

Excellent Corporate Governance is Created by Organizational Culture

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Abstract

The **problem** is that most Organizations typically have poor governance practices and do not pay particular attention to creating or managing their culture to support and provide good leadership.

The **significance and relevance** of the topic is of utmost importance since many organizations today are poorly led and managed and the culprit is lack of recognition that it is culture that is ignored as an important element of the leadership and governance process for executives.

Research included nine years of actual intervention within a medium size manufacturing organization and a Fortune 500 service organization. This paper is the result of these two measurable intervention research projects.

The leadership teams of the two organizations developed similar sets of values relative to their respective vision, mission, core competencies, goals and objectives. The seven values were each described in eight to twelve statements. Employees at all levels were asked to respond to each statement with one of the five responses: 1) Disagree Strongly, 2) Disagree Somewhat, 3) Neutral, 4) Agree Somewhat and 5) Agree Strongly.

Everyone in both organizations had access to respond by internet or hard copy. Lower rated questions were addressed by improvement projects. A number of questions with the highest ratings were developed in to a Governance Score card and over half have ongoing inputs from empowered employees at all levels.

Examples of Governance Measures

	Goal	Performance
<u>SEC</u> (Securities & Exchange Commission) and <u>SOX</u> (Sarbanes Oxley) Violations*	0	2
Questionnaire on Employee Satisfaction, Questions on Ethics/Legal Practices*	100%	98%
Legal Comp./Ethics Survey by Audit Committee*	100%	100%
<u>OSHA</u> (Occupational Safety & Health Administration) Reported Injuries*	0%	0.8%
Recycle/Reduce Waste <u>EPA</u> (Environmental Protection Agency)	↓ 30%/yr	18%
Energy Efficiency/Going Green	↑ 10%/yr	25%
Ethics/Regulatory Complaints/Employee Hot Line*	0	0
<u>DEA</u> (Drug Enforcement Agency) and <u>FDA</u> (Food & Drug Administration) Violations or Warning Letters	0	0
Code of Ethics & Compliance & Non Disclosure Letters Signing (Employees, Partners, Suppliers)	100%	100%
Hours of Voluntary Stewardship*	↑ 25%	5285
Dollars of Contributions to Benefit Society	\$200,000	\$400,000

*Data received from employee engagement activities.