


SCCE's 7th Annual
Compliance & Ethics Institute

September 14–17, 2008
Sheraton Chicago Hotel & Towers
Chicago, IL


**Creating a Subculture of Compliance Within a
Multi-National Organization**

By:
Sam W. McCahon & Sindhu Girish

Society of Corporate Compliance and Ethics
6500 Barrie Road, Suite 250, Minneapolis, MN 55435, United States
www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977




**SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS**




Creating a Subculture of Compliance

- This presentation is designed to provide a road map of benchmarks along the journey to the destination of Compliance.
- The origins and path must be determined by each planner and tailored to each situation.
- A recommended approach is provided but it should not be considered a comprehensive blueprint for addressing every circumstance and obstacle that one might encounter in their efforts.
- “The best way to be boring is to leave nothing out.”
Voltaire



**SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS**

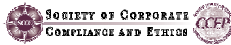


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

2

Creating a Subculture of Compliance

- Culture vs. Sub-Culture
 - Sub·cul·ture:
 - Function: Noun
 - Date 1866
 - 2. “An ethnic, regional, economic or social group exhibiting a characteristic pattern of behavior sufficient to distinguish it from others within an embracing culture or society”
- Merriam Webster

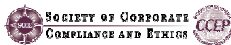


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

3

Creating a Subculture of Compliance

- Effective subcultures don't just happen, they must be created.
- Effective creation begins with design and planning.
- Define your objectives with specificity:
 - Objectives should be mapped to a discernable standard. (This action will enhance enforcement and credibility of the program.)
 - To create a subculture that complies with the XYZ corporation's standards of conduct as defined in the employee handbook dated June 1, 2008;
 - To establish a corporate culture that complies with the expectations of the U.S. Government's ethics laws, regulations and policies.

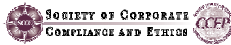


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

4

Creating a Subculture of Compliance

- Assess the objectives of the compliance program.
- Identify the areas of conflict.
- Design an action plan.
- Implement the plan.
- Monitor; and
- Enforce the standard.

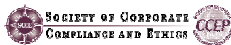


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

5

Creating a Subculture of Compliance

- Assess the objectives of the compliance program
 - Be realistic concerning the phase-in period.
 - Ensure that host nation leadership has a shared vision or recommend additional efforts to establish buy-in or alternatively, replacement of necessary leadership roles/responsibilities.
 - Focus on the standard, not the mirror. Don't attempt to create a mirror image of your U.S. program. Rather, design a program and strategy to achieve the standard as identified in the objectives.

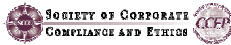


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

6

Creating a Subculture of Compliance

- Identify the areas of conflict. (In-house vs. Consultant)
 - Know the cultures, both domestic and foreign.
 - Domestic vs. Foreign:
 - “We are a nation of laws, not people”
 - Perceptions of compliance with laws and regulations vary.
 - National vs. tribal identity/loyalty.
 - Guilt vs. Shame based society.
 - Recognizing perceptions of the United States that might create impediments.

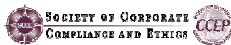


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

7

Creating a Subculture of Compliance

- Design an action plan. (In-House or Consultant)
- Discern what motivates staff members in the host country.
 - Status, Recognition, Compensation? (furniture, Office location)
- Determine actions that tend to alienate citizens of the host nation.
 - Perceptions of superiority or arrogance: “You Americans are always trying to push your values on others, you think you know everything”.
 - Perceptions of ignorance: “you just don’t understand the way we do business here in ...” (a.k.a. “The stupid American”)



www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

8

Creating a Subculture of Compliance

- Implement the action plan.
 - Requires coordination and concurrence of leadership, both domestic and host nation as well as that of key staff.
 - Communication efforts must be tailored to the audience; consider both the source and method of communication.
 - Communication must be high profile and repetitive, focusing on corporate objectives and making mention of motivating factors.
 - Implementation must be phased into the organization, sub-cultures evolve, they are not created by fiat.

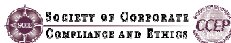


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

9

Creating a Subculture of Compliance

- Monitor Compliance with the standard, not American cultural expectations.
- Monitoring cannot be performed remotely, you must have a subsidiary compliance liaison or compliance officer/manager on the ground in the host nation.
- Support for and frequent contact with host nation compliance staff is critical.
- Frequent updates to host nation leadership is essential.



www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

10

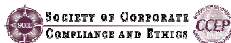
Creating a Subculture of Compliance

- Enforce and Re-enforce the standard
- Positive re-enforcement and deterrent actions. (should be consistent with assessment phase of motivators)
 - The value of these actions is proportionate to the cultural perceptions of compliance. If the host nation is rule of law oriented these actions diminish in value.
 - Consistency with standard and phase-in period.
- Communicate enforcement actions to organizational constituency.



Creating a Subculture of Compliance

- Conclusion
 - There are no “cookie-cutter” designs for implementing an effective U.S. standards focused compliance program in organizations located in foreign countries. (i.e. SOX or FAR)
 - An effective program cannot be implemented without consideration, understanding and co-existence within the context of the broader culture from where the employees live and work.
 - The objective should focus on those actions necessary to create a compliant subculture within the organization, using a strategic, methodical and well reasoned approach.
 - The program and outcome should be designed not to create a mirror of the parent or domestic organization, but to achieve compliance with the standards identified by the objectives.



Creating a Subculture of Compliance

Questions?



SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS

www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

13