across the business</p>

Impact supporting internal audit

Impact through related topics



The KPMG Board Leadership Centre

The KPMG Board Leadership Centre offers support and guidance to non-executive directors, whether managing a portfolio non-executive career or embarking on a first appointment. Membership offers you a place within a community of board-level peers with access to topical and relevant seminars, invaluable resources and thought leadership, as well as lively and engaging networking opportunities. We equip you with the tools you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business.

Learn more at www.kpmg.com/uk/blc.

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