



Understanding Company Culture

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Introduction

Culture can be defined as the way of life that is passed down through generations by means of traditions, beliefs, customs, and arts of a specific demographic. Similarly, company culture is defined as the shared beliefs and values present within an organisation, established by top management, and disseminated throughout. Thus, the company's culture is the perceived atmosphere and corporate identity that the organisation has cultivated for its employees and consumers. Company culture brings together many organisational ideals such as ethics and code of conduct. As such, company culture may be considered a noteworthy tool to enhance employee satisfaction and ultimately improve the overall organisational performance.

“Company culture is the backbone of any successful organisation” – Gary Vaynerchuk



So, what is company culture?

Organisational and company culture are used interchangeably to describe the overarching conditions that make up the company culture in the workplace. We define company or organisational culture as the identity of each business segment in terms of its corporate identity, productivity, and work environment. This identity retains the unique characteristics brought to the table by numerous contributing factors that play a hand in the running of the business such as employee skillset and management capacity. With more and more companies willing to align themselves on the side of acceptable business practice and correct corporate governance through adherence to the KING IV Code due to media exposure and the rise of social media, business guidelines that identify key aspects of the business have become an integral tool to the success of the enterprise.

Within any organisation there will exist a culture

that is made up of underlying shared beliefs, values, norms, traditions, and the reactionary interactions between employees, management and the client base that contributes to the overall work environment. The bulk of the workforce of any organisation must follow leaders who are appointed to guide employees to adopt the culture of the organisation to sustain the general social stability of the workplace. The impact of a positive, energetic, and proactive company culture not only results in work satisfaction from employees, but customer and client relations would benefit from this as the company culture trickles down into productivity enhancement. The extent to which persons in an organisation can share common wishes, desires and aspirations and commit themselves to their work depends on the type of culture shared among the organisation. A better organisational culture will predilect positively in the workforce to boost productivity, effectivity, and spirit.

Consumers tend to take note of companies who have a positive company culture as it can easily be observed in the behaviour of its employees. The famed Richard Branson made the correlation between these two important values by stating “If you look after your staff well, they will look after your customers. Simple”. This is defined as a company culture that is employee centric in its approach to dealing with internal social problems as an effective company culture that can be rationalised, directly influencing employees resulting in improved performance and productivity. The emotional stability of the workforce must be paramount to deliver the highest possible service delivery from employees with maximum work satisfaction.

Credo is another term that was adopted within the accepted business jargon, but its meaning is still largely grey even amongst persons who have company credos in place for their work. A credo is a document set out by a business that describes guiding principles that would work towards governing the actions of the workers who undertook the credo of the company. Within the research paper by Dr Jacques there were elements identified that contribute towards the overall organisational (corporate) or company

culture and credo of the enterprise. Simply put, a credo is like a mission statement and incorporates the governing principles and beliefs of an organisation in a way that influences the way in which they market their brand and articulate their values.

When company culture is used effectively as a tool to create a feeling of inclusivity amongst the workforce certain intentions should be made clear before an approach can be styled to improve an organisation's internal culture. One such intention may be in the form of a credo that all employees must agree to which is styled around the company's core values. The leadership within the organisation should ensure that within its credo are the set boundaries that defines the limits of the business and other organisations, how the business envisions to present itself to its consumer base, and the vision it has for its employees. By bringing this credo into practice it would become the social glue, the constructor that would help manifest strong, trusting relationships to root out criminality within the organisation. Having a strong corporate image will allow employees to identify with the company on a social level, and the peer pressure from employees that are aligned with the vision of the company would help deter internal white-collar crime.

A strong company culture also has benefits for the company if the core values are adopted by the workforce. Turning employees into advocates of the organisations core values will ensure that employees will be happy in their current employment, resulting that employee who deliver good work aren't lost to competitive undertakings. Employees want to feel that what they do in the company matters, and when employees feel that they are valued by their employers they will not only contribute strongly to the existing company culture but start adopting it both at work and at home. Job satisfaction can be achieved if leadership employs tools that help give credit where it is due and to recognise good work by incentivising and rewarding employees to successfully convey a sense of accomplishment. The boarding of new employees that would bring positive dynamic change depends very much on the public image that is broadcast

through the culture that is portrayed in media and social media. Prospective workers would wish to be part of an organisation where they will fit in with minimal change, however it is still the responsibility of the company to have an efficient orientation or "onboarding" programme in place that will allow new employees to be conditioned to assimilate into the organisation in a way that will help accelerate the employee's performance. The orientation programme should further aim to identify any additional employee needs that may need to be addressed or accommodated. If leadership is willing to take care of employee needs, it will lead to better job satisfaction and higher service delivery.

"If you get the culture right, most other things, like a successful long-term brand and passionate employees, will happen on its own"





Okay, but what are the different types of company cultures?

The company culture paradigm incorporates several different approaches which assist businesses to become more functional and to improve the overall culture that modern society experiences through the implementation of ethical programs to teach employees to judge situations ethically for the most diplomatic outcome and to teach employees about commercial crime mitigation and controls. Importantly, there is not a one-size-fits-all approach for all organisations to adopt.



Clan Culture

Clan culture, often referred to as the team-first approach, works towards a culture where employees share many commonalities and is often found in smaller or family-owned establishments. The aim of clan culture is that the team can be comparable to a large family, thus the name clan culture. It fosters an environment where employees are valued, and they can feel they are making a direct difference in the workplace. Clan culture prioritises employee wellbeing and maintaining the feeling of a safe, harmonious work environment where employees are given the freedom and trust needed to be productive in their assigned roles. This allows leaders in clan culture-based companies to have opportunities to receive honest and reliable feedback from employees on how to improve certain aspects of business operations.

In order to mitigate commercial crime, the hiring processes for a clan culture-based company must be aligned to hire “culturally-fit” individuals instead of focusing on other favourable traits such as experience or skill. Not only will this hiring process maintain the trust shared between employees but further allows for smooth integration into the workforce. The credo of a clan-based culture will centre heavily on trust and loyalty as the employee must associate the brand identity of the company and consider the

workforce their “family.”

An atmosphere of trust, loyalty and respect is the desired product of the clan culture enterprise and management receives reliable, stable, and honest work from employees if this approach is executed correctly with core values like participation and commitment that reaches all employees. Communication and teamwork are powerful tools that are designed to help facilitate the indoctrination of new employees into the “clan.” Though this is a trust-based approach to business identity there are still major pitfalls that can incur within the clan-based approach. Because of the informal work atmosphere, the line between fun and work is sometimes blurred. This allows commercial crime to be covered up more easily if the proper business controls aren’t in place. Since this approach works towards building trust between all employees it is a quick indicator of unethical practice if effective whistleblower programmes are in effect. When there is a situation where commercial crime had occurred, it could often lead to pained relationships between employees who had remained after such an incident because of feelings of resentment and misplaced anger.



Market Culture

Market culture, or conventional corporate culture, focusses on customer satisfaction. It is a number-driven approach to corporate identity that has clearly defined roles and relationships within the enterprise structure. Management and leadership in this approach is required to be tough and demanding to get employees to work productively and achieve the goals that are set by the business. The market culture success is determined by its ability to achieve results in terms of productivity and profits. Employee wellbeing must be considered but is taken into consideration after the goal has been set as maximizing the bottom line is the key priority for

an enterprise that has adopted a market culture-based approach in corporate identity.

Within the hiring processes of a market culture-based company they will favour employees who are driven and self-motivated that will align with the company's culture and view that profits take top priority. Because of the competitive atmosphere that is generated by having high expectations and high rewards for performing employees, it can sometimes be taken one step further and lead to dishonesty and conflict which may result in commercially criminal behaviour. The market culture-based approach to corporate identity usually facilitates well defined controls and protocols for all of its departments and roles and in order to keep information on a "need-to-know" basis departments are discouraged from social interactions. In companies that have adopted the market culture corporate identity it is usually up to the board or the CEO to make all major decisions that management would implement over the workforce.

The market culture corporate identity has numerous negative ramifications that open the window for commercial crime to occur. Because employee satisfaction is sometimes forgotten to maximise productivity, not all employees would be able to keep up and thus would not qualify for "perks" that come with high productivity. Another aspect of market culture that breeds employee resentment is unnecessary micromanagement, because low-level employees do not always share the bigger picture of the CEO, employees who feel undervalued will actively present apathy to company risks and present many opportunities for fraudsters to take advantage off.

Because this approach to corporate identity works towards owning the largest market share the implementation of the market culture in the workplace is rarely accidental. It is usually implemented to boost profits and productivity and to ensure worker performance. The market culture corporate identity is the favourite of large companies which can be serious financially if fraud occurs high up the management chain. Often this would lead to a slump in productivity and team members who are disconnected from their work. Because employee input in decisions is minimal there is also very little room for

innovation from the workforce as market-oriented companies have very strict rules and procedures.



Hierarchy Culture

Hierarchy culture, or elite corporate culture, are companies that adhere to the traditional corporate structure and identity. An enterprise that has a hierarchy culture in effect will have very well-defined roles, procedures, and responsibilities within the company structure. Companies which adopt the hierarchy culture corporate identity tend to be very secure in terms of commercial crime exposure as the controls and procedures in place are necessary for the company to align with this corporate identity. The hierarchy culture tends to be seen as traditionalist, where the interests of the company are paramount. Within the hierarchical structure there will be many different levels within the workforce, with lower ranking management supervising employees and reporting to higher management. Usually, larger enterprises tend to adopt the hierarchy culture to create clear, concise chains of command that allow a free flow of information and communication between designated channels.

Employees are sought after in the hierarchy culture whose skills will benefit the long-term running of the company, and there are usually multitudes of qualified candidates vying for positions. Friendly competition between employees is encouraged but teamwork is still a valued aspect in the hierarchical culture as each team forms part of the whole in the hierarchical pyramid with the board at the top. A strong ethical credo must be established and undertaken by companies who wish to adopt this corporate identity and must be enforced from the top down. The Research Journal of Finance and Accounting concludes that higher management is encouraged to lead by example as to guide and influence the employees that are serving under them.

Commercial crime risks are minimal in companies that have established a hierarchical structure as large companies tend to be very aware of their commercial crime risks. Companies who use the levels of the hierarchy to identify risks

and problems through survey, interviews and risk assessments hold a proactive outlook on commercial crime.

Governmental and militaristic organisations tend to integrate the hierarchical culture within their operations, and the aim is to do things “the right way”. Because employees in lower positions are not encouraged to speak up or be allowed in the decision-making process there is sometimes resentment from low level employees who do not feel valued. Another drawback of hierarchical culture is that because of the one-way communication channel there is very little innovation on the side of the employees as older companies tend to reject change on the basis, if it’s not broken don’t fix it. Yes, change is a frightful prospect but with enough preparation and validation change may be a positive element in the sustainability of the business.



Adhocracy Culture

The term ad hoc means as necessary, but this does not mean that a company must only adopt the accepted culture when necessary but must be able to progressively change it to meet new and upcoming societal and organisational standards and demands. A more progressive, evolving company culture is sometimes a necessity when an enterprise is experiencing changes in its market, mergers or acquisitions with other companies which leads to feelings of uncertainty which may inhibit productivity and give rise to criminal elements. It is often companies that tend to push the envelope in their given field who implement and accept an adhocracy culture. It garners an atmosphere where employees are aware of and discuss inherent commercial crime risks, as well as being aware of the repercussions of failure.

The technological industry is known for its ad hoc business culture which fosters creativity, innovation, and improvement. Companies therein are expected to have a high turnover rate to placate management and shareholders. Within the adhocracy culture core values of the enterprise needs to reflect change and

adaptability, where new approaches and ideas are valued and welcomed. Companies that adopt the adhocracy culture in their business approaches are not scared to take risks, but with this debonair attitude toward dangers in the market there comes the risk of high financial strain if a venture does not go as planned. This ever-present danger is a double-edged sword in terms of motivation and risk. The risk of failure is what motivates employees who align with the vision of the company to strive for perfection and customer satisfaction. Therefore, the hiring process for companies who have adopted the adhocracy culture tend to look for the most innovative and determined employees who will carry the interests of the company on a personal level. The merging of two companies of different cultures will result in an adhocracy culture as there will be concessions from management and from existing workers to achieve and maintain high levels of productivity and product satisfaction.



How do I instill a company culture based on ethical values in my organisation?

Ethical behaviour can determine the long-term success of an enterprise in many ways. If a company has an organisational culture that aligns with ethical core values, it can be used as an additional control measure to safeguard the interests of the company. It is the duty of employees and leaders in an enterprise to incorporate and manage an ethical business environment that allows a positive work culture to flourish. Employees who assimilate into the company culture of an enterprise will be able to be guided as ethical values will make it simpler for employees to identify with the corporate identity of the enterprise. A well-defined code of ethics will benefit a company by enhancing accountability and transparency, making it more difficult for criminals to get away with illicit activities.

Employees who have successfully assimilated into a company culture where ethics is a priority will be more inclined to operate with honour and integrity while valuing people over profits (if the

company culture aligns with this perspective). The New York State Society of Certified Public Accountants (NUSSCPA) states that company culture can be used as a tool not only to encourage that employees' values align with the values of the business but further to enhance communication and openness between employees for a more professional and socially acceptable environment where fraud is less likely to take place.

In order to avoid having a homogenous company culture that would be impossible to fulfill, management is advised that embracing subcultures at different levels of the organisation would be beneficial as the roles of the employees in the operations of the business will determine aspects like behaviour and skills. However, companies can also exploit their culture, which should be avoided. Branches who operate under the clan culture approach may, for example, unintentionally motivate new employees to protect established unethical processes and fraudulent action to ensure job security.

The culture of any organisation is a fluid concept that must be closely monitored to ensure that it is being applied correctly in all aspects of the business to retain the integrity of the core values that the company aligns with. Growing a culture that is resistant to fraud needs to be the top priority whenever a company is emerging in a market, if there are changes in the market, or if the current company culture has been assessed and must be changed.

A clear and precise code of ethics is a tool that allows the directorate of the company to notify workers of their expected behaviour, actions, and values while in the workplace. The credo of a company that must be undertaken by all workers to ensure that they are aware of and agree to the code of ethics, must make provisions for all aspects of the business such as attire, attitudes, responsibilities, and behaviour. Accounting today to further proliferate the ethical stance of the company training programmes and workshops may be used to enhance the desired culture of a selected group of employees.

Once behaviour is defined by the directorate, the company needs to reinforce behaviour that is seen as acceptable to incentivise workers to replicate the accepted behaviour. Culture also

extends within the nature of the employees themselves, the leadership within the company must ensure that employees are reassured and protected within their workspace to achieve their optimum productivity. Utilising the correct corporate governance strategy as set out by the King IV Code makes this process easy for newcomers to the business world as it sets out acceptable corporate practices.

A LinkedIn interview with retired management consultant, Larry Ventimiglio it is stated that growing an acceptable, ethical and above all profitable company culture is not a quick or easy process, it requires higher management to be aware of the corporate identity of their organisation to be more politically correct in the consumer eye. Once achieved the same dedication is required by leaders in the organisation to achieve the same or better standards of productivity, teamwork, and work satisfaction.



But would having a company culture address the organisation's commercial crime risk?

The culture that stems from within an individual organisation is a key role player in detecting, mitigating, and preventing commercial crime and misconduct. However, this business function is a white elephant if there is no active shaping and nurturing of the company's internal culture by management and senior employees. A weakly defined, planned and executed company culture allows and encourages behaviours that would be considered harmful in terms of risk, illegal and/or illicit activities, worker retention and productivity. To successfully manage the risks faced in the business world, a company must ensure that the culture within the organisation is tracked and defined in terms of the rules and policies of the company which must align with the mission and core values expressed by the directorate of the enterprise.

Behaviour can be a sign that an employee is engaged in illicit activities and behaviour norms should be established as a tracking point within the company culture to identify commercial

crime. To actively mitigate commercial crime risk, management should be regularly communicating cultural directives and visibly demonstrating cultural standards to lead by example and to guide lower rung employees to the values of the company. Because of the public nature of the information age, it is the responsibility of the directorate and senior management to influence and maintain the culture within an organisation to broadcast an acceptable public image. When unethical behaviour leads to scandals that are publicly known, lawful yet unethical behaviour may result in the loss of consumer support for an organisation and will inevitably lead to the destruction of the organisation.

Often when a transgression has taken place, the trail can be traced back to the company culture of an enterprise. By having a culture that defines factors such as explicit and implicit rules, norms of behaviour and interaction, compliance and ethics policies, incentives, recruiting and training activities, as well as the style of leadership and decision-making processes it will allow the company to have quantitative metrics in place, uniquely assigned by management, that will assist in assessing the robustness of the company culture. These actions are what will allow leadership and management to take proactive steps to prevent and address potential fraud risks.

Honesty is not always the best policy but being transparent about business dealings can be. Business 2 Community states that by demonstrating deliberate honesty and inclusivity of workers in the decision-making processes and business dealings, management can prevent distrust from taking root. Disgruntled employees tend to negate the ethical culture that business must strive towards in the current commercial age and business must address this fraud risk by having exclusive hiring processes in place that will only allow persons who align with the company's core values to be allowed into the fold. Employees are the first line of defense against fraud prevention, and thus must be persons that management can rely on and trust. This is an important function in whistleblower policies as an employee who trusts in their employers will feel safe in reporting illicit activities. Encouraging

honest and transparent behavior from employee is tantamount to having a company culture that employees are proud to be a part of.



Conclusion

A company can determine their longevity in many ways and focusing on the internal culture of itself and its subsidiaries should be a major focal point of leaders in the business world. To spread a culture that is aligned with the correct and proper business practices, beliefs and values all players in the economic game must take to heart the danger that commercial crimes bring to the table. From the producer to the consumer the ethical climates that we glide through must strive to be beneficial to commercial crime mitigation and detection.

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