

Challenges of Building a Single, Global, Ethical Culture

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Compliance Week *West*

Building Global Corporate Cultures: What, Why and *how*

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The collage consists of four distinct images. At the top is a map of Belize showing the locations of Corozal, Orange Walk, New R., and Neustadt. To the left is the Target logo, featuring a red bullseye and the word 'TARGET' in black. Below the logo is a photograph of a white mouse with a red bullseye target painted on its left eye. At the bottom is a map of Texas showing the locations of San Antonio, Monkey River Town, Punta Gorda, and the Gulf of Mexico.



GDP Comparisons Are Also Impressive



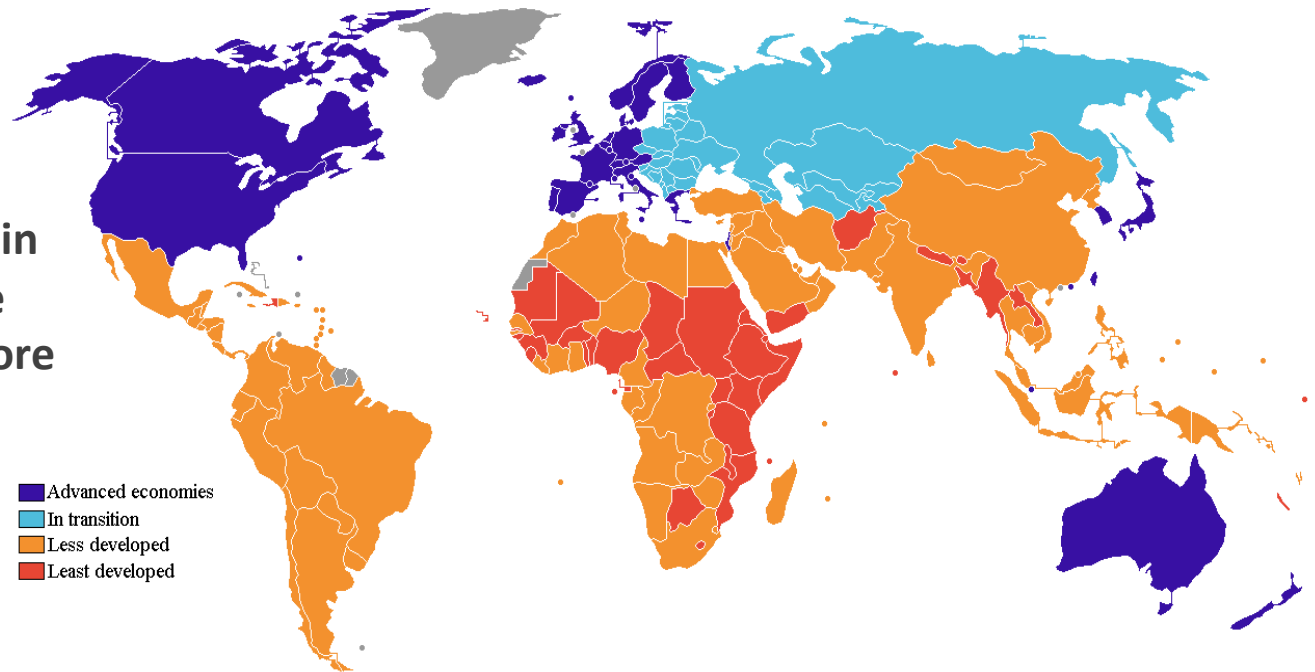
Some 37,000 MNEs control about one-third of the world's private sector productive assets, and in 2010 generated about \$16 trillion in value; about one-quarter of global GDP

UNCTAD World investment Report 2011

What We Do – and How We Do It – Is Changing the World Every Day

There are nearly 47,000 publicly traded companies in the world, with a collective market capitalization of more than \$47 trillion.

Source: World Federation of Exchanges



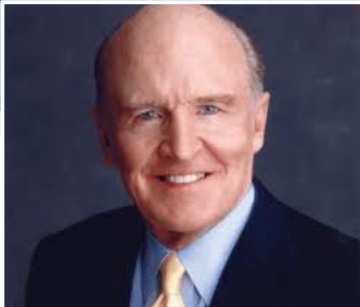
Foreign direct investment by MNEs is estimated at \$1.6 trillion for 2011, more than half of which went to developing and transitional economies

UNCTAD World Investment Report 2011

Fundamental Goals of Ethics and Compliance Programs

Promote Civil Society Generally

- Promoting respect for the rule of law.
- Promoting dignity in the workplace and mutual respect, creating and protecting equal employment opportunity, preventing discrimination, and ending harassment.
- Improving social mobility based on individual merit, preventing nepotism, and encouraging transparent employment decisions.
- Reducing the impact of bribery and corruption.
- Developing strong local and global markets and trade.



“An organization’s culture is not about words at all. It’s about behavior - and consequences. It’s about every single individual who manages people knowing that his or her key role is that of chief values officer.”

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The New York Times

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OP-ED CONTRIBUTOR

Why I Am Leaving Goldman Sachs

By GREG SMITH
Published: March 14, 2012

TODAY is my last day at Goldman Sachs. After almost 12 years at the firm — first as a summer intern while at Stanford, then in New York for 10 years, and now in London — I believe I have worked here long enough to understand the trajectory of its culture, its people and its identity. And I can honestly say that the environment now is as toxic and destructive as I have ever seen it.

[Enlarge This Image](#)



Victor Kerkow

To put the problem in the simplest terms, the interests of the client continue to be sidelined in the way the firm operates and thinks about making money. Goldman Sachs is one of the world's largest and most important investment banks and it is too integral to global finance to continue to act this way. The firm has veered so far from the place I joined right out of college that I can no longer in good conscience say that I identify with what it stands for.

It might sound surprising to a skeptical public, but culture was always a vital part of Goldman Sachs's success. It revolved around teamwork, integrity, a spirit of humility, and always doing right by our clients. The culture was the secret sauce that made this place great and allowed us to earn our clients' trust for 143 years. It wasn't just about making money; this alone will not sustain a firm for so long. It had something to do with pride and belief in the organization. I am sad to say that...

Related

Times Topic: Goldman Sachs Group Inc.

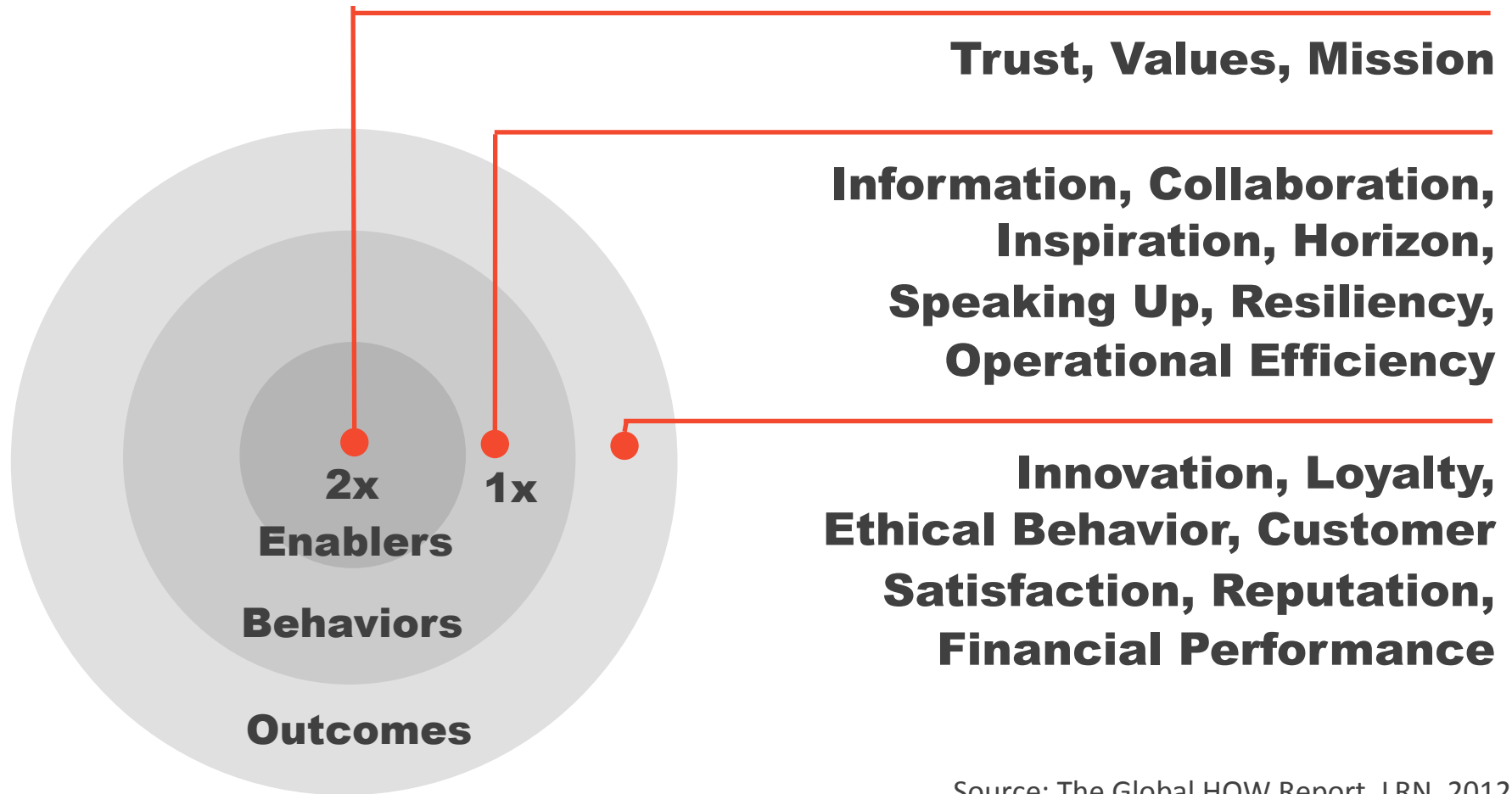
A Public Exit From Goldman Sachs Hits at a Wounded Wall Street (March 15, 2012)

Goldman Sachs Responds

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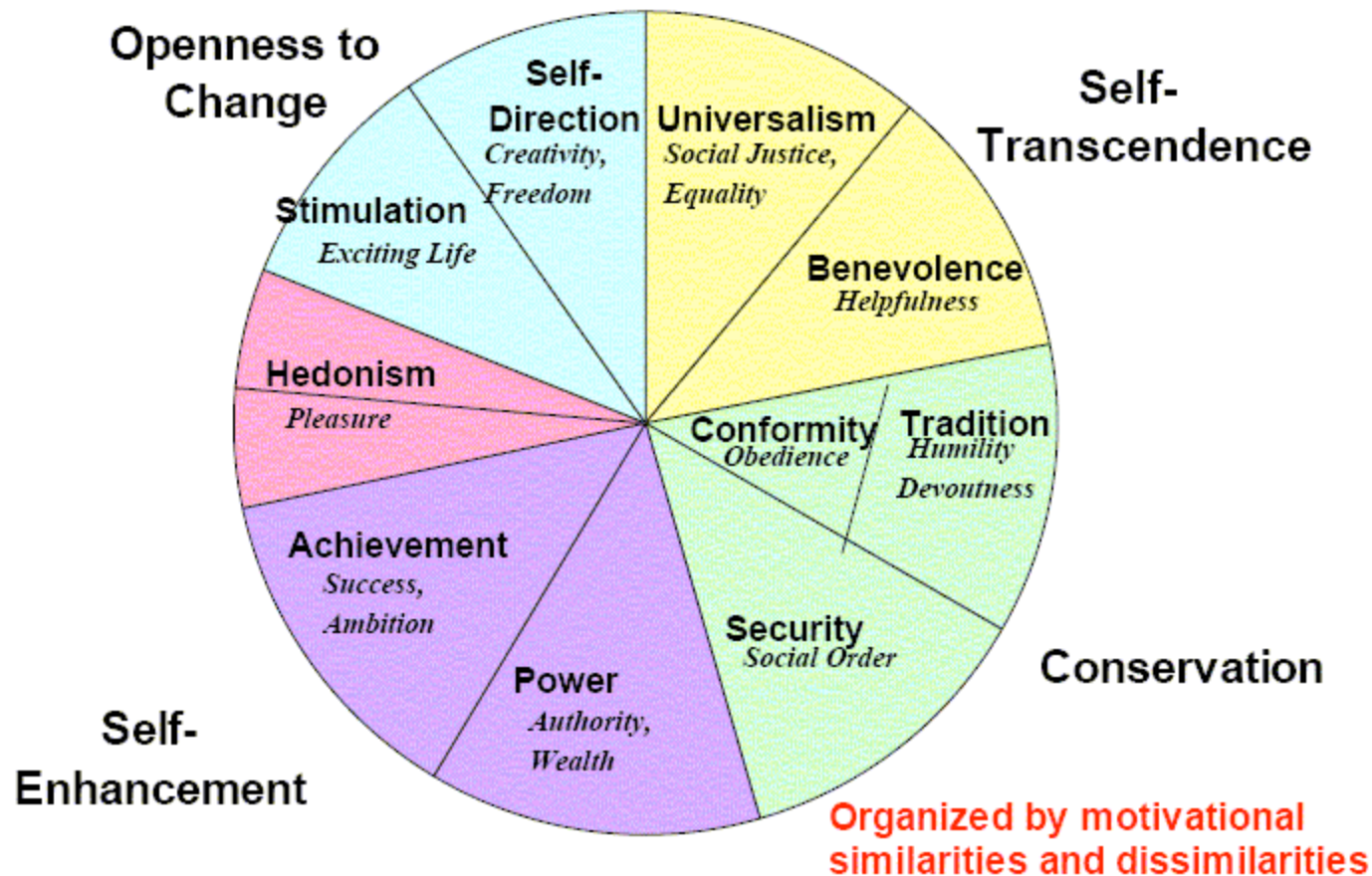
THE BEST EXOTIC MARIGOLD HOTEL

The Cultures We Create Drive Our Performance and the Values Upon Which They Are Based



Source: The Global HOW Report, LRN, 2012

People Around the World Share the Same Basic Values



Schwartz, et. al., EXTENDING THE CROSS-CULTURAL VALIDITY OF THE THEORY OF BASIC HUMAN VALUES WITH A DIFFERENT METHOD OF MEASUREMENT, JOURNAL OF CROSS-CULTURAL PSYCHOLOGY, Vol. 32 No. 5, September 2001 519-542

They Prioritize Them Differently

		<i>Brazilians</i>	<i>Russians</i>	<i>Saudis</i>	<i>Singaporeans</i>	<i>British</i>
<i>n</i>		246	129	116	101	122
Male (%)		45	47	90	53	49
Age		36.1	34.6	36.6	32.8	27.1
Years worked		9.5	7.8	10.7	9.8	5.3
Responding by e-mail (%)		74	25	29	21	0
Openness to change:	Mean	0.06 ^a	0.09 ^a	-0.07 ^a	-0.04 ^a	-0.05 ^a
	α	0.75	0.65	0.73	0.76	0.73
Conservation:	Mean	-0.35 ^b	-0.42 ^b	0.08 ^a	-0.16 ^a	-0.36 ^b
	α	0.74	0.78	0.69	0.73	0.64
Self-enhancement:	Mean	-0.32 ^b	0.19 ^a	-0.14 ^b	-0.13 ^b	-0.14 ^b
	α	0.68	0.67	0.68	0.69	0.72
Self-transcendence:	Mean	0.74 ^a	0.23 ^{c,d}	0.14 ^d	0.38 ^{b,c}	0.54 ^b
	α	0.70	0.62	0.63	0.62	0.68
Business corruptibility:	Mean	2.06 ^c	2.93 ^a	2.50 ^b	2.69 ^b	2.57 ^b
	α	0.74	0.80	0.68	0.79	0.76

Note: Means for PVQ and business corruptibility are adjusted for gender and age covariates; ^{a, b, c, d} means in the same row with the same superscript do not differ from one another at $p < 0.05$.

Smith, et. al.(2011): Are indigenous approaches to achieving influence in business organizations distinctive? The International Journal of Human Resource Management, DOI:10.1080/09585192.2011.561232

‘Do the Right Thing’ Just Doesn’t Do It

- There is no global consensus on what ‘the right thing’ is in a given situation
- Major dividing lines include:
 - Culture (larger social context, location, religion, ethnicity, educational content, etc.)
 - Age
 - Gender
 - Economic Status

Defined Corporate Values Enable Principled, Uniform, Decision-Making Frameworks



Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all who use our products and services. In meeting their needs everything we do must be of high quality. We must reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens - support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Johnson & Johnson

For more than 200 years, DuPont core values have been the cornerstone of who we are and what we stand for.

Even as our company and the world have grown and evolved, we have never changed the commitment we share to our core values. They are:

Safety and Health

We adhere to the highest standards to ensure the safety and health of our employees, our customers and the people of the communities in which we operate.

Environmental Stewardship

We protect the environment and strengthen our businesses by making environmental issues an integral part of all business activities. We continuously strive to align our actions with public expectations.

Highest Ethical Behavior

We conduct our business affairs to the highest ethical standards and in compliance with all applicable laws. We work diligently to be a respected corporate citizen worldwide.

Respect for People

We foster an environment in which every employee is treated with respect and dignity, and is recognized for his or her contributions to our business.

Steelcase was founded in 1912 by George Steelcase, a man of integrity and doing the right thing. Our commitment to integrity and doing the right thing for our customers, employees, business partners, associates and neighbors.

Our principles became the foundation of our company, passed on from decade to decade. Our employees are our greatest asset and living these values is at the core of all that we do, just as it was in the past.

- Tell the truth
- Keep commitments
- Treat people with dignity and respect
- Promote positive relationships
- Protect the environment
- Excel

History

Steelcase turns 100 this year! We began in 1912 as the Office Furniture Company in Grand Rapids, Michigan.

We received our first patent in 1914 for a steel wire mesh office chair, a major innovation at a time when straw wastel was a serious office fire hazard. That led to metal desks, which led the way with product and service innovation. (View our [interactive timeline](#).)

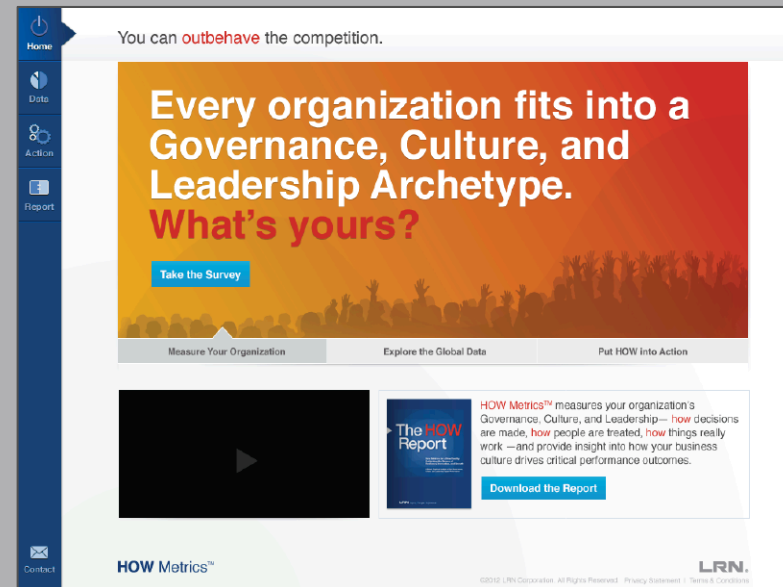
Today, our portfolio of solutions addresses the needs of a wide range of office environments, from the elements of an office environment: interior architecture, furniture, lighting, acoustics, and more.



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Appendix

The Possibility and Promise of a Strategic Focus on Culture and Some of Its Implications for Ethics and Compliance Programs



*New Metrics for a New Reality:
Rethinking the Source of Resiliency, Innovation, and Growth*

Measuring *HOW* Globally

The Global Governance, Culture, and Leadership Assessment (GCLA)

Total of 18 countries and 36,280 interviews



The Global GCLA – An Independent Corroboration

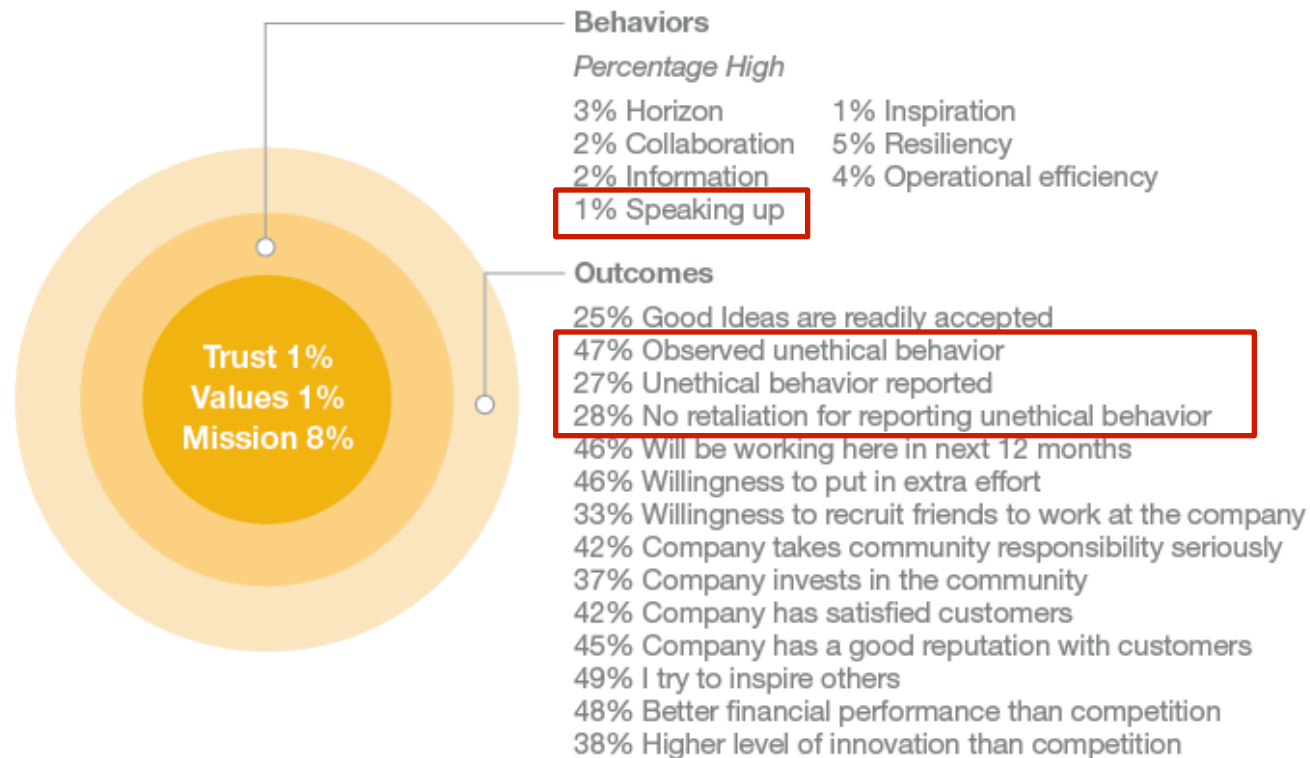


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The Decisive Influence of Trust, Values, and Mission

(The HOW Report, Finding #4)

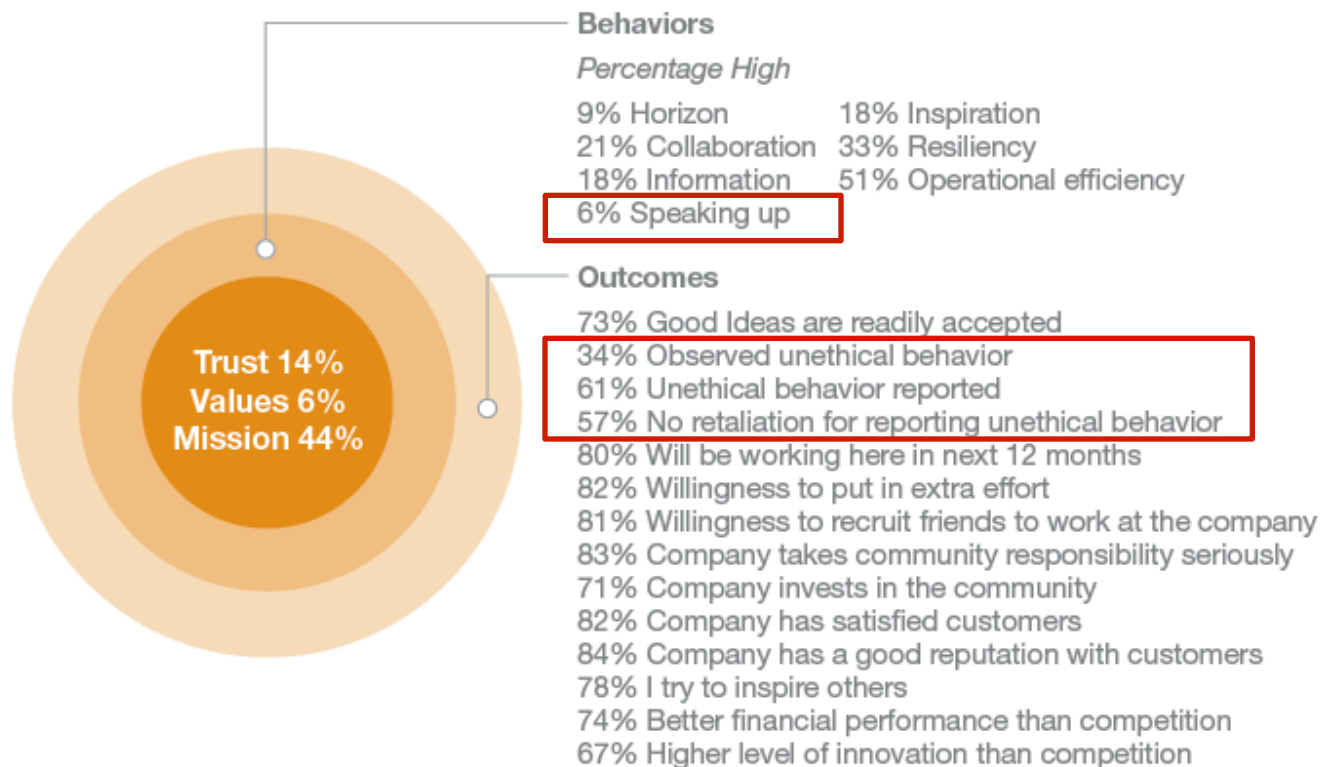
Blind Obedience



The Decisive Influence of Trust, Values, and Mission

(The HOW Report, Finding #4)

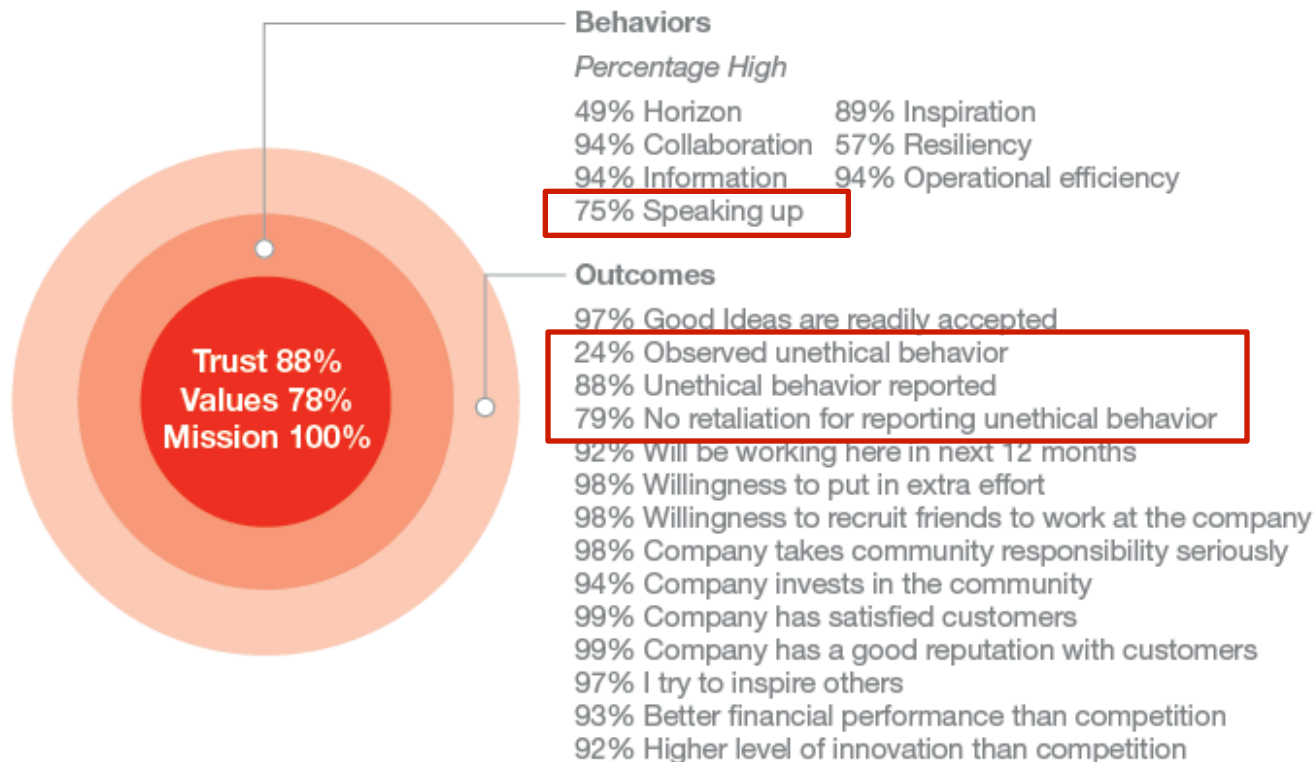
Informed Acquiescence



The Decisive Influence of Trust, Values, and Mission

(The HOW Report, Finding #4)

Self-Governance



Thank you

Nov. 15, 2012

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