

## PROJECT: MEASURING CORPORATE INTEGRITY

Changes in the legal landscape, political and public pressure have forced multinational and listed companies to implement compliance standards and to foster ethical and responsible practices among employees and leaders. More recently, smaller companies have also adopted codes of conduct and policies as well.

Many companies have developed compliance initiatives and programs; as a legal obligation or to avoid the risk of legal fines or reputational damage. Of course, having a compliance program is crucial. Having a code and a policy framework sets a norm, creates clarity and gives guidance.

However, in practice we see many companies have done the paper tiger work, but not yet managed to actually change corporate behavior. There may be other (informal) organisational factors (aspects of the organisational culture) which hinder the development of desirable practices.

In our view, this is a missing point. We believe to align corporate behavior with compliance programs requires taking account of the characteristic culture of an organisation which can stimulate or hinder the implementation of compliance programs.

Another observation is that few companies actually measure the effectiveness of their programs. Often, only the 'output' (e.g. in terms of number of hotline calls or training participation rates) is measured, but not the effect of this output – the 'impact' - on corporate behavior. In our view, this is another missed opportunity.

Moreover, a recent study of 4N6 Factory together with GfK under the Swiss working population showed that not even a third of the people that witnessed a violation reported it to management or via a hotline. Hence, management does not even get to know the 72% of the iceberg under the water line.

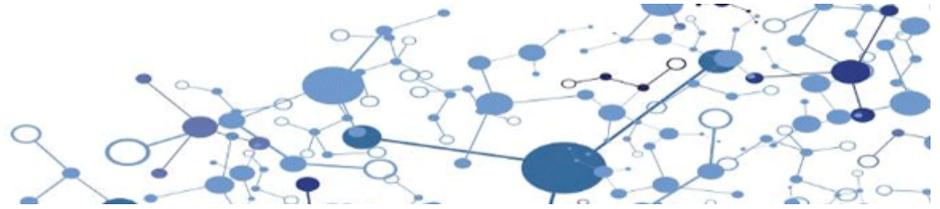
But, the tricky question here is, does management really want to know? Measuring corporate integrity may reveal the answer to that question.

### Project objectives

This is why we took the initiative to develop together with the University of Zurich and market researcher GfK a methodology that

1. measures the quality and effectiveness of a compliance program,
2. assesses dimensions of an organisational culture that are likely to facilitate or hinder desirable practices culture, and
3. benchmarks the results against leading practices, allowing comparisons among companies and identification of changes and trends over time.





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## Research framework - Approach

Using a combination of 1) a self-assessment questionnaire for compliance professionals, 2) a web-based questionnaire sent out to (a sample of) employees and 3) a more qualitative assessment by our team, the project results in an accurate picture of the compliance program and the organisation's compliance program and corporate integrity. To add more value to the outcomes, the project also aims to make benchmarks leveraging a database of (anonymized) scores of other companies.

## Planning

The project will run from September 2014 to March 2015. In September 2014, several compliance practitioners from leading companies will be invited to an expert meeting hosted at the University of Zürich. During this session, we will share our ideas towards the approach in more detail and will ask for the participants for their input; expectations, own experiences and suggestions.

This feedback will be used to improve the methodology in October 2014, followed by a pilot phase which runs in November and early December 2014. The first results will be presented in individual meetings with the participating companies in January and February 2015. The pilot will be evaluated during a focus group meeting in March.

## About the organizers



**University of Zurich, Department of Banking and Finance, Center for Responsibility in Finance.** The Center for Responsibility in Finance (CRF) was founded in 2011 to advance responsible finance and management in research, applied settings and education. Combining expertise from finance, business, psychology and the practice, the center is devoted to independent, high-ranking, inter- and transdisciplinary research. <http://www.bf.uzh.ch/cms/de/centers/center-for-responsibility-in-finance.html>.



**GfK Organisationsforschung.** GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.



**4N6 Factory.** The 4N6 Factory supports clients in their compliance challenges by conducting independent fraud investigations, setting up professional compliance management programs or helping to build a culture of integrity with innovative interactive training and awareness tools.

## More information

In case you would like to know more about the project or would like to participate in the expert meeting or pilot phase: either send an email to [peterjonker@4n6-factory.com](mailto:peterjonker@4n6-factory.com) or contact us at +41 (0)44 340 1525.