GLOBAL GUIDELINES ON THE CORPORATE GOVERNANCE OF ORGANIZATIONAL CULTURE

Developed by Dr. Colina Frisch

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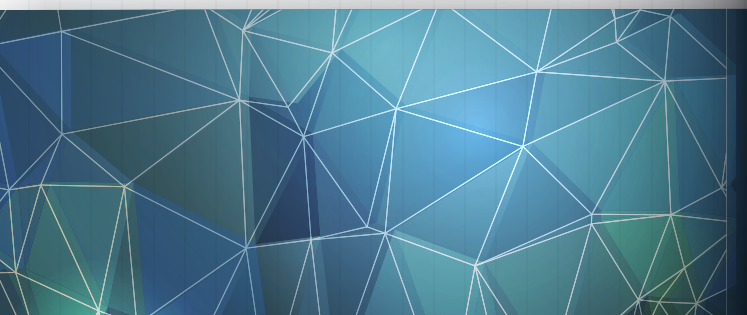
01 Purpose

The IBF Global Guidelines on the Corporate Governance of Organizational Culture, or national guidelines issued by the respective directors' association, provide the Board of Directors (BoD) with guidance on how to govern organizational culture as a corporate asset so as to safeguard and enhance the overall success of the organization.

02 Scope

The guidelines cover guidance for the BoD on how to govern organizational culture by setting the following core principles:

The board should
- define the core message of the intended organizational culture,
- monitor and analyze the given organizational culture, and
- take measures to install or safeguard the intended organizational culture or to correct a dysfunctional culture.

The core principles focus on both
- the governance of organizational culture of an organization as a whole and
- the governance of boardroom culture.

03 Core Principles

Part I: Defining the Core Message of the Intended Organizational and Boardroom Culture

Process, content, and revision responsibility: The BoD is responsible for
- the process of defining the core message of the intended organizational culture,
- the content of the core message as a written formulation of the core values,
- the alignment of the core message with ethical and legal norms, and
- the timely revision and, when appropriate, adaptation of the core message as internal and external changes arise.

Content of the core message: The core message should provide fundamental information about the values and direction of the organization. The core message answers such questions as
- What are the main goals of the organization?
- Why are these goals worth pursuing?
- How are these goals to be achieved?
- Which values are to guide behavior, what is the range of appropriate behavior, and which behavior is unacceptable?
- the timely revision and, when appropriate, adaptation of the core message as internal and external changes arise.

Aligning the content of the core message: The BoD ensures that the content of the core message is in line with national and international ethical and legal requirements, such as
- national laws,
- international laws, such as the Universal Declaration of Human Rights, and
- international ethical standards .

Part II: Monitoring and Analyzing a Given Organizational and Boardroom Culture

Monitoring organizational culture: The BoD ensures

▪ the regular monitoring, analyzing, and internal reporting on the status quo of the organizational culture and

▪ the formulation of explicit reporting standards and procedures to be followed by the management in order to ensure high-quality organizational culture reporting.

Monitoring boardroom culture: The BoD ensures

▪ the regular assessment of boardroom culture and

▪ the formulation of explicit reporting standards and procedures to be followed by the board so as to ensure high quality boardroom culture reporting.

Part III: Taking Measures to cultivate the Intended Organizational Culture

Making organizational culture a regular board agenda item: The BoD ensures the regular discussion of both organizational culture as a whole and boardroom culture by making it a regular board agenda item.

Oversight responsibilities of the board—organizational elements, processes, and responsibilities: The BoD ensures the identification of relevant organizational elements, the definition of processes, and the assignment of responsibilities for both organizational culture and boardroom culture.

Identifying relevant organizational elements: The BoD ensures the identification of both formal and informal organizational elements that are instrumental in cultivating the intended organizational culture and boardroom culture. Organizational elements to be considered may include

▪ leadership: the integrity and role model behavior of the Chairperson, CEO, members of the BoD and management, and informal influencers;

▪ formal rules and policies: organizational bylaws, strategic directives, and value statements, codes of conduct/ethics, and policy manuals;

▪ processes of decision-making and prioritization;

- leadership: the integrity and role model behavior of the Chairperson, CEO, members of the BoD and management, and informal influencers;
- formal rules and policies: organizational bylaws, strategic directives, and value statements, codes of conduct/ethics, and policy manuals;
- processes of decision-making and prioritization;
- selection, orientation, performance review, reward, training, and succession planning;
- opportunity and risk management, compliance, whistle-blowing, and internal control systems;
- informal norms of behavior and interaction;
- status symbols; and
- communication: formal and informal communication, heroes, and myths.

Defining instrumental processes: The BoD ensures the definition of processes that are instrumental in cultivating the intended organizational culture and boardroom culture. Process elements to be considered may include

- specifying the core message of the intended organizational culture for specific organizational elements;
- identifying gaps in alignment of the status quo with the intended organizational culture;
- identifying gaps in alignment of the status quo with national and international legal and ethical norms*;
- defining and executing actions for improvement; and
- monitoring the success of actions taken.

Assigning responsibilities: The BoD ensures the assignment of responsibilities for these processes in the relevant areas.

04 Application

The Guidelines provide a global cross-sectoral perspective and serve as a basis for adaptation based on industry, organization type, and jurisdiction.

International ethical standards are e.g. the UN Global Compact, the ISO 26000 Standard for Guidance on social responsibility, the OECD Guidelines for Multinational Enterprises, the ILO Labor Standards, and industry-specific ethical and best-practice standards.